

Additional Funding Notes:

As a reminder, Orbcomm signed a \$117 million satellite manufacturing contract during 2008 to construct 18 next-generation satellites. In addition, Orbcomm will need to spend an additional \$50-60 million to launch and insure these satellites, beginning in early 2011 and extending into 2012. During 2009, management projects that Orbcomm will spend approximately \$25-30 million on its next-gen satellite network, followed by an additional \$30-35 million in 2010 (which excludes any launch events).

Following the settlement, Orbcomm should hold \$86 million of cash, with no meaningful debt. Furthermore, we are projecting Orbcomm to generate adjusted EBITDA of ~\$15 million over the next six quarters, which should allow the company to exit 2010 with a cash position of approximately \$54 million. The cash requirement will pick up in 2011-2012 as Orbcomm completes the construction and launch of its second generation satellite network, but Orbcomm's EBITDA growth will also likely accelerate (2011-2012 estimated EBITDA of ~\$58 million) due to the 90%+ incremental margins generated from satellite services. In addition, Orbcomm has access to \$20 million of vendor financing from Sierra Nevada Corporation (SNC), should the need arise.

Orbcomm, Inc.

Quarterly Income Statement

(\$ in mm., ex-EPS)						proj.					proj.				
	1Q08	2Q08	3Q08	4Q08	2008	1Q09	2Q09	3Q09	4Q09	2009	1Q10	2Q10	3Q10	4Q10	2010
Service revenues	\$4.86	\$5.76	\$6.34	\$6.85	\$23.80	\$6.62	\$6.72	\$6.94	\$7.14	\$27.43	\$7.34	\$7.61	\$7.96	\$8.39	\$31.31
Hardware sales	(0.01)	1.12	1.19	0.50	2.80	0.11	0.05	0.09	0.04	0.28	0.03	0.07	0.08	0.07	0.25
Total Revenue	4.85	6.87	7.53	7.35	26.60	6.73	6.77	7.03	7.18	27.71	7.37	7.68	8.04	8.46	31.55
Cost of services	2.03	2.13	2.62	3.01	9.80	3.22	3.29	10.80	10.25	27.56	3.55	3.58	3.82	3.69	14.64
Cost of hardware	0.02	0.57	0.80	0.05	1.44	0.06	0.04	0.04	0.03	0.17	0.03	0.06	0.08	0.06	0.23
Total Gross Profit	2.79	4.18	4.11	4.29	15.36	3.45	3.44	(3.81)	(3.11)	(0.03)	3.79	4.04	4.15	4.70	16.68
SG&A	4.43	5.17	4.57	4.76	18.93	4.80	4.40	3.61	4.43	17.24	4.42	4.45	3.75	4.48	17.10
Product development	0.12	0.15	0.19	0.66	1.12	0.19	0.15	0.19	0.23	0.76	0.20	0.20	0.20	0.22	0.83
Other expense	(0.88)	(0.37)	(0.13)	0.00	(1.37)	7.05	0.00	(7.05)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operating profit	(0.88)	(0.77)	(0.53)	(1.14)	(3.32)	(8.59)	(1.11)	(0.56)	(7.77)	(18.03)	(0.83)	(0.61)	0.20	0.01	(1.24)
Interest (expense)	(0.05)	(0.05)	(0.05)	(0.05)	(0.20)	(0.05)	(0.05)	(0.05)	(0.01)	(0.16)	(0.01)	(0.01)	(0.01)	(0.01)	(0.06)
Interest income	0.77	0.36	0.38	0.10	1.60	0.04	0.02	0.01	0.01	0.08	0.02	0.02	0.02	0.01	0.07
Other (exp), net	0.01	0.01	(0.26)	(0.61)	(0.84)	(0.05)	0.39	(0.12)	0.00	0.22	0.00	0.00	0.00	0.00	0.00
Pretax Income	(0.15)	(0.45)	(0.46)	(1.70)	(2.76)	(8.65)	(0.75)	(0.72)	(7.77)	(17.88)	(0.83)	(0.61)	0.20	0.01	(1.23)
Pre-Control Earnings	-	(0.13)	0.00	0.00	(0.13)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Minority Interest	-	(0.04)	(0.19)	(0.24)	(0.47)	(0.04)	(0.03)	(0.03)	(0.03)	(0.13)	(0.03)	(0.03)	(0.03)	(0.03)	(0.12)
Income tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Income	(0.15)	(0.62)	(0.65)	(1.94)	(3.36)	(8.68)	(0.77)	(0.75)	(7.80)	(18.00)	(0.86)	(0.64)	0.17	(0.02)	(1.35)
Discontinued Ops	(0.38)	(0.36)	(0.35)	(0.35)	(1.44)	(0.45)	0.41	(0.49)	0.00	(0.53)	0.00	0.00	0.00	0.00	0.00
Net loss to common	(0.53)	(0.98)	(1.00)	(2.29)	(4.80)	(9.14)	(0.36)	(1.24)	(7.80)	(18.53)	(0.86)	(0.64)	0.17	(0.02)	(1.35)
Basic EPS	(\$0.01)	(\$0.01)	(\$0.02)	(\$0.05)	(\$0.09)	(\$0.22)	(\$0.02)	(\$0.03)	(\$0.19)	(\$0.46)	(\$0.02)	(\$0.02)	\$0.00	\$0.00	(\$0.04)
Diluted EPS	(\$0.01)	(\$0.01)	(\$0.02)	(\$0.05)	(\$0.09)	(\$0.22)	(\$0.02)	(\$0.03)	(\$0.19)	(\$0.46)	(\$0.02)	(\$0.02)	\$0.00	\$0.00	(\$0.04)
Wtd Ave Shares	41.80	41.96	42.07	41.66	41.98	42.31	42.41	42.44	42.10	42.31	42.15	42.19	42.27	42.36	42.24
Fully Diluted Shares	41.80	41.96	42.07	41.66	41.98	42.31	42.41	42.44	42.10	42.31	42.15	42.25	42.32	42.43	42.29
Non-recurring Items	\$0.02	\$0.01	\$0.00	\$0.00	\$0.03	(\$0.17)	\$0.00	\$0.17	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Non-GAAP EPS	(\$0.03)	(\$0.02)	(\$0.02)	(\$0.05)	(\$0.12)	(\$0.05)	(\$0.02)	(\$0.20)	(\$0.19)	(\$0.46)	(\$0.02)	(\$0.02)	\$0.00	\$0.00	(\$0.04)
Subscribers, EOP (000)	380	421	442	460	460	476	483	509	516	516	530	548	570	599	599
EBITDA															
Net Income	(0.53)	(0.98)	(1.00)	(2.29)	(3.36)	(9.14)	(0.36)	(1.24)	(7.80)	(18.00)	(0.86)	(0.64)	0.17	(0.02)	(1.35)
(-) Interest income	0.77	0.36	0.38	0.10	1.40	0.04	0.02	0.01	0.01	(0.07)	0.02	0.02	0.02	0.01	0.01
(+) Interest expense	0.05	0.05	0.05	0.05	0.76	0.05	0.05	0.05	0.01	0.31	0.01	0.01	0.01	0.01	0.07
(+) Income tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(+) D&A	0.65	0.66	0.89	1.03	3.24	1.30	1.30	8.88	9.29	20.78	1.72	1.91	1.89	2.38	7.90
(=) EBITDA	(0.60)	(0.62)	(0.43)	(1.30)	(0.77)	(7.83)	0.96	7.69	1.50	3.16	0.86	1.27	2.06	2.35	6.61
(+) Min Interest	0.00	0.17	0.19	0.24	0.60	0.04	0.03	0.03	0.03	0.13	0.03	0.03	0.03	0.03	0.12
(+) Impairment/other	0.00	0.00	0.00	0.00	0.00	7.05	0.00	(7.05)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(+) FAS123R	0.81	1.02	0.89	0.99	3.71	0.46	0.34	0.35	0.55	1.70	0.40	0.60	0.60	1.10	2.70
(=) Adjusted EBITDA	0.21	0.56	0.65	(0.07)	1.34	(0.29)	1.33	1.02	2.08	4.98	1.29	1.90	2.69	3.48	9.43
Margin Analysis															
Service	58.1%	63.0%	58.6%	56.0%	58.8%	51.4%	51.0%	-55.6%	-43.5%	-0.5%	51.6%	53.0%	52.1%	56.0%	53.2%
Hardware	310.0%	49.1%	32.9%	90.0%	48.6%	42.9%	28.0%	54.3%	1.5%	38.8%	4.1%	5.5%	7.5%	8.0%	6.7%
Gross Margins	57.6%	60.8%	54.5%	58.3%	57.7%	51.2%	50.8%	-54.1%	-43.3%	-0.1%	51.4%	52.6%	51.6%	55.6%	52.9%
SG&A	91.4%	75.2%	60.7%	64.8%	71.2%	71.4%	65.0%	51.3%	61.7%	62.2%	60.0%	57.9%	46.7%	52.9%	54.2%
Product development	2.5%	2.2%	2.5%	9.0%	4.2%	2.8%	2.2%	2.7%	3.2%	2.7%	2.8%	2.7%	2.5%	2.6%	2.6%
Operating Margin	-18.2%	-11.3%	-7.0%	-15.5%	-12.5%	-127.7%	-16.4%	-8.0%	-108.2%	-65.1%	-11.3%	-8.0%	2.4%	0.1%	-3.9%
Pretax Income	-3.2%	-6.6%	-6.1%	-23.1%	-10.4%	-128.5%	-11.0%	-10.2%	-108.2%	-64.5%	-11.2%	-7.9%	2.5%	0.1%	-3.9%
Tax Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net Profit Margin	-3.2%	-9.1%	-8.6%	-26.3%	-12.6%	-129.1%	-11.4%	-10.6%	-108.6%	-65.0%	-11.6%	-8.3%	2.1%	-0.3%	-4.3%
Adj. EBITDA	4.3%	8.1%	8.6%	-1.0%	5.1%	-4.3%	19.7%	14.5%	28.9%	18.0%	17.6%	24.7%	33.5%	41.2%	29.9%
YOY Growth															
Subscribers	51.8%	51.0%	39.1%	31.1%	34.3%	25.3%	14.9%	15.3%	12.2%	15.2%	11.3%	13.3%	12.0%	16.1%	
Service	22.9%	36.5%	39.2%	37.1%	34.3%	36.4%	16.7%	9.5%	4.3%	15.2%	10.9%	13.3%	14.7%	17.5%	14.1%
Hardware	-100.5%	-53.7%	-49.4%	-86.3%	-73.2%	-1150.0%	-95.5%	-92.3%	-93.0%	-89.9%	-73.9%	33.0%	-8.9%	99.6%	-12.2%
Total Sales	-18.7%	3.7%	8.9%	-15.0%	-5.5%	38.8%	-1.5%	-6.6%	-2.3%	4.2%	9.6%	13.4%	14.4%	17.9%	13.9%
Sales & Mktg	-16.7%	15.3%	7.8%	30.4%	7.0%	8.5%	-14.9%	-21.0%	-7.0%	-8.9%	-8.0%	1.1%	4.0%	1.1%	-0.8%
R&D	-66.4%	-41.6%	-13.8%	193.8%	5.8%	56.2%	1.3%	2.1%	-65.4%	-32.1%	7.2%	33.9%	5.3%	-4.2%	8.6%
Operating Exp	-19.8%	12.2%	6.8%	39.9%	6.9%	9.8%	-14.5%	-20.1%	-14.1%	-10.2%	-7.4%	2.2%	4.1%	0.8%	-0.4%
Adj. EBITDA	NM	NM	NM	NM	NM	NM	138.0%	57.6%	NM	270.5%	NM	42.2%	163.1%	67.7%	89.4%
CFO	0.14	3.05	1.36	(0.60)	3.95	(1.26)	2.65	1.92	1.90	5.21	0.70	0.93	1.74	2.04	5.40
CAPX	1.46	12.74	12.55	13.54	40.29	6.92	7.13	11.77	9.20	35.03	8.60	8.90	8.40	8.80	34.70
Free Cash	(1.32)	(9.68)	(11.19)	(14.15)	(36.34)	(8.18)	(4.48)	(9.85)	(7.30)	(29.81)	(7.90)	(7.97)	(6.66)	(6.76)	(29.30)

Orbcomm, Inc.
Quarterly Balance Sheet

ASSETS	1Q08	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09	proj.	1Q10	2Q10	3Q10	4Q10
									proj.	proj.	proj.	proj.	
Cash & equivalents	114.40	98.96	88.47	77.37	68.95	65.93	55.22	48.55		85.98	65.96	60.19	54.04
Short-term investments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Receivables, net	4.11	4.84	3.90	3.41	4.19	3.58	3.52	2.96		2.99	3.11	3.26	3.43
Inventories, net	3.54	3.43	3.68*	0.16	1.79	0.12	0.09	0.07		0.04	0.09	0.11	0.09
Receivables from Ins.	0.00	0.00	0.00	2.45	2.45	2.45	31.35	31.35		0.00	0.00	0.00	0.00
Advance payments	0.16	0.16	0.16	0.00	0.00	0.00	0.90	0.90		0.90	0.90	0.90	0.90
Prepaid expenses, other	0.99	0.91	1.34	3.31	1.44	2.13	1.25	1.25		1.25	1.25	1.25	1.25
Total Current Assets	123.20	108.30	97.54	86.70	78.81	74.21	92.32	85.08		91.16	71.31	65.70	59.70
Satellite Network	51.32	68.87	86.35	92.77	86.70	92.51	73.92	73.83		67.61	87.69	94.32	101.33
Long-term receivable	0.23	0.23	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00
Intangible assets, net	5.20	4.83	4.46	4.09	3.71	3.34	2.97	2.64		2.27	1.90	1.53	1.16
Other assets	1.82	6.85	7.32	7.81	6.67	6.50	6.77	6.77		6.77	6.77	6.77	6.77
Total Current Assets	181.77	189.08	195.66	191.37	175.90	176.55	175.98	168.31		167.81	167.66	168.31	168.96
LIABILITIES & EQUITY													
Short term borrowings	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00
Accounts payable	3.34	5.16	3.52	8.43	2.58	2.88	3.07	3.13		3.19	3.25	3.32	3.39
Accrued liabilities	12.50	8.89	16.84	7.17	6.90	7.16	7.33	7.43		7.53	7.63	7.73	7.83
Deferred revenues	1.59	3.10	3.32	3.87	3.58	4.13	4.25	4.25		4.25	4.25	4.25	4.25
Total Current Liabilities	17.43	17.15	23.69	19.47	13.06	14.16	14.65	14.81		14.97	15.13	15.30	15.47
Note payable	1.30	1.37	1.25	1.24	1.18	1.30	1.40	1.40		1.40	1.40	1.40	1.40
Other Liability	0.18	0.18	0.18	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00
Deferred revenue	1.66	8.14	7.79	7.61*	7.39	7.22	6.65	6.32		5.99	5.66	5.33	5.00
Total Liabilities	20.56	26.84	32.91	28.32	21.63	22.68	22.70	22.53		22.36	22.20	22.03	21.87
Minority Interest	0.00	0.96	1.21	1.45	1.48	1.58	1.78	2.08		2.38	2.68	2.98	3.28
Preferred/convertible	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00
Common stock	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04		0.04	0.04	0.04	0.04
Paid in capital	225.84	227.00	227.98	229.00	229.46	229.80	230.15	230.15		230.37	230.72	231.07	231.60
Accumulated deficit	(63.97)	(64.95)	(65.95)	(67.98)	(77.11)	(77.47)	(78.71)	(86.51)		(87.36)	(88.00)	(87.83)	(87.86)
Other	(0.71)	(0.81)	(0.53)	0.54	0.40	(0.08)	0.02	0.02		0.02	0.02	0.02	0.02
Stockholders' Equity	161.20	161.28	161.54	161.61	152.79	152.29	151.50	143.70		143.06	142.78	143.30	143.81
Total Liabilities & S/E	181.77	189.08	195.66	191.37	175.90	176.55	175.98	168.31		167.81	167.66	168.31	168.96
Shares Out	41.66	41.66	41.66	41.66	42.10	42.10	42.10	42.10		42.15	42.23	42.31	42.42
Receivables, DSO	77.4	64.2	47.2	42.3	56.8	48.3	45.6	37.6		37.0	37.0	37.0	37.0
Inventory, DCGS	15,373.5	551.2	418.7	288.4	2,723.8	294.0	195.5	190.0		140.0	136.0	125.0	124.0
Accounts payable	14,513.1	829.4	401.2	15,381.1	3,920.7	7,289.9	6,663.4	8,280.2		11,081.0	4,726.0	3,905.7	4,808.3
Accrued liabilities	54,306.8	1,427.5	1,918.8	13,081.6	10,495.3	18,141.0	15,934.0	19,676.6		26,163.1	11,084.9	9,099.0	11,124.0
CFO	0.14	3.05	1.36	(0.60)	(1.26)	2.65	1.92	1.90		0.70	0.93	1.74	2.04
CAPX	1.46	12.74	12.55	13.54	6.92	7.13	11.77	9.20		8.60	8.90	8.40	8.80
Free Cash	(1.32)	(9.68)	(11.19)	(14.15)	(8.18)	(4.48)	(9.85)	(7.30)		(7.90)	(7.97)	(6.66)	(6.76)

Orbcomm, Inc.
Intrinsic Share Value
Free Cash Flow Technique

Value as of Jan 2009

Y/E December	FCF	PV Factor	Pres. Val.
2009	(10)	0.858	(9)
2010	(6)	0.735	(4)
2011	7	0.631	4
2012	22	0.541	12
2013	44	0.464	21
Outyears	63	3.537	223
Total Intrinsic Value			247
Plus Non Operating Capital			0
Less Debt & Other Liabilities			1
Equity Value			\$245
Intrinsic Share Value			\$5.88

Perpetual Growth Rate	3.50%
Equity Risk Premium	15.0%
Beta	1.5
Risk Free Rate	5.5%
Cost of Equity	28.0%
Marginal Cost of Debt	9.5%
Marginal Tax Rate	45%
After-Tax Cost of Debt	5.23%
Debt/Cap Target	50%
WACC	16.6%

Source: Raymond James research.

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Ratings and Definitions

Raymond James & Associates (U.S.) definitions

Strong Buy (SB1) Expected to appreciate and produce a total return of at least 15% and outperform the S&P 500 over the next six months. For higher yielding and more conservative equities, such as REITs and certain MLPs, a total return of at least 15% is expected to be realized over the next 12 months.

Outperform (MO2) Expected to appreciate and outperform the S&P 500 over the next 12 months. For higher yielding and more conservative equities, such as REITs and certain MLPs, an Outperform rating is used for securities where we are comfortable with the relative safety of the dividend and expect a total return modestly exceeding the dividend yield over the next 12 months.

Market Perform (MP3) Expected to perform generally in line with the S&P 500 over the next 12 months and is potentially a source of funds for more highly rated securities.

Underperform (MU4) Expected to underperform the S&P 500 or its sector over the next six to 12 months and should be sold.

Raymond James Ltd. (Canada) definitions

Strong Buy (SB1) The stock is expected to appreciate and produce a total return of at least 15% and outperform the S&P/TSX Composite Index over the next six months.

Outperform (MO2) The stock is expected to appreciate and outperform the S&P/TSX Composite Index over the next twelve months.

Market Perform (MP3) The stock is expected to perform generally in line with the S&P/TSX Composite Index over the next twelve months and is potentially a source of funds for more highly rated securities.

Underperform (MU4) The stock is expected to underperform the S&P/TSX Composite Index or its sector over the next six to twelve months and should be sold.

Raymond James Latin American rating definitions

Strong Buy (1) Expected to appreciate and produce a total return of at least 25.0% over the next twelve months.

Buy (2) Expected to appreciate and produce a total return of between 15.0% and 25.0% over the next twelve months.

Hold (3) Expected to perform in line with the underlying country index.

Underperform (4) Expected to underperform the underlying country index.

Raymond James European Equities rating definitions

Strong Buy (1) Absolute return expected to be at least 10% over the next 12 months and perceived best performer in the sector universe.

Buy (2) Absolute return expected to be at least 10% over the next 12 months.

Fair Value (3) Stock currently trades around its fair price and should perform in the range of -10% to +10% over the next 12 months.

Sell (4) Expected absolute drop in the share price of more than 10% in next 12 months.

Rating Distributions

Out of approximately 771 rated stocks in the Raymond James coverage universe, 48% have Strong Buy or Outperform ratings (Buy), 44% are rated Market Perform (Hold) and 7% are rated Underperform (Sell). Within those rating categories, 24% of the Strong Buy- or Outperform (Buy) rated companies either currently are or have been Raymond James Investment Banking clients within the past three years; 13% of the Market Perform (Hold) rated companies are or have been clients and 14% of the Underperform (Sell) rated companies are or have been clients.

Suitability Categories (SR)

For stocks rated by Raymond James & Associates only, the following Suitability Categories provide an assessment of potential risk factors for investors. Suitability ratings are not assigned to stocks rated Underperform (Sell). Projected 12-month price targets are assigned only to stocks rated Strong Buy or Outperform.

Total Return (TR) Lower risk equities possessing dividend yields above that of the S&P 500 and greater stability of principal.

Growth (G) Low to average risk equities with sound financials, more consistent earnings growth, possibly a small dividend, and the potential for long-term price appreciation.

Aggressive Growth (AG) Medium or higher risk equities of companies in fast growing and competitive industries, with less predictable earnings and acceptable, but possibly more leveraged balance sheets.

High Risk (HR) Companies with less predictable earnings (or losses), rapidly changing market dynamics, financial and competitive issues, higher price volatility (beta), and risk of principal.

Venture Risk (VR) Companies with a short or unprofitable operating history, limited or less predictable revenues, very high risk associated with success, and a substantial risk of principal.

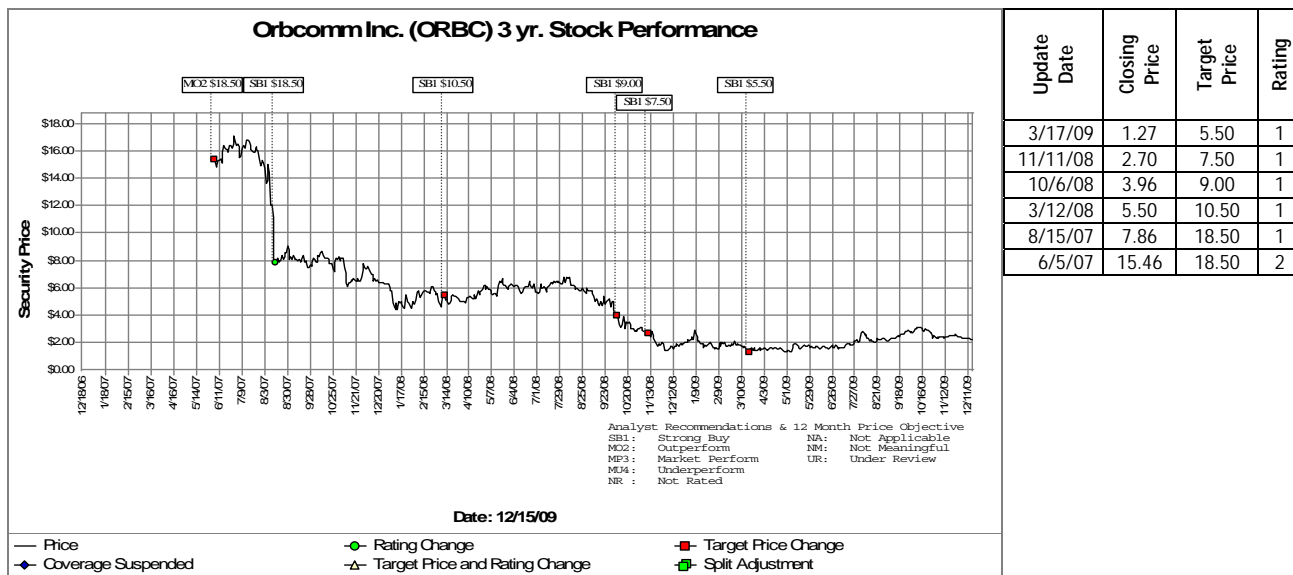
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Company Name	Disclosure
Orbcomm Inc.	Raymond James & Associates makes a NASDAQ market in shares of ORBC. Raymond James & Associates co-managed a secondary offering of ORBC shares in May 2007.

Stock Charts, Target Prices, and Valuation Methodologies

Target Prices: The information below indicates our target price and rating changes for ORBC stock over the past three years.



Valuation Methodology: The Raymond James methodology for assigning ratings and target prices includes a number of qualitative and quantitative factors including an assessment of industry size, structure, business trends and overall attractiveness; management effectiveness; competition; visibility; financial condition, and expected total return, among other factors. These factors are subject to change depending on overall economic conditions or industry- or company-specific occurrences. Our valuation methodology for Orbcomm is based on forward projections of earnings, balance sheet, and cash flow. Using these projections, we calculate measures of current and projected intrinsic values. We also monitor and use additional valuation metrics, including comparable and historical P/Es, EV/EBITDA, and peer group comparisons.

Risk Factors

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Specific Investment Risks Related to the Industry or Issuer

The well being and efficiency of the satellite communications industry has a heavy interdependence among its sub-sectors. Specifically, a launch failure or excessive delays in payload manufacturing would impact the industry as a whole and impede a firm's ability to rollout new technology or replenish a satellite fleet. Advances or innovation in new terrestrial technologies (WiFi, WiMax, cellular, adoption of fiber optic infrastructure) could render satellite solutions obsolete or less competitive. Additionally, the highly coveted spectrum used by satellite communications companies is a top priority of regulatory authorities, and the introduction of new regulatory restrictions could negatively impact the industry's profitability.

Company-Specific Risks for Orbcomm Inc.

Volatility of Hardware Sales

Customers often purchase hardware in bulk, leading to lumpy sales patterns and volatile gross margin performance. This sales volatility should decrease over time as the number of resellers and the breadth of customers continue to grow.

Vendor Risk

Delphi Automotive Systems, the exclusive supplier of subscriber communicators to Orbcomm's Stellar subsidiary, is currently operating under Chapter 11 bankruptcy protection. Somewhat mitigating this risk is the fact that the communicators are manufactured in Mexico using non-union labor.

Evolving Competition

Although we believe Orbcomm's satellite-based M2M solution is well positioned relative to existing technologies, the wireless industry is renowned for its rapid innovation, which could lead to the emergence of new competitive technologies.

Launch/Orbit Failures

While the incidence of launch failures has generally been on the decline for the past 50 years, the possibility of a launch failure cannot be ruled out altogether. To mitigate this risk, Orbcomm purchases launch insurance, but this insurance is generally limited to replacement value only and would not compensate for the possibility of lost sales/profits resulting from a delayed fleet upgrades.

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