

Iridium Communications Inc.
Form 8-K
February 24, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 22, 2012

Iridium Communications Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-33963
(Commission
File Number)

26-1344998
(IRS Employer
Identification No.)

Edgar Filing: Iridium Communications Inc. - Form 8-K

1750 Tysons Boulevard

Suite 1400

McLean, VA 22102

(703) 287-7400

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2 below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under Exchange Act (17 CFR 240.13e-4(c))

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(e) Performance Share Program

On February 22, 2012, the Compensation Committee of the Board of Directors (the Committee) of Iridium Communications Inc. (the Company) approved the Performance Share Program (the Program), which provides for the grant of restricted stock units (Awards) under the terms of the Company's 2009 Stock Incentive Plan (the Plan). The Committee established the Program to (i) focus key employees on achieving specific performance targets, (ii) reinforce a team-oriented approach, (iii) provide significant award potential for achieving outstanding performance, and (iv) enhance the ability of the Company to attract and retain highly talented and competent individuals. The Program provides that the Committee may grant Awards (referred to as Maximum Awards) to designated key employees, with each such Maximum Award representing a specified maximum number of shares of common stock that may ultimately be earned by each such employee under the Award. The Maximum Award is calculated by reference to the target award value (the Target Award). The Program contemplates that the Committee may establish criteria for determining the number of shares ultimately awarded (the Actual Awards), including (a) one or more performance goals of the type enumerated in the Plan that are calculated in a manner that would allow for deductibility under Section 162(m) of the Internal Revenue Code (162(m) Performance Goals), the satisfaction of which is a condition to some or all of the Maximum Award being earned, (b) other performance goals that are not enumerated in the Plan or not calculated in a manner that would allow for deductibility under Section 162(m) of the Internal Revenue Code (Other Performance Goals), which may form the basis for a determination by the Committee to reduce the award to the participant, and (c) the performance period over which attainment of the 162(m) Performance Goals and Other Performance Goals is determined (the Performance Period). The Program also contemplates that the Committee may establish a vesting period over which the respective key employee must remain employed by the Company following the Performance Period in order to earn the shares underlying his or her Actual Award.

On February 22, 2012, the Performance Sub-Committee approved Awards under the Program to be granted on March 1, 2012 to the Company's principal executive officer, principal financial officer and other named executive officers, designated a 162(m) Performance Goal, an Other Performance Goal and a Performance Period related to such Awards and specified a vesting schedule for the Awards. These Awards specified a Target Award (and the related Maximum Award) for each of these executives as set forth in the following table. The Awards were approved with a specified dollar value and will be converted to an equivalent number of shares of common stock based on the closing price of the common stock on the grant date, rounded down to the nearest whole share.

Officer	Title	Target Award (\$)	Maximum Award (\$)
Matthew J. Desch	Chief Executive Officer	561,000	841,500
Thomas J. Fitzpatrick	Chief Financial Officer	195,000	292,500
Gregory C. Ewert	Executive Vice President, Global Distribution Channels, Iridium Satellite	186,000	279,000
John M. Roddy	Executive Vice President, Global Operations and Product Development, Iridium Satellite	186,000	279,000

The Actual Awards for each executive will be based on the level of achievement of the 162(m) Performance Goal, which is the growth of the Company's average service revenue for 2012 and 2013, calculated in accordance with generally accepted accounting principles (GAAP), over the service revenue that will be reported by the Company for 2011. The Actual Awards will be reduced to zero if the Company fails to achieve the Other Performance Goal specified by the Committee, which is the achievement of average OEBITDA margin for 2012 and 2013 that exceeds the Company's OEBITDA margin for 2011. OEBITDA margin is OEBITDA expressed as a percentage of adjusted revenue. OEBITDA is defined as earnings before interest, income taxes, depreciation and amortization, Iridium NEXT revenue and expenses (for periods prior to the deployment of Iridium NEXT), stock-based compensation expenses, transaction expenses associated with GHL Acquisition Corp.'s acquisition of Iridium Holdings LLC, the impact of purchase accounting, and changes in the fair value of warrants. Adjusted revenue is the Company's reported GAAP revenue excluding the impact of purchase accounting and Iridium NEXT revenue.

The Actual Award will vest as to 50% of the underlying shares when the Committee determines the Company's level of achievement of the 162(m) Performance Goal and the Other Performance Goal, which would occur in the first quarter of 2014, and as to the remaining 50% on March 1, 2015, subject to continuous employment of the participant through such dates. Actual Awards and any shares issued thereunder are subject to recoupment from participants in accordance with any clawback policy that the Company is required to adopt pursuant to applicable laws.

The description of the Program contained herein is a summary of its material terms, does not purport to be complete and is qualified in its entirety by reference to the Program and the Plan. A copy of the Performance Share Program is filed as Exhibit 10.1 and incorporated herein by reference. A copy of the form of Performance Share Award Grant Notice and Performance Share Award Agreement for use in connection with grants under the Program is filed as Exhibit 10.2 and incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit Number	Exhibit Description
10.1	Performance Share Program established under the 2009 Iridium Communications Inc. Stock Incentive Plan
10.2	Form of Performance Share Award Grant Notice and Performance Share Award Agreement for use in connection with the Performance Share Program established under the 2009 Iridium Communications Inc. Stock Incentive Plan

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

IRIDIUM COMMUNICATIONS INC.

Date: February 24, 2012

By: /s/ Thomas J. Fitzpatrick

Name: Thomas J. Fitzpatrick

Title: Chief Financial Officer