United States
Securities and Exchange Commission
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2019

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 as specified in its charter)

Delaware	**41-2118289**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

395 W. Passaic Street, Rochelle Park, New Jersey 07662
(Address of principal executive offices)

703-433-6300
(Registrant's telephone number)

N/A
(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value $0.001 per share	ORBC	The Nasdaq Stock Market, LLC

Indicate by check mark whether the registrant (1) 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 every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

The number of shares outstanding of the registrant's common stock as of October 28, 2019 is78,286,252.

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

ORBCOMM Inc.
Condensed Consolidated Balance Sheets
(in thousands, except par value and share data)

	September 30, 2019 (Unaudited)	December 31, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	$ 50,904	$ 53,766
Accounts receivable, net of allowance for doubtful accounts of $4,334 and $4,072, respectively	61,563	57,665
Inventories	38,224	34,300
Prepaid expenses and other current assets	19,314	15,553
Total current assets	170,005	161,284
Satellite network and other equipment, net	149,769	160,070
Goodwill	166,129	166,129
Intangible assets, net	76,529	86,264
Other assets	25,153	12,603
Deferred income taxes	127	109
Total assets	$ 587,712	$ 586,459
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 17,395	$ 15,527
Accrued liabilities	41,754	35,735
Current portion of deferred revenue	2,308	5,954
Total current liabilities	61,457	57,216
Note payable - related party	1,241	1,298
Notes payable, net of unamortized deferred issuance costs	246,489	245,907
Deferred revenue, net of current portion	8,771	5,471
Deferred tax liabilities	15,012	16,109
Other liabilities	14,162	2,600
Total liabilities	347,132	328,601
Commitments and contingencies		
Equity:		
ORBCOMM Inc. stockholders' equity		
Series A Convertible Preferred Stock, par value $0.001; 1,000,000 shares authorized; 40,624 and 39,442 shares issued and outstanding at September 30, 2019 and December 31, 2018, respectively	406	394
Common stock, par value $0.001; 250,000,000 shares authorized; 78,286,252 and 79,008,243 shares issued at September 30, 2019 and December 31, 2018, respectively	78	79
Additional paid-in capital	448,833	449,343
Accumulated other comprehensive loss	(1,132)	(381)
Accumulated deficit	(208,441)	(192,507)
Less treasury stock, at cost; 98,276 and 29,990 shares at September 30, 2019 and December 31, 2018, respectively	(433)	(96)
Total ORBCOMM Inc. stockholders' equity	239,311	256,832
Noncontrolling interests	1,269	1,026
Total equity	240,580	257,858
Total liabilities and equity	$ 587,712	$ 586,459

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

ORBCOMM Inc.
Condensed Consolidated Statements of Operations
(in thousands, except per share data)
(Unaudited)

	Quarters Ended September 30, 2019	Quarters Ended September 30, 2018	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Revenues:				
Service revenues	$ 40,550	$ 38,473	$ 119,295	$ 114,940
Product sales	28,643	32,569	83,036	94,863
Total revenues	69,193	71,042	202,331	209,803
Cost of revenues, exclusive of depreciation and amortization shown below:				
Cost of services	12,568	12,764	39,123	40,704
Cost of product sales	19,640	24,679	58,275	73,363
Operating expenses:				
Selling, general and administrative	18,211	14,823	52,842	51,352
Product development	3,686	3,816	11,385	9,671
Depreciation and amortization	12,794	12,081	37,998	36,146
Acquisition-related and integration costs	4	395	693	1,495
Income (loss) from operations	2,290	2,484	2,015	(2,928)
Other income (expense):				
Interest income	444	648	1,408	1,576
Other income (expense)	188	120	130	108
Interest expense	(5,287)	(5,232)	(15,850)	(15,733)
Total other expense	(4,655)	(4,464)	(14,312)	(14,049)
Loss before income taxes	(2,365)	(1,980)	(12,297)	(16,977)
Income taxes	1,504	1,242	3,354	3,410
Net loss	(3,869)	(3,222)	(15,651)	(20,387)
Less: Net income attributable to noncontrolling interests	144	73	271	216
Net loss attributable to ORBCOMM Inc.	$ (4,013)	$ (3,295)	$ (15,922)	$ (20,603)
Net loss attributable to ORBCOMM Inc. common stockholders	$ (4,025)	$ (3,295)	$ (15,934)	$ (20,614)
Per share information-basic:				
Net loss attributable to ORBCOMM Inc. common stockholders	$ (0.05)	$ (0.04)	$ (0.20)	$ (0.27)
Per share information-diluted:				
Net loss attributable to ORBCOMM Inc. common stockholders	$ (0.05)	$ (0.04)	$ (0.20)	$ (0.27)
Weighted average common shares outstanding:				
Basic	79,695	78,649	79,591	77,158
Diluted	79,695	78,649	79,591	77,158

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

ORBCOMM Inc.
Condensed Consolidated Statements of Comprehensive Income (Loss)
(in thousands)
(Unaudited)

	Quarters Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Net loss	$ (3,869)	$ (3,222)	$ (15,651)	$ (20,387)
Other comprehensive loss - foreign currency translation adjustments	(561)	(159)	(779)	(561)
Other comprehensive loss	(561)	(159)	(779)	(561)
Comprehensive loss	(4,430)	(3,381)	(16,430)	(20,948)
Less: Comprehensive income attributable to noncontrolling interests	(133)	(71)	(243)	(209)
Comprehensive loss attributable to ORBCOMM Inc.	$ (4,563)	$ (3,452)	$ (16,673)	$ (21,157)

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

ORBCOMM Inc.
Condensed Consolidated Statements of Cash Flows
(in thousands)
(Unaudited)

	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Cash flows from operating activities:		
Net loss	$ (15,651)	$ (20,387)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Change in allowance for doubtful accounts	1,766	2,995
Change in the fair value of acquisition-related contingent consideration	(2,063)	(5,494)
Amortization and write-off of deferred financing fees	582	582
Depreciation and amortization	37,998	36,146
Stock-based compensation	5,406	5,747
Foreign exchange (gain) loss	(194)	64
Deferred income taxes	(1,097)	(1,847)
Other	1,971	—
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	(5,972)	(14,490)
Inventories	(3,973)	5,554
Prepaid expenses and other assets	(3,338)	601
Accounts payable and accrued liabilities	6,960	(11,493)
Deferred revenue	(348)	1,687
Other liabilities	(1,246)	(595)
Net cash provided by (used in) operating activities	20,801	(930)
Cash flows from investing activities:		
Capital expenditures	(16,234)	(17,163)
Other	—	650
Net cash used in investing activities	(16,234)	(16,513)
Cash flows from financing activities:		
Proceeds from public offering of common stock, net of underwriters' discounts and commissions and offering costs of $1,705	—	27,967
Payments under revolving credit facility	—	(14,000)
Proceeds under revolving credit facility	—	14,000
Proceeds from issuance of common stock under employee stock purchase plan	604	668
Purchases of common stock under share repurchase program	(7,875)	—
Net cash (used in) provided by financing activities	(7,271)	28,635
Effect of exchange rate changes on cash and cash equivalents	(158)	(128)
Net (decrease) increase in cash and cash equivalents	(2,862)	11,064
Beginning of period	53,766	34,830
End of period	$ 50,904	$ 45,894
Supplemental disclosures of cash flow information:		
Cash paid for:		
Interest	$ 10,000	$ 10,036
Income taxes	$ 2,439	$ 3,221
Supplemental schedule of noncash investing and financing activities		
Noncash investing and financing activities:		
Capital expenditures incurred not yet paid	$ 785	$ 332
Stock-based compensation related to capital expenditures	$ 539	$ 410
Series A convertible preferred stock dividend paid-in-kind	$ 12	$ 11
Common stock issued as payment for MPUs	$ 502	$ 827

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

ORBCOMM Inc.
Condensed Consolidated Statements of Changes in Equity
Quarters Ended September 30, 2019 and 2018
(in thousands, except share data)
(Unaudited)

	Series A convertible Preferred stock		Common stock		Additional paid-in capital	Accumulated other comprehensive income (loss)	Accumulated deficit	Treasury stock		Noncontrolling interests	Total equity
	Shares	Amount	Shares	Amount				Shares	Amount		
Balances, July 1, 2019	39,442	$ 394	79,753,545	$ 80	$ 454,587	$ (582)	$ (204,416)	29,990	$ (96)	$ 1,136	$ 251,103
Vesting of restricted stock units	—	—	46,450	—	—	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	1,782	—	—	—	—	—	1,782
Common stock repurchased under share repurchase program	—	—	(1,513,743)	(2)	(7,536)	—	—	68,286	(337)	—	(7,875)
Net income (loss)	—	—	—	—	—	—	(4,013)	—	—	144	(3,869)
Series A convertible preferred stock dividend	1,182	12	—	—	—	—	(12)	—	—	—	—
Foreign currency translation adjustments	—	—	—	—	—	(550)	—	—	—	(11)	(561)
Balances, September 30, 2019	40,624	$ 406	78,286,252	$ 78	$ 448,833	$ (1,132)	$ (208,441)	98,276	$ (433)	$ 1,269	$ 240,580
Balances, July 1, 2018	38,672	$ 387	78,593,002	$ 79	$ 444,069	$ (141)	$ (183,564)	29,990	$ (96)	$ 871	$ 261,605
Vesting of restricted stock units	—	—	29,013	—	—	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	2,338	—	—	—	—	—	2,338
Exercise of SARs	—	—	177,358	—	—	—	—	—	—	—	—
Net income (loss)	—	—	—	—	—	—	(3,295)	—	—	73	(3,222)
Foreign currency translation adjustments	—	—	—	—	—	(157)	—	—	—	(2)	(159)
Balances, September 30, 2018	38,672	$ 387	78,799,373	$ 79	$ 446,407	$ (298)	$ (186,859)	29,990	$ (96)	$ 942	$ 260,562

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

ORBCOMM Inc.
Condensed Consolidated Statements of Changes in Equity
Nine Months Ended September 30, 2019 and 2018
(in thousands, except share data)
(Unaudited)

	Series A convertible Preferred stock		Common stock		Additional paid-in capital	Accumulated other comprehensive income (loss)	Accumulated deficit	Treasury stock		Noncontrolling interests	Total equity
	Shares	Amount	Shares	Amount				Shares	Amount		
Balances, January 1, 2019	39,442	$ 394	79,008,243	$ 79	$ 449,343	$ (381)	$ (192,507)	29,990	$ (96)	$ 1,026	$ 257,858
Vesting of restricted stock units	—	—	614,132	1		—	—	—	—	—	1
Stock-based compensation	—	—		—	5,920	—	—	—	—	—	5,920
Issuance of common stock under employee stock purchase plan	—	—	113,703	—	604	—	—	—	—	—	604
Common stock issued as payment for MPUs	—	—	60,885	—	502	—	—	—	—	—	502
Common stock repurchased under share repurchase program	—	—	(1,513,743)	(2)	(7,536)	—	—	68,286	(337)	—	(7,875)
Series A convertible preferred stock dividend	1,182	12	—	—	—	—	(12)	—	—	—	—
Exercise of SARs	—	—	3,032	—	—	—	—	—	—	—	—
Net income (loss)	—	—	—	—	—	—	(15,922)	—	—	271	(15,651)
Foreign currency translation adjustments	—	—	—	—	—	(751)	—	—	—	(28)	(779)
Balances, September 30, 2019	40,624	$ 406	78,286,252	$ 78	$ 448,833	$ (1,132)	$ (208,441)	98,276	$ (433)	$ 1,269	$ 240,580
Balances, January 1, 2018	37,544	$ 376	74,436,579	$ 74	$ 411,298	$ 256	$ (166,245)	29,990	$ (96)	$ 733	$ 246,396
Vesting of restricted stock units	—	—	519,362	1	—	—	—	—	—	—	1
Stock-based compensation	—	—	—	—	5,650	—	—	—	—	—	5,650
Proceeds from public offering of common stock, net of underwriters' discounts and commissions and offering costs of $ 1,705	—	—	3,450,000	3	27,964	—	—	—	—	—	27,967
Common stock issued as payment for MPUs	—	—	81,277	—	827	—	—	—	—	—	827
Issuance of common stock under employee stock purchase plan	—	—	81,525	—	668	—	—	—	—	—	668
Series A convertible preferred stock dividend	1,128	11	—	—	—	—	(11)	—	—	—	—
Exercise of SARs	—	—	230,630	1	—	—	—	—	—	—	1
Net income (loss)	—	—	—	—	—	—	(20,603)	—	—	216	(20,387)
Foreign currency translation adjustments	—	—	—	—	—	(554)	—	—	—	(7)	(561)
Balances, September 30, 2018	38,672	$ 387	78,799,373	$ 79	$ 446,407	$ (298)	$ (186,859)	29,990	$ (96)	$ 942	$ 260,562

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

1. Organization and Business

ORBCOMM Inc. ("ORBCOMM" or the "Company"), a Delaware corporation, is a global provider of industrial Internet of Things ("IoT") solutions, including network connectivity, devices, device management and web reporting applications. The Company's industrial 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, power 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 the transportation and supply chain, heavy equipment, fixed asset monitoring, and maritime industries, as well as for governments. 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. Through two acquisitions in 2017, the Company added vehicle fleet management, as well as in-cab and vehicle fleet solutions to its transportation product portfolio. The Company provides its services using multiple network platforms, including its own constellation of low-Earth orbit satellites 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 use small, low-power, mobile satellite subscriber communicators for remote asset connectivity, and the Company's terrestrial-based solutions utilize cellular data modems with subscriber identity modules ("SIMs"). The Company also resells service using the two-way Inmarsat plc satellite network to provide higher bandwidth, low-latency satellite products and services, leveraging the Company's IsatDataPro 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 is dedicated to providing what it believes are the most versatile, leading-edge industrial IoT solutions in its markets to enable its customers to run their businesses more efficiently.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared pursuant to the rules of the Securities and Exchange Commission (the "SEC"). Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") have been condensed or omitted pursuant to SEC rules. These financial statements should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2018. The accompanying financial statements are unaudited and, in the opinion of management, 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 results of operations for the interim periods are not necessarily indicative of the results to be expected for the full year. The 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 on the condensed consolidated balance sheets.

Investments

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 investees is reflected in the Company's condensed consolidated results of operations. When the Company does not exercise significant influence over the investee, the investment is accounted for under the cost method.

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 September 30, 2019 and December 31, 2018. 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 quarters and nine months ended September 30, 2019 and 2018.

Acquisition-Related and Integration Costs

Acquisition-related and integration costs include professional services expenses and identifiable integration costs directlyattributable to acquisitions.

Revenue Recognition

On January 1, 2018, the Company adopted Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") No. 2014-09 "Revenue from Contracts with Customers" ("ASU 2014-09"). The Company reviewed its contract portfolio and determined its application of ASU 2014-09 did not have a material impact on the comparability of revenue recognized prior to the adoption of ASU 2014-09.

The Company derives recurring service revenues primarily from monthly fees for industrial 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, other satellite networks and cellular wireless networks that the Company resells to its resellers, Market Channel Partners ("MCPs") and Market Channel Affiliates ("MCAs"), and direct customers. In addition, the Company earns recurring service revenues from subscription-based services providing recurring AIS data services to government and commercial customers worldwide. The Company also earns recurring service revenues from activations of subscriber communicators and SIMs, optional separately-priced extended warranty service agreements extending beyond the initial warranty period, typically one year, which are billed to the customer upon shipment of a subscriber communicator, and royalty fees relating to the manufacture of subscriber communicators under a manufacturing agreement.

Service revenues derived from usage fees are generally based upon the data transmitted by a customer, the overall number of subscriber communicators and/or SIMs activated by each customer, and whether the Company provides services through its value-added portal. Using the output method, these service revenues are recognized over time, as services are rendered, or at a point in time, based on the contract terms. AIS service revenues are generated over time from monthly subscription-based services supplying AIS data to its customers and resellers, using the output method. In addition, data analytics service revenues are generated from monthly subscription-based services supplying analytical data to its customers, using the output method. Revenues from the activation of both subscriber communicators and SIMs are initially recorded as deferred revenues and are, thereafter, recognized on a ratable basis using a time-based output method, generally over three years, the estimated life of the subscriber communicator. Revenues from separately-priced extended warranty service agreements extending beyond the initial warranty period, typically one year, are initially recorded as deferred revenues and are, thereafter, recognized on a ratable basis using a time-based output method, generally over two to five years. Revenues generated from royalties relating to the manufacture of subscriber communicators by third parties are recognized as earned 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.

The Company earns other service revenues from installation services and engineering, technical and management support services. Revenues generated from installation services are recognized at a point in time when the services are completed. Revenues generated from engineering, technical and management support services to customers are recognized over time as the service is provided. The Company also generates other service revenues through the sale of software licenses to its customers, which are recognized at a point in time when the license is provided to the customer.

Product sales are derived from sales of industrial IoT subscriber communicators, including telematics devices, modems or cellular wireless SIMs (for the Company's terrestrial-communication services) to the Company's resellers (i.e., MCPs and MCAs) and direct customers. Product sales are recognized at a point in time when title transfers, 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. Deferred revenue as of September 30, 2019 and December 31, 2018 consisted of the following:

	September 30, 2019	December 31, 2018
Service activation fees	$ 3,026	$ 2,813
Prepaid services	6,891	7,816
Extended warranty revenues	1,162	796
	11,079	11,425
Less current portion	(2,308)	(5,954)
Long-term portion	$ 8,771	$ 5,471

During the quarter and nine months ended September 30, 2019, the Company recognized revenue of $1,330 and $4,752, respectively, which was included as deferred revenue as of December 31, 2018.

Shipping costs billed to customers are included in product sales and the related costs are included as cost of product sales.

The Company generates revenue from leasing arrangements of subscriber communicators, under FASB Accounting Standards Codification ("ASC") Topic 842 "Leases" ("ASC 842"), using the estimated selling prices for each of the deliverables recognized. Product and installation revenues associated with these arrangements are recognized upon shipment or installation of the subscriber communicator, depending on the specific contractual terms. Service and warranty 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.

The following table summarizes the components of revenue from contracts with customers, as well as revenue recognized under ASC 842:

	Quarters Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Revenue from contracts with customers:				
Recurring service revenues	$ 39,161	$ 37,192	$ 115,196	$ 111,010
Other service revenues	1,389	1,281	4,099	3,930
Total service revenues	40,550	38,473	119,295	114,940
Product sales	27,157	31,136	78,257	90,017
Total revenue from contracts with customers	67,707	69,609	197,552	204,957
Revenue recognized under ASC 842	1,486	1,433	4,779	4,846
Total revenues	$ 69,193	$ 71,042	$ 202,331	$ 209,803

Revenue Recognition for Arrangements with Multiple Performance Obligations

The Company enters into contracts with its customers that include multiple performance obligations, which typically include subscriber communicators, monthly usage fees and optional extended warranty service agreements. The Company evaluates each item to determine whether it represents a promise to transfer a distinct good or service to the customer and therefore is a separate performance obligation under ASU 2014-09. If a contract is separated into more than one performance obligation, the Company allocates the total transaction price to each performance obligation in an amount based on the estimated relative stand-alone selling price of each performance obligation. The Company uses an observable price to determine the stand-alone selling price for each separate performance obligation when sold on its own or a cost-plus margin approach when an observable price is not available.

If an arrangement provided to a customer has a significant and incremental discount on future revenue, such discount is considered a performance obligation and a proportionate amount of the discount should be allocated to each element based on the relative stand-alone selling price of each element, regardless of the discount. The Company has determined that arrangements provided to its customers do not include significant and incremental discounts.

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 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 amounts of the Company's financial instruments, including cash, accounts receivable and accounts payable approximated their fair values due to the short-term nature of these items. As of September 30, 2019, the fair value of the Senior Secured Notes, as defined below, is based on observable relevant market information. Fluctuation between the carrying amount and the fair value of the Senior Secured Notes for the period presented is associated with changes in market interest rates. The Company may redeem all or part of the Senior Secured Notes at any time or from time to time at its option at specified redemption prices that would include "make-whole" premiums. Refer to "Note 10 – Notes Payable" for more information.

The carrying amounts and fair values of the Company's Senior Secured Notes are shown in the following table:

	September 30, 2019		December 31, 2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Senior Secured Notes	$ 250,000	$ 256,875	$ 250,000	$ 255,000

The fair value of the note payable - related party, $1,241 book value at September 30, 2019, has a de minimis value.

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 set forth 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.

There were no customers who generated revenues greater than 10% of the Company's consolidated total revenues for the quarters and nine months ended September 30, 2019 and 2018.

There were no customers who generated accounts receivable greater than 10% of the Company's consolidated accounts receivable as of September 30, 2019 and December 31, 2018.

The Company is dependent on one vendor, Sanmina Corporation ("Sanmina"), a contract manufacturer with significant operations in Mexico, for the manufacture of subscriber communicators that the Company designs and sells. For the quarters ended September 30, 2019 and 2018, approximately $18,974, or 66.2%, and $23,104, or 70.9%, respectively, of the Company's product sales was generated from the sale of the Company's core products produced by Sanmina. For the nine months ended September 30, 2019 and 2018, approximately $54,286, or 65.4%, and $62,552, or 65.9%, respectively, of the Company's product sales was generated from the sale of the Company's core products produced by Sanmina.

As of September 30, 2019, the Company did not maintain in-orbit insurance coverage for its ORBCOMM Generation 1 or ORBCOMM Generation 2 satellites to address the risk of potential systemic anomalies, failures or catastrophic events affecting its satellite constellation.

Inventories

Inventories are stated at the lower of cost or net realizable value, determined on a weighted average cost basis. At September 30, 2019 and December 31, 2018, inventory, net of inventory obsolescence, consisted primarily of finished goods and purchased parts to be utilized by its contract manufacturer totaling $30,958 and $27,701, respectively, and raw materials totaling $7,266 and $6,599, respectively. The Company reviews inventory quantities on hand, evaluates the realizability of inventories and adjusts the carrying value, as necessary, based on forecasted product demand. A provision, recorded in cost of product sales on the Company's condensed consolidated statements of operations, is made for potential losses on slow-moving and obsolete inventories when identified.

Valuation of Long-Lived Assets

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

The Company's satellite constellation and related assets 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 while in-orbit, the resulting loss would be charged to expense in the period it is determined that the satellite is not recoverable. Refer to "Note 6 – Satellite Network and Other Equipment, Net" for more information.

Warranty Costs

The Company accrues for 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 sales. The warranty accrual is included in accrued liabilities on the Company's condensed consolidated balance sheets.

Separately-priced extended warranty coverage is recorded as warranty revenue over the term of the extended warranty coverage and the related warranty costs are recorded as incurred during the coverage period.

Warranty coverage that includes additional services, such as repairs and maintenance of the product, is treated as a separate performance obligation and the related warranty and repairs/maintenance costs are recorded as incurred.

Refer to "Note 8 – Accrued Liabilities" for more information.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02 "Leases (Topic 842)" ("ASU 2016-02"), which is effective for fiscal years beginning after December 15, 2018. ASU 2016-02 requires an entity to recognize assets and liabilities arising from a lease for both finance and operating leases, along with additional qualitative and quantitative disclosures. The Company adopted the guidance prospectively as of January 1, 2019, the date of initial application. As part of the adoption, the Company elected the package of practical expedients, the short-term lease exemption and the practical expedient to not separate lease and non-lease components. The Company completed its comprehensive review of its lease portfolio for all lease types and embedded leases throughout each region. Refer to "Note 15 – Leases" for more information.

In January 2017, the FASB issued ASU No. 2017-04 "Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment" ("ASU 2017-04"), which will be effective for fiscal years beginning after December 15, 2019. ASU 2017-04 removes Step 2 of the goodwill impairment test, which requires a hypothetical purchase price allocation. Under ASU 2017-04, goodwill impairment will be the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. 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 June 2016, the FASB issued ASU No. 2016-13 "Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" ("ASU 2016-13"), which will be effective for fiscal years beginning after December 15, 2019. ASU 2016-13 introduces the current expected credit loss (CECL) model, which will require an entity to measure credit losses for certain financial instruments and financial assets. Upon initial recognition, an entity will be required to estimate a credit loss expected over the life of an exposure. The adoption of this standard is not expected to have a material impact on the Company's consolidated financial statements.

3. Acquisitions

inthinc Technology Solutions, Inc.

On June 9, 2017, pursuant to the asset purchase agreement (the "Asset Purchase Agreement") entered into by the Company and inthinc, Inc., inthinc Technology Solutions, Inc., tiwi, Inc., inthinc Telematics, Inc., DriveAware, Inc., inthinc Chile, SP and inthinc Investors, L.P. (collectively, "Inthinc"), the Company completed the acquisition of Inthinc for an aggregate consideration of (i) $34,236 in cash on a debt-free, cash-free basis; (ii) issuance of76,796 shares of the Company's common stock, valued at $9.95 per share, which reflected a 20-trading day average price of the Company's stock ending June 8, 2017; and (iii) additional contingent consideration of up to $25,000, subject to certain operational milestones, payable in stock or a combination of cash and stock at the Company's election.

Contingent Consideration

Additional consideration was conditionally due to the Inthinc sellers upon achievement of certain financial milestones through June 2019. The fair value measurement of the contingent consideration obligation was determined using Level 3 unobservable inputs supported by little or no market activity and 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. As of September 30, 2019 and December 31, 2018, the Company recorded $0 and $2,063, respectively, in accrued liabilities on the condensed consolidated balance sheets in connection with the contingent consideration. All four financial milestones for this additional consideration were not met. Therefore, the Company recorded a reduction of the contingent liability of $2,063 in selling, general and administrative ("SG&A") expenses on the condensed consolidated statement of operations for the nine months ended September 30, 2019.

4. Stock-Based Compensation

The Company's stock-based compensation plan consists of its 2016 Long-Term Incentives Plan (the "2016 LTIP"). As of September 30, 2019, there were 2,965,109 shares available for grant under the 2016 LTIP.

Total stock-based compensation recorded by the Company for the quarters ended September 30, 2019 and 2018 was $1,663 and $2,312, respectively, and for the nine months ended September 30, 2019 and 2018 was $5,406 and $5,747, respectively. Total capitalized stock-based compensation for the quarters ended September 30, 2019 and 2018 was $80 and $166, respectively, and for the nine months ended September 30, 2019 and 2018 was $539 and $410, respectively.

The following table summarizes the components of stock-based compensation expense in the condensed consolidated statements of operations for the quarters and nine months ended September 30, 2019 and 2018:

	Quarters Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Cost of services	$ 136	$ 167	$ 442	$ 475
Cost of product sales	35	45	114	108
Selling, general and administrative	1,199	1,750	4,046	4,396
Product development	293	350	804	768
Total	$ 1,663	$ 2,312	$ 5,406	$ 5,747

As of September 30, 2019, the Company had unrecognized compensation costs for all share-based payment arrangements totaling $3,278.

Time-Based Stock Appreciation Rights

A summary of the Company's time-based stock appreciation rights ("SARs") for the nine months ended September 30, 2019 is as follows:

	Number of Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (in thousands)
Outstanding at January 1, 2019	2,199,094	$ 5.36		
Granted	—	—		
Exercised	(6,000)	6.09		
Forfeited or expired	—	—		
Outstanding at September 30, 2019	2,193,094	$ 5.34	2.93	$ 2,182
Exercisable at September 30, 2019	2,163,094	$ 5.42	2.87	$ 2,261
Vested and expected to vest at September 30, 2019	2,193,094	$ 5.34	2.93	$ 2,182

For the quarters ended September 30, 2019 and 2018, the Company recorded stock-based compensation expense related to these time-based SARs of $37 and $43, respectively. For the nine months ended September 30, 2019 and 2018, the Company recorded stock-based compensation expense related to these time-based SARs of $109 and $151, respectively. As of September 30, 2019, $37 of total unrecognized compensation cost related to the SARs is expected to be recognized through December 2019.

The intrinsic value of the time-based SARs exercised during the nine months ended September 30, 2019 was $18.

Performance-Based Stock Appreciation Rights

A summary of the Company's performance-based SARs for the nine months ended September 30, 2019 is as follows:

	Number of Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (in thousands)
Outstanding at January 1, 2019	233,496	$ 6.02		
Granted	—	—		
Exercised	—	—		
Forfeited or expired	—	—		
Outstanding at September 30, 2019	233,496	$ 6.00	3.87	$ 367
Exercisable at September 30, 2019	233,496	$ 6.00	3.87	$ 367
Vested and expected to vest at September 30, 2019	233,496	$ 6.00	3.87	$ 367

For the quarters and nine months ended September 30, 2019 and 2018, the Company didnot record any stock-based compensation expense related to the performance-based SARs. As of September 30, 2019, there was no unrecognized compensation cost related to these SARs expected to be recognized.

The intrinsic value of the performance-based SARs exercised during the nine months ended September 30, 2019 was $0.

The Company did not grant time-based or performance-based SARs during the nine months ended September 30, 2019.

Time-Based Restricted Stock Units

A summary of the Company's time-based restricted stock units ("RSUs") for the nine months ended September 30, 2019 is as follows:

	Number of Shares	Weighted-Average Grant Date Fair Value
Balance at January 1, 2019	920,024	$ 9.60
Granted	130,496	7.84
Vested	(452,379)	9.84
Forfeited or expired	(38,467)	8.93
Balance at September 30, 2019	559,674	$ 9.15

For the quarters ended September 30, 2019 and 2018, the Company recorded stock-based compensation expense related to the time-based RSUs of $1,018 and $1,392, respectively. For the nine months ended September 30, 2019 and 2018, the Company recorded stock-based compensation expense related to the time-based RSUs of $2,857 and $3,166, respectively. As of September 30, 2019, $2,187 of total unrecognized compensation cost related to these RSUs is expected to be recognized through September 2021.

Performance-Based Restricted Stock Units

A summary of the Company's performance-based RSUs for the nine months ended September 30, 2019 is as follows:

	Number of Shares	Weighted-Average Grant Date Fair Value
Balance at January 1, 2019	613,605	$ 9.44
Granted	12,246	7.90
Vested	(262,685)	9.90
Forfeited or expired	(29,970)	9.46
Balance at September 30, 2019	333,196	$ 8.92

For the quarters ended September 30, 2019 and 2018, the Company recorded stock-based compensation expenserelated to the performance-based RSUs of $578 and $597, respectively. For the nine months ended September 30, 2019 and 2018, the Company recorded stock-based compensation expenserelated to the performance-based RSUs of $2,203 and $1,694, respectively. As of September 30, 2019, $1,054 of total unrecognized compensation cost related to these RSUs is expected to be recognized through March 2020.

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.

Market Performance Units

The Company grants Market Performance Units ("MPUs") to its senior executives based on stock price performance over athree-year period measured on December 31 of each year in the performance period. The MPUs will vest in equal installments at the end of each year in the performance period only if the Company satisfies the stock price performance targets and the senior executives continue their employment 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 of cash and common stock, at the Company's discretion. The MPUs are classified as a liability on the condensed consolidated balance sheets and are revalued at the end of each reporting period based on the awards' fair value over a three-year period.

As the MPUs contain both performance and service conditions, they 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:

	Nine Months Ended September 30,	
	2019	2018
Risk-free interest rate	1.61% to 1.88%	2.19% to 2.84%
Estimated volatility factor	40.0% to 54.0%	25.0% to 28.0%
Expected dividends	None	None

For the quarters ended September 30, 2019 and 2018, the Company recorded stock-based compensation expenserelated to these MPUs of $(39) and $197, respectively. For the nine months ended September 30, 2019 and 2018, the Company recorded stock-based compensation expense related to these MPUs of $25 and $501, respectively.

As of September 30, 2019, the Company recorded $84 and $16 in accrued liabilities and other non-current liabilities related to the MPUs, respectively, on its condensed consolidated balance sheet. As of December 31, 2018, the Company recorded $527 and $131 in accrued liabilities and other non-current liabilities related to the MPUs, respectively, on its consolidated balance sheet.

In January 2019, the Company issued 60,885 shares of common stock as payment in connection with MPUs for achieving the fiscal year 2018, 2017 and 2016 MPU awards' stock performance targets with respect to the 2018 performance year.

In January 2018, the Company issued 81,277 shares of common stock as payment in connection with MPUs for achieving the fiscal year 2017, 2016 and 2015 MPU awards' stock performance targets with respect to the 2017 performance year.

Employee Stock Purchase Plan

On February 16, 2016, the Company's board of directors adopted the ORBCOMM Inc. Employee Stock Purchase Plan ("ESPP"), which was approved by the Company's shareholders on April 20, 2016. Under the terms of the ESPP, 5,000,000 shares of the Company's common stock are available for issuance and eligible employees may have up to 10% of their gross pay deducted from their payroll, up to a maximum of $25 per year, to purchase shares of ORBCOMM common stock at a discount of up to 15% of its fair market value, subject to certain conditions and limitations. For the quarters ended September 30, 2019 and 2018, the Company recorded stock-based compensation expense of $69 and $83, respectively, related to the ESPP. For the nine months ended September 30, 2019 and 2018, the Company recorded stock-based compensation expense of $212 and $235, respectively, related to the ESPP. During the nine months ended September 30, 2019, 113,703 shares of the Company's common stock were purchased under the ESPP at a price of $5.68 per share. During the nine months ended September 30, 2018, 81,525 shares of the Company's common stock were purchased under the ESPP at a price of $8.21 per share.

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 income (loss) 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 table sets forth the basic and diluted EPS calculations for the quarters and nine months ended September 30, 2019 and 2018:

	Quarters Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Net loss attributable to ORBCOMM Inc. common stockholders	$ (4,025)	$ (3,295)	$ (15,934)	$ (20,614)
Weighted average number of common shares outstanding:				
Basic number of common shares outstanding	79,695	78,649	79,591	77,158
Dilutive effect of grants of stock options, unvested SARs and RSUs and shares of Series A convertible preferred stock	—	—	—	—
Diluted number of common shares outstanding	79,695	78,649	79,591	77,158
Earnings per share:				
Basic	$ (0.05)	$ (0.04)	$ (0.20)	$ (0.27)
Diluted	$ (0.05)	$ (0.04)	$ (0.20)	$ (0.27)

The computation of net loss attributable to ORBCOMM Inc. common stockholders for the quarters and nine months ended September 30, 2019 and 2018 is as follows:

	Quarters Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Net loss attributable to ORBCOMM Inc.	$ (4,013)	$ (3,295)	$ (15,922)	$ (20,603)
Preferred stock dividends on Series A convertible preferred stock	(12)	—	(12)	(11)
Net loss attributable to ORBCOMM Inc. common stockholders	$ (4,025)	$ (3,295)	$ (15,934)	$ (20,614)

6. Satellite Network and Other Equipment, Net

Satellite network and other equipment, net consisted of the following:

	September 30, 2019	December 31, 2018
Land	$ 381	$ 381
Satellite network	197,916	195,886
Capitalized software	77,918	67,509
Computer hardware	6,343	5,850
Other	7,592	5,610
Assets under construction	15,217	12,489
	305,367	287,725
Less: accumulated depreciation and amortization	(155,598)	(127,655)
	$ 149,769	$ 160,070

During the quarters ended September 30, 2019 and 2018, the Company capitalized internal costs attributable to the design, development and enhancement of the Company's products and services and internal-use software of $3,435 and $3,224, respectively. During the nine months ended September 30, 2019 and 2018, the Company capitalized internal costs attributable to the design, development and enhancement of the Company's products and services and internal-use software of $10,728 and $9,873, respectively.

Depreciation and amortization expense for the quarters ended September 30, 2019 and 2018 was $9,544 and $8,764, respectively, including amortization of internal-use software of $767 and $818, respectively. Depreciation and amortization expense for the nine months ended September 30, 2019 and 2018 was $28,263 and $26,321, respectively, including amortization of internal-use software of $2,373 and $2,590, respectively.

For the quarters ended September 30, 2019 and 2018, $4,236 and $4,295 of depreciation and amortization expense, respectively, relate to cost of services and $712 and $735, respectively, relate to cost of product sales, as these assets support the Company's revenue generating activities. For the nine months ended September 30, 2019 and 2018, $12,735 and $12,872 of depreciation and amortization expense, respectively, relate to cost of services and $2,110 and $2,524, respectively, relate to cost of product sales, as these assets support the Company's revenue generating activities.

As of September 30, 2019 and December 31, 2018, assets under construction primarily consisted of costs associated with acquiring, developing and testing software and hardware for internal and external use that have not yet been placed into service.

7. 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 is allocated to the Company's one reportable segment, which is its only reporting unit.

Intangible assets, net consisted of the following:

		September 30, 2019			December 31, 2018		
	Useful life (years)	Cost	Accumulated amortization	Net	Cost	Accumulated amortization	Net
Customer lists	5 - 15	$ 113,357	$ (47,835)	$ 65,522	$ 113,357	$ (39,966)	$ 73,391
Patents and technology	3 - 10	23,424	(12,417)	11,007	23,424	(10,551)	12,873
Trade names and trademarks	1 - 2	3,003	(3,003)	—	3,003	(3,003)	—
		$ 139,784	$ (63,255)	$ 76,529	$ 139,784	$ (53,520)	$ 86,264

At September 30, 2019, the weighted-average amortization period for the intangible assets was10.5 years. At September 30, 2019, the weighted-average amortization periods for customer lists, patents and technology and trade names and trademarks were 10.9, 9.3 and 1.2 years, respectively.

Amortization expense was $3,250 and $3,317 for the quarters ended September 30, 2019 and 2018, respectively. Amortization expense was $9,735 and $9,825 for the nine months ended September 30, 2019 and 2018, respectively.

Estimated future amortization expense for intangible assets is as follows:

	Amount
2019 (remaining)	$ 3,250
2020	12,721
2021	12,112
2022	11,686
2023	11,408
2024	11,122
Thereafter	14,230
	$ 76,529

8. Accrued Liabilities

Accrued liabilities consisted of the following:

	September 30, 2019	December 31, 2018
Accrued compensation and benefits	$ 7,866	$ 9,367
Accrued warranty obligations	5,922	5,624
Acquired customer product liabilities	—	546
Corporate income tax payable	3,385	1,521
Contingent consideration amount	—	2,063
VAT payable	1,963	2,286
Accrued satellite network and other equipment	227	227
Accrued inventory purchases	625	219
Accrued interest expense	10,000	5,000
Accrued professional fees	761	303
Accrued airtime charges	1,818	901
Short-term lease liability	2,791	—
Other accrued expenses	6,396	7,678
	$ 41,754	$ 35,735

Changes in accrued warranty obligations consisted of the following:

	2019	2018
Balance at January 1,	$ 5,624	$ 4,153
Warranty liabilities assumed from acquisitions	—	151
Reduction of warranty liabilities assumed in connection with acquisitions	(476)	(486)
Warranty expense	811	2,970
Warranty charges	(37)	(604)
Balance at September 30,	$ 5,922	$ 6,184

9. Note Payable - Related Party

In connection with the acquisition of a majority interest in Satcom International Group plc 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 each of September 30, 2019 and December 31, 2018, the principal balance of the note payable was €1,138, with a carrying value of $1,241 at September 30, 2019 and $1,298 at December 31, 2018. 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 six-year estimated life, which ended on September 30, 2011. This note does not bear interest and has no fixed repayment term. Repayment of the note 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, as the Company does not expect any repayments to be required prior to September 30, 2020.

10. Notes Payable

Senior Secured Notes

On April 10, 2017, the Company issued $250,000 aggregate principal amount of 8.0% senior secured notes due 2024 (the "Senior Secured Notes"). The Senior Secured Notes were issued pursuant to an indenture, dated as of April 10, 2017, among the Company, certain of its domestic subsidiaries party thereto (the "Guarantors") and U.S. Bank National Association, as trustee and collateral agent (the "Indenture"). The Senior Secured Notes are unconditionally guaranteed on a senior secured basis by the Guarantors, and are secured on a first priority basis by (i) pledges of capital stock of certain of the Company's directly and indirectly owned subsidiaries; and (ii) substantially all of the other property and assets of the Company and the Guarantors, to the extent a first priority security interest is able to be granted or perfected therein, and subject, in all cases, to certain specified exceptions, and an intercreditor agreement with the collateral agent for the Company's revolving credit facility described below. Interest payments are due on the Senior Secured Notes semi-annually in arrears on April 1 and October 1, beginning October 1, 2017.

The Company has the option to redeem some or all of the Senior Secured Notes at any time on or after April 1, 2020, at redemption prices set forth in the Indenture, plus accrued and unpaid interest, if any, to the date of redemption. The Company also has the option to redeem some or all of the Senior Secured Notes at any time before April 1, 2020 at a redemption price of 100% of the principal amount of the Senior Secured Notes to be redeemed, plus a “make-whole” premium and accrued and unpaid interest, if any, to the date of redemption. In addition, at any time before April 1, 2020, the Company may redeem up to 35% of the aggregate principal amount of the Senior Secured Notes to be redeemed, plus accrued and unpaid interest, if any, to the date of redemption, with the proceeds from certain equity issuances.

The Indenture contains covenants that, among other things, limit the Company’s and its restricted subsidiaries’ ability to: (i) incur or guarantee additional indebtedness; (ii) pay dividends, make other distributions or repurchase or redeem capital stock; (iii) prepay, redeem or repurchase certain indebtedness; (iv) make loans and investments; (v) sell, transfer or otherwise dispose of assets; (vi) incur or permit to exist certain liens; (vii) enter into certain types of transactions with affiliates; (viii) enter into agreements restricting the Company’s subsidiaries’ ability to pay dividends; and (ix) consolidate, amalgamate, merge or sell all or substantially all of their assets; subject, in all cases, to certain specified exceptions. Such limitations have various exceptions and baskets as set forth in the Indenture, including the incurrence by the Company and its restricted subsidiaries of indebtedness under potential new credit facilities in the aggregate principal amount at any one time outstanding not to exceed $50,000.

In connection with the issuance of the Senior Secured Notes, the Company incurred debt issuance costs of approximately $5,431. For the quarters and nine months ended September 30, 2019 and 2018, amortization of the debt issuance costs was $194 and $582, respectively. The Company recorded charges of $5,194 and $15,582 to interest expense on its condensed consolidated statements of operations for the quarters and nine months ended September 30, 2019 and 2018, respectively, related to interest expense and amortization of debt issuance costs associated with the Senior Secured Notes.

Revolving Credit Facility

On December 18, 2017, the Company and certain of its subsidiaries entered into a senior secured revolving credit agreement (the “Revolving Credit Agreement”) with JPMorgan Chase Bank, N.A. (“JPMorgan Chase”), as administrative agent and collateral agent. The Revolving Credit Agreement provides for a revolving credit facility (the “Revolving Credit Facility”) in an aggregate principal amount of up to $25,000 for working capital and general corporate purposes and matures on December 18, 2022. The Revolving Credit Facility will bear interest at an alternative base rate or an adjusted LIBOR, plus an applicable margin of 1.50% in the case of alternative base rate loans and 2.50% in the case of adjusted LIBOR loans. The Revolving Credit Facility is secured by a first priority security interest in substantially all of the Company’s and its subsidiaries’ assets under a security agreement among the Company, its subsidiaries and JPMorgan Chase, subject to an intercreditor agreement with the indenture trustee for the Senior Secured Notes. The Revolving Credit Facility has no scheduled principal amortization until the maturity date. Subject to the terms set forth in the Revolving Credit Agreement, the Company may borrow, repay and reborrow amounts under the Revolving Credit Facility at any time prior to the maturity date.

The Revolving Credit Agreement contains customary representations and warranties, conditions to funding, covenants and events of default. The Revolving Credit Agreement contains covenants that, among other things, limit the Company’s and its restricted subsidiaries’ ability to: (i) incur or guarantee additional indebtedness; (ii) pay dividends, make other distributions or repurchase or redeem capital stock; (iii) prepay, redeem or repurchase certain indebtedness; (iv) make loans and investments; (v) sell, transfer or otherwise dispose of assets; (vi) incur or permit to exist certain liens; (vii) enter into certain types of transactions with affiliates; (viii) enter into agreements restricting the Company’s subsidiaries’ ability to pay dividends; and (ix) consolidate, amalgamate, merge or sell all or substantially all of their assets; subject, in all cases, to certain specified exceptions. Such limitations have various baskets as set forth in the Revolving Credit Agreement.

At September 30, 2019, no amounts were outstanding under the Revolving Credit Facility. As of September 30, 2019, the Company was in compliance with all financial covenants under the Revolving Credit Agreement.

11. Stockholders’ Equity

Preferred Stock

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

Series A Convertible Preferred Stock

During the quarter and nine months ended September 30, 2019, the Company issued dividends to the holders of Series A convertible preferred stock in the amount of 1,182 shares of Series A convertible preferred stock. As of September 30, 2019, dividends in arrears were $4.

Common Stock

As of September 30, 2019, the Company has reserved 15,161,182 shares of common stock for future issuances related to employee stock compensation plans.

On April 10, 2018, the Company completed a public offering of 3,450,000 shares of its common stock, including 450,000 shares sold upon exercise in full of the underwriters' option to purchase additional shares at a price of $8.60 per share. The Company received net proceeds of approximately $28,000 after deducting underwriters' discounts and commissions and offering costs.

On April 13, 2018, the Company filed a shelf registration statement with the SEC, registering an unspecified amount of debt and/or equity securities that the Company may offer in one or more offerings on terms to be determined at the time of sale. The shelf registration statement was automatically effective upon filing and superseded and replaced the Company's previous shelf registration statement declared effective on April 14, 2015, which was due to expire on April 14, 2018.

On August 5, 2019, the Company's Board of Directors authorized a stock repurchase program under which the Company may repurchase up to $25,000 of the Company's outstanding shares of common stock through open market transactions and privately negotiated transactions, until August 5, 2020. In addition, open market repurchases of common stock may be made pursuant to applicable securities laws and regulations, including Rule 10b-18, as well as Rule 10b5-1 under Securities Exchange Act of 1934, as amended. During the quarter ended September 30, 2019, the Company repurchased 1,582,029 shares at an average share price of $4.96, of which 1,513,743 shares were cancelled and 68,286 shares are held as treasury shares, to be cancelled during the fourth quarter of 2019. As of September 30, 2019, authorization for approximately $17,124 of the Company's common stock remained available for future purchases under the repurchase program.

12. Segment Information

The Company operates in one reportable segment, industrial IoT services. 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 83% of the Company's consolidated revenue is collected in U.S. dollars. The following table summarizes revenues on a percentage basis by geographic region, based on the region in which the customer is located.

	Quarters Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
United States	54%	58%	52%	64%
South America	11%	9%	11%	10%
Japan	6%	7%	7%	4%
Europe	18%	18%	18%	15%
Other	11%	8%	12%	7%
	100%	100%	100%	100%

13. Income Taxes

For the quarters ended September 30, 2019 and 2018, the Company's income tax expense was $1,504 and $1,242, respectively. For the nine months ended September 30, 2019 and 2018, the Company's income tax expense was $3,354 and $3,410, respectively. The increase in the income tax provision for the quarter ended September 30, 2019 primarily related to the provision to return true-ups for multiple international entity tax returns. This resulted in an international tax expense recorded in the period. For the nine months ended September 30, 2019, the true-up was offset by lower deferred tax expense related to the amortization of goodwill.

As of September 30, 2019 and December 31, 2018, the Company maintained a valuation allowance against its net deferred tax assets primarily attributable to operations in the United States, as the realization of such assets was not considered more likely than not.

There were no changes to the Company's unrecognized tax benefits during the nine months ended September 30, 2019. The Company does not expect any significant changes to its unrecognized tax positions during the next twelve months.

The Company recognizes interest and penalties related to uncertain tax positions in income tax expense. No interest and penalties related to uncertain tax positions were recognized during the nine months ended September 30, 2019.

14. Commitments and Contingencies

Legal Proceedings

From time to time, the Company is involved in various litigation matters involving claims incidental to its business and acquisitions, including employment matters, acquisition related claims, patent infringement and contractual matters, among other issues. While the outcome of any such litigation matters cannot be predicted with certainty, management currently believes that the outcome of these proceedings, including the matters described below, either individually or in the aggregate, will not have a material adverse effect on its business, results of operations or financial condition. The Company records reserves related to legal matters when losses related to such litigation or contingencies are both probable and reasonably estimable.

Joseph Smith v. ORBCOMM Inc.

Joseph Smith filed a complaint on June 3, 2014 against ORBCOMM Inc. and StarTrak Information Technologies LLC in the Eastern District of Texas alleging infringement of U.S. Patent No. 6,611,686 ("the '686 Patent"). On October 8, 2015, the Company and Joseph Smith entered into a Settlement and Patent Licensing Agreement (the "Smith Settlement Agreement"), which resulted in a dismissal of the pending litigation alleging infringement of the '686 Patent. The Smith Settlement Agreement granted an exclusive license and transfer of all rights under the '686 Patent to the Company in exchange for a one-time payment by the Company of $100 to Mr. Smith and the sharing between Mr. Smith and the Company of any net proceeds from the licensing or enforcement of the '686 Patent.

In accordance with the terms of the Smith Settlement Agreement, the Company brought suit against CalAmp Corp. ("CalAmp") in April 2016, which was settled on April 24, 2017 (the "CalAmp Settlement"). Pursuant to the CalAmp Settlement, no payments were made by either the Company or CalAmp and each of the Company and CalAmp granted the other royalty-free licenses and covenants not to sue for the patents-in-suit as well as general releases in order to resolve the litigation between CalAmp and the Company.

Mr. Smith claims that the Company received significant non-monetary consideration in the CalAmp Settlement (by virtue of the releases and covenants not to sue for the counterclaims and countersuits brought by CalAmp) in excess of the costs incurred by the Company to pursue CalAmp and is entitled to 50% of the value of such claimed non-monetary net proceeds under the Smith Settlement Agreement. On February 22, 2019, Mr. Smith filed a Demand for Arbitration asserting these claims, for an amount of $4,000 plus attorney's fees. The Company believes these claims by Mr. Smith to be without merit and intends to defend itself vigorously.

Pursuant to a Settlement and General Release Agreement dated August 20, 2019 ("Second Smith Settlement Agreement"), Mr. Smith and the Company settled the pending arbitration action described above in part. Under the Second Smith Settlement Agreement, the parties agreed that the arbitrator's award, if any, shall not exceed the amount of $800 and shall not be less than the amount of $200. If the award in the arbitrator's final decision is greater than the amount of $800, the amount of the award shall be considered modified to reflect the amount of $800. If the award in the arbitrator's final decision is less than the amount of $200, the award shall be considered modified to reflect the amount of $200. On or about August 23, 2019, the Company paid Mr. Smith the $200 minimum payment called for under the Second Smith Settlement Agreement. To the extent the arbitrator's award exceeds $200, within five (5) business days after the award is issued, the Company is required to pay Mr. Smith or his designee the excess or balance of the award over the $200 minimum amount previously paid (up to the aggregate $800 maximum).

Timothy Slifkin v. ORBCOMM Inc.

The Company received a letter dated January 3, 2017 from Timothy Slifkin, containing a Demand for Arbitration asserting fraudulent misrepresentations and various contractual claims based on his employment with StarTrak Information Technologies LLC and seeking a declaratory judgment establishing his ownership of the stock appreciation rights that were forfeited as a result of his termination of employment, with a total monetary claim against of the Company of $1,000, plus attorney's fees and punitive damages. The Company believes the claims in the Demand for Arbitration to be without merit and intends to defend itself vigorously. The Company filed a motion for summary judgment.

On September 20, 2019, the arbitrator granted the Company's motion for summary judgment dismissing all of Mr. Slifkin's claims.

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 quarters ended September 30, 2019 and 2018, airtime credits used totaled approximately $7 and $8, respectively. For both the nine months ended September 30, 2019 and 2018, airtime credits used totaled approximately $22. As of September 30, 2019 and 2018, unused credits granted by the Company were approximately $1,926 and $1,955, respectively.

15. Leases

Lessee

The Company determines whether an arrangement is a lease at inception. The Company has operating leases for land, office space, data centers and storage facilities, as well as office equipment and vehicles. The Company's leases have remaining lease terms of less than one year to 14 years, some of which include options to extend the lease term for up to five years, and some of which include options to terminate the lease withinone year. The Company considered these options in determining the lease term used to establish the Company's right-of use assets and lease liabilities. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Right-of-use ("ROU") assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Operating lease ROU assets and operating lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the lease term. The operating lease ROU assets also include any lease payments made in advance of lease commencements and exclude lease incentives. The lease terms used in the calculations of the operating ROU assets and operating lease liabilities include options to extend or terminate the lease when the Company is reasonably certain that it will exercise those options. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

As the Company's leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments.

The Company has lease agreements with lease and non-lease components, which are generally not accounted for separately.

Components of lease expense are as follows:

	Nine Months Ended September 30, 2019
Operating lease cost	$ 2,918

The Company has lease arrangements which are classified as short-term in nature. These leases meet the criteria for operating lease classification. In addition, the Company has variable lease costs associated with certain leases. Lease costs associated with the short-term leases and variable lease components, included in SG&A expenses on the Company's condensed consolidated statements of operations, are not material.

Supplemental cash flow information and non-cash activity related to the Company's operating leases are as follows:

	Nine Months Ended September 30, 2019
Operating cash flow information:	
Cash paid for amounts included in the measurement of lease liabilities	$ 3,128
Non-cash activity:	
Right-of-use assets obtained in exchange for lease obligations	$ 15,794

Supplemental balance sheet information related to the Company's operating leases is as follows:

	Balance Sheet Classification		September 30, 2019
Right-of-use assets	Other assets	$	13,823
Current lease liabilities	Accrued liabilities	$	2,791
Non-current lease liabilities	Other liabilities	$	14,124

Weighted-average remaining lease term and discount rate for the Company's operating leases are as follows:

	September 30, 2019
Weighted-average remaining lease term (in years)	7.05
Weighted-average discount rate	8.0%

Maturities of lease liabilities by fiscal year for the Company's operating leases are as follows:

		September 30, 2019
2019 (remaining)	$	998
2020		3,804
2021		3,257
2022		2,933
2023		2,778
Thereafter		8,551
Total lease payments		22,321
Less: Imputed interest		(5,406)
Present value of lease liabilities	$	16,915

Lessor

Although most of the Company's revenue from its product sales comes from the sale of subscriber communicators, the Company also leases some subscriber communicators to certain customers. The Company determines the existence of a lease when the customer controls the use of the identified product for a period of time defined in the lease agreement. The Company's leases range in duration between three to five years, with payment generally collected in monthly installments. Refer to "Note 2 – Summary of Significant Accounting Policies" for more information.

The Company classifies these leases as sales-type leases and recognizes revenue and cost of product sales upon delivery or installation, depending on the specific contractual terms. The Company's leases include certain termination fees, as defined in the lease agreements, and do not typically include purchase rights at the end of the lease.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995

Certain statements discussed in this Part I, Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this Quarterly Report on Form 10-Q 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, as well as projections, business trends, and other statements that are not historical facts. Such forward-looking statements are subject to known and unknown risks and uncertainties, some of which are beyond our control, which may cause our 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: demand for and market acceptance of our products and services and our ability to successfully implement our business plan; our dependence on our subsidiary companies (Market Channel Affiliates ("MCAs")) and third-party product and service developers and providers, distributors and resellers (Market Channel Partners ("MCPs")) to develop, market and sell our products and services, especially in markets outside the United States; substantial losses we have incurred and may continue to incur; substantial competition in the telecommunications, Automatic Identification Service ("AIS") data and industrial Internet of Things ("IoT") industries; the inability to effect suitable investments, alliances and acquisitions or the inability to successfully integrate acquired businesses; defects, errors or other insufficiencies in our products or services; failure to meet minimum service level commitments to certain of our customers; our dependence on significant customers for a substantial portion of our revenues, including key customers such as JB Hunt Transport Services, Inc. ("JB Hunt"), Caterpillar Inc., Komatsu Ltd., Carrier Transicold and Satlink S.L.; our ability to expand our business outside the United States and risks related to the economic, political and other conditions in foreign countries where we do business; fluctuations in foreign currency exchange rates; unanticipated domestic or foreign tax or fee liabilities; the possibility we will be required to collect certain taxes in jurisdictions where we have not historically done so; economic, political and other conditions; extreme events such as a man-made or natural disaster, earthquakes, severe weather or other climate change-related events; our dependence on a limited number of manufacturers for many of our products and services; interruptions, discontinuations, slowdown or loss of the supply of subscriber communicators from our vendor Sanmina Corporation; legal proceedings; our reliance on intellectual property; increased regulatory restrictions; lack of in-orbit or other insurance for our ORBCOMM Generation 1 or ORBCOMM Generation 2 satellites; our reliance on third-party wireless and satellite network service providers to deliver existing and developing services in certain areas of our business; significant interruptions, discontinuation or loss of satellite network or other services provided by Inmarsat plc; failure to maintain proper and effective internal controls; inaccurate estimates in accounting or incorrect financial assumptions; significant operating risks related to our satellites due to various types of potential anomalies and potential impacts of space debris or other spacecraft; the failure of our systems or reductions in levels of service due to technological malfunctions or deficiencies or other events outside of our control; difficulty upgrading or replacing aging hardware and software we use in operating our gateway earth stations and our customers' subscriber communicators; technical or other difficulties with our gateway earth stations; security risks related to our networks and data processing systems and those of our third-party service providers; liabilities or additional costs as a result of laws, governmental regulations and evolving views of personal privacy rights; failure of our information technology systems; cybersecurity risks; the level of our indebtedness and the terms of our $250 million 8.0% senior secured note indenture and our revolving credit agreement, under which we may borrow up to $25 million, that could restrict our business activities or our ability to execute our strategic objectives or adversely affect our financial performance; and the other risks described in our filings with the Securities and Exchange Commission ("SEC"). For more detail on these and other risks, please see our Annual Report on Form 10-K for the year ended December 31, 2018 ("Annual Report"), and other documents we file with the SEC. We undertake no obligation to publicly revise any forward-looking statements or cautionary factors, except as required by law.

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

Overview

We are a global provider of industrial 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 industrial 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, power 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 the transportation and supply chain, heavy equipment, fixed asset monitoring and maritime industries, as well as for governments. Additionally, we provide satellite AIS data services to assist in vessel navigation and to improve maritime safety for government and commercial customers worldwide. Through two acquisitions in 2017, we added vehicle fleet management, as well as in-cab and vehicle fleet solutions to our transportation product portfolio. We provide our services using multiple network platforms, including our own constellation of low-Earth orbit 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 third-party 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 plc satellite network to provide higher bandwidth, low-latency satellite products and services, leveraging our IsatDataPro 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 are the most versatile, leading-edge industrial IoT solutions in our markets that enable our customers to run their businesses more efficiently.

Customers benefiting from our network, products and solutions include original equipment manufacturers, 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"), international value-added resellers ("IVARs"), such as American Innovations, and value-added solutions providers ("SPs"), such as Onixsat, Satlink and Sascar (collectively referred to as MCPs); and end-to-end solutions customers such as Carrier Transicold, Thermo King, C&S Wholesale, Canadian National Railways, CR England, Hub Group, Inc., JB Hunt, KLLM Transport Services, Marten Transport, Prime Inc., Swift Transportation, Target, Tropicana, Tyson Foods, Walmart and Werner Enterprises.

Critical Accounting Policies and Estimates

Our discussion and analysis of our results of operations, liquidity and capital resources are based on our condensed consolidated financial statements which have been prepared in conformity with accounting principles generally accepted in the United States ("GAAP"). The preparation of these condensed consolidated financial statements requires us to make 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. For a discussion of our critical accounting policies and estimates, see Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report. Except for Financial Accounting Standards Board Accounting Standards Update 2016-02 "Leases (Topic 842)" as noted in "Note 2 – Summary of Significant Accounting Policies" and "Note 15 – Leases" of the Notes to the Condensed Consolidated Financial Statements, there have been no material changes to our critical accounting policies during 2019.

Revenues

We derive service revenues primarily from monthly fees for industrial 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, as well as other satellite networks and cellular wireless networks that we resell to our customers (i.e., our MCPs, MCAs and direct customers). Usage fees are generally based upon the data transmitted by a customer and the overall number of subscriber communicators and/or 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. We also generate recurring AIS service revenues from subscription-based services supplying recurring AIS data services to customers and resellers, as well as data analytic service revenues from monthly subscription-based services supplying analytical data to our customers. In addition, we earn service revenues from extended warranty service agreements extending beyond the initial warranty period of typically one year; installation services; royalty fees from third parties for the use of our proprietary communications protocol, recognized at a point in time when the third party notifies us of the units it has manufactured and a unique serial number is assigned to each unit; and fees from providing engineering, technical and management support services to customers.

We derive product sales primarily from sales of industrial IoT telematics devices, modems and cellular wireless SIMs (for our terrestrial-communication services) to our resellers (i.e., our MCPs and MCAs) and direct customers. Revenues generated from product sales 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 and the related costs are included as cost of product sales.

Revenues generated from leasing arrangements of subscriber communicators are recognized using the estimated selling price for each deliverable in the arrangement. Product and installation revenues associated with these arrangements are recognized upon shipment or installation of the subscriber communicator, depending on the specific contractual terms. Service and warranty 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.

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.

The table below presents our revenues for the quarters and nine months ended September 30, 2019 and 2018, together with the percentage of total revenues represented by each revenue category:

	Quarters Ended September 30,			
(In thousands)	2019		2018	
Service revenues	$ 40,550	58.6%	$ 38,473	54.2%
Product sales	28,643	41.4%	32,569	45.8%
	$ 69,193	100.0%	$ 71,042	100.0%

	Nine Months Ended September 30,			
(In thousands)	2019		2018	
Service revenues	$ 119,295	59.0%	$ 114,940	54.8%
Product sales	83,036	41.0%	94,863	45.2%
	$ 202,331	100.0%	$ 209,803	100.0%

Total revenues for the quarters ended September 30, 2019 and 2018 were $69.2 million and $71.0 million, respectively, a decrease of 2.5%. Total revenues for the nine months ended September 30, 2019 and 2018 were $202.3 million and $209.8 million, respectively, a decrease of 3.6%.

Service Revenues

	Quarters Ended September 30,		Change	
(In thousands)	2019	2018	Dollars	%
Recurring service revenues	$ 39,161	$ 37,192	$ 1,969	5.3%
Other service revenues	1,389	1,281	108	8.4%
Total service revenues	$ 40,550	$ 38,473	$ 2,077	5.4%

	Nine Months Ended September 30,		Change	
(In thousands)	2019	2018	Dollars	%
Recurring service revenues	$ 115,196	$ 111,010	$ 4,186	3.8%
Other service revenues	4,099	3,930	169	4.3%
Total service revenues	$ 119,295	$ 114,940	$ 4,355	3.8%

We derive recurring service revenues from monthly fees from industrial IoT connectivity services,extended warranty service agreements extending beyond the initial warranty period of typically one year, royalty fees from third parties for the use of our proprietary communications protocol and activations of subscriber communicators and SIMs. We derive other service revenues from installation services, fees from providing engineering, technical and management support services to customers and the sale of software licenses to our customers.

The increases in service revenues for the quarter and nine months ended September 30, 2019, compared to the prior year periods, were primarily due to revenue generated from growth in billable subscriber communicators across our services. As of September 30, 2019, including the billable subscriber communicators issued by Maersk Lines described below, we had approximately 2,583,000 billable subscriber communicators compared to approximately 2,304,000 billable subscriber communicators as of September 30, 2018, an increase of 12.1%.

We were notified that our program with Maersk Lines, through our contract with AT&T Services, Inc., will not be extended and will expire on December 31, 2019. This program provides us with total recurring service revenues of approximately $3.0 million annually for engineering support services, with additional deferred revenues of approximately $0.6 million and $0.9 million recognized in the third quarter and first nine months of 2019, respectively. In addition, we recorded $0.4 million of other service revenues in the quarter ended September 30, 2019, related to device activations that had not been previously recognized. The contract and the accounting of revenues was assumed as part of the WAM Technologies, LLC acquisition in 2015. The program also accounts for approximately 400,000 billable subscribers, which will cease to have recurring service revenues associated with them. We will report billable subscribers both with and without these subscribers through the end of 2019, and without these subscribers beginning in 2020.

Service revenue growth can be impacted by the customary lag between subscriber communicator activations and recognition of service revenue from these units as well as the mix of new subscriber activations in the period.

Product Sales

	Quarters Ended September 30,		Change	
(In thousands)	**2019**	**2018**	**Dollars**	**%**
Product sales	$ 28,643	$ 32,569	$ (3,926)	(12.1)%

	Nine Months Ended September 30,		Change	
(In thousands)	**2019**	**2018**	**Dollars**	**%**
Product sales	$ 83,036	$ 94,863	$ (11,827)	(12.5)%

We derive product sales primarily from sales of industrial IoT subscriber communicators, including telematics devices, modems and cellular wireless SIMs, to our resellers and direct customers, as well as through leasing arrangements of subscriber communicators.

The decreases in product sales for the quarter and nine months ended September 30, 2019, compared to the prior year periods, were primarily due to a slowdown in the North American transportation market and timing of shipments associated with our existing and new customers during the 2019 period and the inclusion of a significant product deployment during the nine months ended September 30, 2018.

Cost of Revenues, Exclusive of Depreciation and Amortization

	Quarters Ended September 30,		Change	
(In thousands)	**2019**	**2018**	**Dollars**	**%**
Cost of services	$ 12,568	$ 12,764	$ (196)	(1.5)%
Cost of product sales	19,640	24,679	(5,039)	(20.4)%

	Nine Months Ended September 30,		Change	
(In thousands)	**2019**	**2018**	**Dollars**	**%**
Cost of services	$ 39,123	$ 40,704	$ (1,581)	(3.9)%
Cost of product sales	58,275	73,363	(15,088)	(20.6)%

Cost of services is comprised of expenses to operate our network, such as payroll and related costs, including stock-based compensation, installation costs, and usage fees to third-party networks, but excludes depreciation and amortization discussed below. The decrease in cost of services for the quarter ended September 30, 2019, compared to the prior year period, was primarily due to cost reductions associated with usage fees to third-party networks. The decrease in cost of services for the nine months ended September 30, 2019, compared to the prior year period, was primarily due to the inclusion of non-recurring installation costs associated with significant product deployments during the nine months ended September 30, 2018.

Cost 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 decreases in cost of product sales for the quarter and nine months ended September 30, 2019, were primarily due to the decrease in product sales and the lower costs associated with new product offerings and the mix of product shipments, compared to the prior year periods.

Selling, General and Administrative Expenses

	Quarters Ended September 30,		Change	
(In thousands)	**2019**	**2018**	**Dollars**	**%**
Selling, general and administrative expenses	$ 18,211	$ 14,823	$ 3,388	22.9%

	Nine Months Ended September 30,		Change	
(In thousands)	**2019**	**2018**	**Dollars**	**%**
Selling, general and administrative expenses	$ 52,842	$ 51,352	$ 1,490	2.9%

Selling, general and administrative ("SG&A") expenses relate primarily to expenses for general management, sales and marketing, finance, audit and legal fees and general operating expenses. The increases in SG&A expenses for the quarter ended September 30, 2019, compared to the prior year period, was largely due to the reduction of the contingent liability related to the acquisition of inthinc Technology Solutions, Inc. in the quarter ended September 30, 2018. The increase in SG&A expenses for the nine months ended September 30, 2019, compared to the prior year period, was primarily due to reductions in the contingent liabilities in 2018 to a larger extent than in the 2019 period, as well as other increased operating expenses.

Product Development Expenses

	Quarters Ended September 30,		Change	
(In thousands)	**2019**	**2018**	**Dollars**	**%**
Product development	$ 3,686	$ 3,816	$ (130)	(3.4)%

	Nine Months Ended September 30,		Change	
(In thousands)	**2019**	**2018**	**Dollars**	**%**
Product development	$ 11,385	$ 9,671	$ 1,714	17.7%

Product development expenses consist primarily of the expenses associated with our engineering efforts, including the cost of third parties, to provide maintenance and support for our current products and applications. The increase in product development expenses for the nine months ended September 30, 2019, compared to the prior year period, reflects increases in employee-related and outside labor costs, as well as other expenses as we continue to develop new solutions and services for our customers.

Depreciation and Amortization

	Quarters Ended September 30,		Change	
(In thousands)	**2019**	**2018**	**Dollars**	**%**
Depreciation and amortization	$ 12,794	$ 12,081	$ 713	5.9%

	Nine Months Ended September 30,		Change	
(In thousands)	**2019**	**2018**	**Dollars**	**%**
Depreciation and amortization	$ 37,998	$ 36,146	$ 1,852	5.1%

The increases in depreciation and amortization for the quarter and nine monthsended September 30, 2019, compared to the prior year periods, were primarily due to higher depreciation associated with our capitalized costs attributable to the design, development and enhancements of our products and services sold to our customers and our internally developed software.

Acquisition-Related and Integration Costs

	Quarters Ended September 30,		Change	
(In thousands)	**2019**	**2018**	**Dollars**	**%**
Acquisition-related and integration costs	$ 4	$ 395	$ (391)	(99.0)%

	Nine Months Ended September 30,		Change	
(In thousands)	**2019**	**2018**	**Dollars**	**%**
Acquisition-related and integration costs	$ 693	$ 1,495	$ (802)	(53.6)%

Acquisition-related and integration costs include professional services expenses and identifiable integration costs directly attributable to our acquisitions.The decreases in acquisition-related and integration costs for the quarter and nine months ended September 30, 2019, compared to the prior year periods, reflect lower acquisition and integration activity for the 2019 periods.

Other Income (Expense)

Other income (expense) is comprised primarily of interest expense, foreign exchange gains and losses and interest income related to capital leases and from our cash and cash equivalents, which can consist of U.S. Treasuries and interest-bearing instruments.

	Quarters Ended September 30,		Change	
(In thousands)	**2019**	**2018**	**Dollars**	**%**
Interest income	$ 444	$ 648	$ (204)	(31.5)%
Other income (expense)	188	120	68	56.7%
Interest expense	(5,287)	(5,232)	(55)	1.1%
Total other expense	$ (4,655)	$ (4,464)	$ (191)	4.3%

	Nine Months Ended September 30,		Change	
(In thousands)	**2019**	**2018**	**Dollars**	**%**
Interest income	$ 1,408	$ 1,576	$ (168)	(10.7)%
Other income (expense)	130	108	22	20.4%
Interest expense	(15,850)	(15,733)	(117)	0.7%
Total other expense	$ (14,312)	$ (14,049)	$ (263)	1.9%

The increases in other expense for the quarter and nine months ended September 30, 2019, compared to the prior year periods, were primarily due to decreased interest income related to our capital leases and our cash and cash equivalents during the period. We believe our foreign exchange exposure is limited as a majority of our revenue is collected in U.S. dollars.

Income Taxes

For the quarter ended September 30, 2019, our income tax expense was $1.5 million, compared to $1.2 million for the prior year period.For both the nine months ended September 30, 2019 and 2018, our income tax expense was $3.4 million.The increase in the income tax provision for the quarter ended September 30, 2019 primarily related to the provision to return true-ups for multiple international entity tax returns. This resulted in an international tax expense recorded in the period. For the nine months ended September 30, 2019, the true-up was offset by lower deferred tax expense related to the amortization of goodwill.

As of September 30, 2019 and December 31, 2018, we maintained a valuation allowance against our net deferred tax assets primarily attributable to operations in the United States, as the realization of such assets was not considered more likely than not.

Net Loss

For the quarter ended September 30, 2019, we had a net loss of $3.9 million compared to a net loss of $3.2 million in the prior year period, primarily due to increased SG&A costs, as described above.

For the nine months ended September 30, 2019, we had a net loss of $15.7 million compared to a net loss of $20.4 million in the prior year period, primarily due to decreased costs associated with our products and services.

Noncontrolling Interests

Noncontrolling interests relate to earnings and losses attributable to noncontrolling shareholders, representing $0.14 million and $0.27 million for the quarter and nine months ended September 30, 2019, respectively, and $0.07 million and $0.22 million for the quarter and nine months ended September 30, 2018, respectively.

Net Loss Attributable to ORBCOMM Inc.

For the quarter ended September 30, 2019, we had a net loss attributable to our company of $4.0 million compared to a net loss of $3.3 million in the prior year period. For the nine months ended September 30, 2019, we had a net loss attributable to our company of $15.9 million compared to a net loss of $20.6 million in the prior year period.

Liquidity and Capital Resources

Overview

Our liquidity requirements arise from our working capital needs, our obligations to make scheduled payments of interest on our indebtedness and our need 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 September 30, 2019, we had an accumulated deficit of $208.4 million. Our primary sources of liquidity consist of cash and cash equivalents totaling $50.9 million at September 30, 2019 and an unused Revolving Credit Facility under the Revolving Credit Agreement, as described below, available for use for working capital and general business purposes, which we believe will be sufficient to provide working capital, make interest payments and make capital expenditures to support operations and facilitate growth and expansion for the next twelve months.

Operating Activities

Cash provided by our operating activities for the nine months ended September 30, 2019 was $20.8 million, resulting from a net loss of $15.7 million and cash used by working capital of $7.9 million, offset by non-cash items including $38.0 million for depreciation and amortization and $5.4 million for stock-based compensation. Working capital activities primarily consisted of an increase of $6.0 million in accounts receivable largely related to timing of receivables, an increase of $4.0 million in inventory, an increase of $3.3 million in prepaid expenses and other assets and a decrease of $1.2 million in other liabilities, offset, in part, by an increase of $7.0 million in accounts payable and accrued liabilities primarily related to timing of payments.

Cash used in our operating activities for the nine months ended September 30, 2018 was $0.9 million, resulting from a net loss of $20.4 million and cash used by working capital of $18.7 million, offset by non-cash items including $36.1 million for depreciation and amortization and $5.7 million for stock-based compensation. Working capital activities primarily consisted of a decrease of $11.5 million in accounts payable and accrued liabilities primarily related to timing of payments and an increase of $14.5 million in accounts receivable related to timing of receivables, offset, in part, by a decrease of $5.6 million in inventories.

Investing Activities

Cash used in our investing activities for the nine months ended September 30, 2019 was $16.2 million, resulting from capital expenditures during the period.

Cash used in our investing activities for the nine months ended September 30, 2018 was $16.5 million, resulting fromcapital expenditures during the period.

Financing Activities

Cash used in our financing activities for the nine months ended September 30, 2019 was $7.3 million, due to payments of $7.9 million in purchases of common stock under the Company’s share repurchase program, offset, in part, by $0.6 million in proceeds from the sale of common stock under the employee stock purchase plan.

Cash provided by our financing activities for the nine months ended September 30, 2018 was $28.6 million, primarily due to proceeds of $28.0 million received from our public offering of common stock completed in April 2018.

Future Liquidity and Capital Resource Requirements

We believe that our existing cash and cash equivalents, along with expected cash flows from operating activities and additional funds available under our Revolving Credit Facility 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 April 10, 2017, we issued $250.0 million aggregate principal amount of 8.0% Senior Secured Notes due 2024.The Senior Secured Notes were issued pursuant to an Indenture, dated as of April 10, 2017, among us, certain of our domestic subsidiaries party thereto (the “Guarantors”) and U.S. Bank National Association, as trustee and collateral agent. The Senior Secured Notes are unconditionally guaranteed on a senior secured basis by the Guarantors, and are secured on a first priority basis by (i) pledges of capital stock of certain of our directly- and indirectly-owned subsidiaries; and (ii) substantially all of our and our Guarantors’ other property and assets, to the extent a first priority security interest is able to be granted or perfected therein, and subject, in all cases, to certain specified exceptions, and an intercreditor agreement with the collateral agent for our Revolving Credit Facility described below. Interest payments are due on the Senior Secured Notes semi-annually in arrears on April 1 and October 1, beginning October 1, 2017.

We have the option to redeem some or all of the Senior Secured Notes at any time on or after April 1, 2020, at redemption prices set forth in the Indenture plus accrued and unpaid interest, if any, to the date of redemption. We also have the option to redeem some or all of the Senior Secured Notes at any time before April 1, 2020 at a redemption price of 100% of the principal amount of the Senior Secured Notes to be redeemed, plus a "make-whole" premium and accrued and unpaid interest, if any, to the date of redemption. In addition, at any time before April 1, 2020, we may redeem up to 35% of the aggregate principal amount of the Senior Secured Notes to be redeemed, plus accrued and unpaid interest, if any, to the date of redemption, with the proceeds from certain equity issuances.

The Indenture contains covenants that, among other things, limit our ability and our restricted subsidiaries' ability to: (i) incur or guarantee additional indebtedness; (ii) pay dividends, make other distributions or repurchase or redeem capital stock; (iii) prepay, redeem or repurchase certain indebtedness; (iv) make loans and investments; (v) sell, transfer or otherwise dispose of assets; (vi) incur or permit to exist certain liens; (vii) enter into certain types of transactions with affiliates; (viii) enter into agreements restricting our subsidiaries' ability to pay dividends; and (ix) consolidate, amalgamate, merge or sell all or substantially all of their assets; subject, in all cases, to certain specified exceptions. Such limitations have various exceptions and baskets as set forth in the Indenture, including the incurrence by us and our restricted subsidiaries of indebtedness under potential new credit facilities in the aggregate principal amount at any one time outstanding not to exceed $50 million.

On December 18, 2017, we and certain of our subsidiaries entered into a Revolving Credit Agreement with JPMorgan Chase Bank, N.A., as administrative agent and collateral agent. The Revolving Credit Agreement provides for a Revolving Credit Facility in an aggregate principal amount of up to $25.0 million for working capital and general corporate purposes and matures on December 18, 2022. The Revolving Credit Facility will bear interest at an alternative base rate or an adjusted LIBOR, plus an applicable margin of 1.50% in the case of alternative base rate loans and 2.50% in the case of adjusted LIBOR loans. The Revolving Credit Facility is secured by a first priority security interest in substantially all of our and our subsidiaries' assets under a Security Agreement among the Company, the applicable subsidiaries and JPMorgan Chase Bank, N.A., subject to an intercreditor agreement with the indenture trustee for the Senior Secured Notes. The Revolving Credit Facility has no scheduled principal amortization until the maturity date. Subject to the terms set forth in the Revolving Credit Agreement, we may borrow, repay and reborrow amounts under the Revolving Credit Facility at any time prior to the maturity date.

The Revolving Credit Agreement contains covenants that, among other things, limit us and our restricted subsidiaries' ability to: (i) incur or guarantee additional indebtedness; (ii) pay dividends, make other distributions or repurchase or redeem capital stock; (iii) prepay, redeem or repurchase certain indebtedness; (iv) make loans and investments; (v) sell, transfer or otherwise dispose of assets; (vi) incur or permit to exist certain liens; (vii) enter into certain types of transactions with affiliates; (viii) enter into agreements restricting our subsidiaries' ability to pay dividends; and (ix) consolidate, amalgamate, merge or sell all or substantially all of their assets, subject, in all cases, to certain specified exceptions. Such limitations have various baskets as set forth in the Revolving Credit Agreement.

At September 30, 2019, no amounts were outstanding under the Revolving Credit Facility. As of September 30, 2019, we were in compliance with all financial covenants under the Revolving Credit Agreement.

On April 10, 2018, we completed a public offering of 3,450,000 shares of our common stock, including 450,000 shares sold upon exercise in full of the underwriters' option to purchase additional shares at a price of $8.60 per share. We received net proceeds of approximately $28.0 million after deducting underwriters' discounts and commissions and offering costs.

On April 13, 2018, we filed a shelf registration statement with the SEC, registering an unspecified amount of debt and/or equity securities that we may offer in one or more offerings on terms to be determined at the time of sale. The shelf registration statement was automatically effective upon filing and superseded and replaced our previous shelf registration statement declared effective on April 14, 2015, which was due to expire on April 14, 2018.

Non-GAAP Financial Measures

EBITDA and Adjusted EBITDA

EBITDA is defined as earnings attributable to ORBCOMM Inc. before interest income (expense), provision for income taxes, depreciation and amortization and loss on debt extinguishment. 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. We also believe Adjusted EBITDA, defined as EBITDA adjusted for stock-based compensation expense, noncontrolling interests, impairment loss, non-capitalized satellite launch and in-orbit insurance, and acquisition-related and integration costs, is useful to investors to evaluate our core operating results and financial performance because it excludes items that are significant non-cash or non-recurring expenses reflected in the condensed consolidated statements of operations.

EBITDA and Adjusted EBITDA are not performance measures calculated in accordance with U.S. GAAP. While we consider EBITDA and Adjusted EBITDA to be important measures of operating performance, they should be considered in addition to, and not as substitutes for, or superior to, net loss or other measures of financial performance prepared in accordance with U.S. GAAP and may be different than EBITDA and Adjusted EBITDA measures presented by other companies.

The following table reconciles our net loss attributable to ORBCOMM Inc. to EBITDA and Adjusted EBITDA for the periods shown:

	Quarters Ended September 30,		Nine Months Ended September 30,	
	2019	**2018**	**2019**	**2018**
	(In thousands)		**(In thousands)**	
Net loss attributable to ORBCOMM Inc.	$ (4,013)	$ (3,295)	$ (15,922)	$ (20,603)
Income tax expense	1,504	1,242	3,354	3,410
Interest income	(444)	(648)	(1,408)	(1,576)
Interest expense	5,287	5,232	15,850	15,733
Depreciation and amortization	12,794	12,081	37,998	36,146
EBITDA	15,128	14,612	39,872	33,110
Stock-based compensation	1,663	2,312	5,406	5,747
Net income attributable to noncontrolling interests	144	73	271	216
Acquisition-related and integration costs	4	395	693	1,495
Adjusted EBITDA	$ 16,939	$ 17,392	$ 46,242	$ 40,568

For the quarter ended September 30, 2019 compared to the quarter ended September 30, 2018, EBITDA increased $0.5 million, while net loss attributable to ORBCOMM Inc. increased $0.7 million and Adjusted EBITDA decreased $0.5 million.

For the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018, EBITDA increased $6.8 million, while net loss attributable to ORBCOMM Inc. decreased $4.7 million and Adjusted EBITDA increased $5.7 million.

Non-GAAP Gross Margin

Non-GAAP Service Gross Margin is defined as Non-GAAP Service gross profit divided by service revenues. Non-GAAP Service gross profit is defined as service revenues, minus cost of services (including depreciation and amortization expense) plus depreciation and amortization expense. Non-GAAP Product Gross Margin is defined as Non-GAAP Product gross profit divided by product sales. Non-GAAP Product gross profit is defined as product sales, minus cost of product sales (including depreciation and amortization expense) plus depreciation and amortization expense. We believe that Non-GAAP Service Gross Margin and Non-GAAP Product Gross Margin are useful to evaluate and compare the results of our operations from period to period on a consistent basis by removing the depreciation and amortization impact of capital investments from our operating results.

Non-GAAP Service Gross Margin and Non-GAAP Product Gross Margin are not performance measures calculated in accordance with U.S. GAAP. While we consider Non-GAAP Service Gross Margin and Non-GAAP Product Gross Margin to be important measures of operating performance, they should be considered in addition to, and not as substitutes for, or superior to, measures of financial performance prepared in accordance with U.S. GAAP and may be different than Non-GAAP Service Gross Margin and Non-GAAP Product Gross Margin measures presented by other companies.

The following tables reconcile GAAP Service Gross Margin to Non-GAAP Service Gross Margin and GAAP Product Gross Margin to Non-GAAP Product Gross Margin for the periods shown:

(In thousands, except margin data)	Quarters Ended September 30, 2019	Quarters Ended September 30, 2018	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Service revenues	$ 40,550	$ 38,473	$ 119,295	$ 114,940
Minus - Cost of services, including depreciation and amortization expense	16,804	17,059	51,858	53,576
GAAP Service gross profit	$ 23,746	$ 21,414	$ 67,437	$ 61,364
Plus - Depreciation and amortization expense	4,236	4,295	12,735	12,872
Non-GAAP Service gross profit	$ 27,982	$ 25,709	$ 80,172	$ 74,236
GAAP Service Gross Margin	58.6%	55.7%	56.5%	53.4%
Non-GAAP Service Gross Margin	69.0%	66.8%	67.2%	64.6%

(In thousands, except margin data)	Quarters Ended September 30, 2019	Quarters Ended September 30, 2018	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Product sales	$ 28,643	$ 32,569	$ 83,036	$ 94,863
Minus - Cost of product sales, including depreciation and amortization expense	20,352	25,414	60,385	75,887
GAAP Product gross profit	$ 8,291	$ 7,155	$ 22,651	$ 18,976
Plus - Depreciation and amortization expense	712	735	2,110	2,524
Non-GAAP Product gross profit	$ 9,003	$ 7,890	$ 24,761	$ 21,500
GAAP Product Gross Margin	28.9%	22.0%	27.3%	20.0%
Non-GAAP Product Gross Margin	31.4%	24.2%	29.8%	22.7%

GAAP Service Gross Margin, inclusive of depreciation and amortization expense, was 58.6% in the third quarter of 2019, compared to 55.7% in the prior year period. Non-GAAP Service Gross Margin, excluding depreciation and amortization expense, was 69.0% in the third quarter of 2019, compared to 66.8% in the prior year period. This increase was primarily due to recurring service revenue growth and reduced costs. GAAP Service Gross Margin, inclusive of depreciation and amortization expense, was 56.5% in the nine months ended September 30, 2019 compared to 53.4% in the prior year period. Non-GAAP Service Gross Margin, excluding depreciation and amortization expense, was 67.2% in the nine months ended September 30, 2019, compared to 64.6% in the prior year period. These improvements were due to bringing onboard new subscribers at higher margins and limiting product installations at negative margins in the nine months ended September 30, 2019, compared to the prior year period.

GAAP Product Gross Margin, inclusive of depreciation and amortization expense, was 28.9% in the third quarter of 2019, compared to 22.0% in the prior year period. Non-GAAP Product Gross Margin, excluding depreciation and amortization expense, was 31.4% in the third quarter of 2019, compared to 24.2% in the prior year period. GAAP Product Gross Margin, inclusive of depreciation and amortization expense, was 27.3% in the nine months ended September 30, 2019, compared to 20.0% in the prior year period. Non-GAAP Product Gross Margin, excluding depreciation and amortization expense, was 29.8% in the nine months ended September 30, 2019, compared to 22.7% in the prior year period. These improvements were primarily due to a better mix of higher-margin products shipped in greater volumes in the quarter and nine months ended September 30, 2019, compared to the prior year periods.

Contractual Obligations

As of September 30, 2019, there have been no material changes in our contractual obligations previously disclosed in our Annual Report.

Off-Balance Sheet Arrangements

We have no material off-balance sheet arrangements as defined in Item 303(a)(4)(ii) of Regulation S-K.

Item 3. Quantitative and Qualitative Disclosures about Market Risks

As of September 30, 2019, there have been no material changes in our assessment of our sensitivity to market risk, as previously disclosed in Part II, Item 7A, "Quantitative and Qualitative Disclosures about Market Risks" in our Annual Report.

Concentration of Credit Risk

There were no customers who generated revenues greater than 10% of the Company's consolidated total revenues for the quarters and nine months ended September 30, 2019 and 2018.

Item 4. Disclosure Controls and Procedures

Evaluation of the Company's Disclosure Controls and Procedures

The Company's management evaluated, with the participation of the Company's President and Chief Executive Officer and Executive Vice President and Chief Financial Officer, the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended), as of September 30, 2019. Based on their evaluation, the Company's President and Chief Executive Officer and Executive Vice President and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of September 30, 2019.

Changes in Internal Control over Financial Reporting

We reviewed our internal control over financial reporting at September 30, 2019. As a result of the acquisitions of inthinc, inc. ("Inthinc") in June 2017 and Blue Tree Systems Limited ("Blue Tree") in October 2017, we continue to integrate certain business processes and systems of Inthinc and Blue Tree. 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 nine months ended September 30, 2019, that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

We are involved in various litigation matters involving claims incidental to our business and acquisitions, including employment matters, acquisition related claims, patent infringement and contractual matters, among other issues. 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. We record reserves related to legal matters when losses related to such litigation or contingencies are both probable and reasonably estimable.

See “Note 14 – Commitments and Contingencies” of the Notes to the Condensed Consolidated Financial Statements for the nine months ended September 30, 2019 included in this Quarterly Report on Form 10-Q for a description of our significant legal proceedings, which is incorporated by reference herein.

Item 1A. Risk Factors

As of September 30, 2019, there have been no material changes in the risk factors previously disclosed in Part I, Item 1A, “Risk Factors” in our Annual Report.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Repurchases

The table below sets forth information with respect to purchases of shares of our common stock made by us or on our behalf during the quarter ended September 30, 2019:

Issuer Purchases of Equity Securities *(1)*

Period	Total Number of Shares Purchased	Average Price Paid Per Share *(2)*	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
July 1-31, 2019	—	$ —	—	$ —
August 1-31, 2019	1,150,460	$ 4.98	1,150,460	$ 19,292,914
September 1-30, 2019	431,569	$ 4.95	1,582,029	$ 17,123,934
Total	1,582,029	$ 4.96	1,582,029	

(1) On August 5, 2019, our Board of Directors authorized the repurchase of up to $25 million of our common stock through various means, including open market transactions and privately negotiated transactions, until August 5, 2020. In addition, open market repurchases of common stock may be made pursuant to applicable securities laws and regulations, including Rule 10b-18, as well as Rule 10b5-1 under the Securities Exchange Act of 1934, as amended.

(2) The average per-share cost for repurchases under the repurchase program from inception through September 30, 2019 was $4.96.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

On October 29, 2019, we entered into an employment agreement (the “Employment Agreement”) with Constantine “Dean” Milcos, our Executive Vice President and Chief Financial Officer, effective as of November 1, 2019. The Employment Agreement has an initial term ending on December 31, 2019. Upon the expiration of the initial term or any extension thereof, the term of the Employment Agreement will be automatically extended by twelve additional calendar months through the next December 31st, unless either party notifies the other party in writing at least 90 days in advance of such expiration that he or it does not want such extension to occur, in which case the term of the Employment Agreement will not be further extended, and Mr. Milcos’s employment will terminate upon such expiration. Notwithstanding the foregoing, Mr. Milcos’s employment with us may be terminated prior to the expiration of the term of the Employment Agreement pursuant to the provisions described below.

The Employment Agreement provides for an annual base salary, currently of $280,000. In addition to his salary, Mr. Milcos is entitled to certain employee benefits, including medical and disability insurance, term life insurance, paid holiday and vacation time and other employee benefits paid by us. Under the Employment Agreement, each calendar year (beginning with calendar year 2019), Mr. Milcos is eligible to receive a bonus with a target bonus opportunity equal up to 75% of his annual base salary and subject to a maximum payment in an amount, payable in cash, dependent upon achieving certain performance targets (both financial and qualitative) established each year by the board of directors, provided that Mr. Milcos is actively employed by us on the last day of the fiscal year for which the bonus is paid and is not terminated with “cause” (as defined in the Employment Agreement) prior to the payment of such bonus. Mr. Milcos is entitled to participate in any profit sharing and/or pension plan generally provided for our executives, and in any equity incentive plan established by us in which our senior executives are generally permitted to participate.

If Mr. Milcos’s employment is terminated (1) by us without cause or (2) as a result of a notice of non-extension of the Employment Agreement provided by us during the term of the Employment Agreement, he will be entitled to receive an amount equal to the sum of (A) his base salary for a period of one year, payable beginning on the 60th day following his termination of employment (subject to any delay that may be required by Section 409A) and (B) the amount equal to the target bonus opportunity for the calendar year in which his termination of employment occurs, payable in equal installments over a twelve-month period (the “Post-Termination Payments”), and continued health insurance coverage for one year following such termination. If Mr. Milcos’s employment is terminated as a result of his disability during the term of the Employment Agreement, he will be entitled to continue to receive an amount equal to his base salary for a period of one year following such termination and continued health insurance coverage for one year following such termination. The Post-Termination Payments, disability payments and insurance coverage are conditioned on his executing a release in favor of us. In addition, the Employment Agreement contains standard covenants relating to confidentiality and assignment of intellectual property rights, a two-year post-employment non-solicitation covenant (only to the extent Mr. Milcos receives the post-termination payments he is entitled to receive under the Employment Agreement), a one-year post-employment non-competition covenant (only to the extent Mr. Milcos receives the post-termination payments he is entitled to receive under the Employment Agreement), and a covenant to comply with Company policies, including any applicable compensation recoupment policy then in effect.

Upon a termination of employment by us without “cause” within the eighteen-month period following a “change of control” (as defined in the Employment Agreement), subject to the execution of a release in favor of us, Mr. Milcos will be entitled to receive an amount equal to one and one-half times the Post-Termination Payments (payable in a lump sum on the 60th day following his termination of employment) and continued health insurance coverage for a period of eighteen months.

Item 6. Exhibits

The following exhibits are being filed with or incorporated by reference in this Quarterly Report on Form 10-Q:

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 Inc., 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	Severance agreement dated April 4, 2019 between Michael Ford and the Company, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on April 5, 2019, is incorporated herein by reference.
10.2	Employment Agreement dated October 28, 2019 between Constantine Milcos and the Company.
31.1	Certification of President and Chief Executive Officer required by Rule 13a-14(a).
31.2	Certification of Executive Vice President and Chief Financial Officer required by Rule 13a-14(a).
32.1	Certification of President and Chief Executive Officer required by Rule 13a-14(b) and 18 U.S.C. Section 1350.
32.2	Certification of Executive Vice President and Chief Financial Officer required by Rule 13a-14(b) and 18 U.S.C. Section 1350.
101.INS	XBRL Instance Document - The Instance Document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File – The Cover Page Interactive Data File does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.

SIGNATURES

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

ORBCOMM Inc.
(Registrant)

Date: October 30, 2019

/s/ Marc J. Eisenberg
Marc J. Eisenberg
President and Chief Executive Officer
(Principal Executive Officer)

Date: October 30, 2019

/s/ Constantine Milcos
Constantine Milcos
Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 10.2

EMPLOYMENT AGREEMENT

The parties to this Employment Agreement (the **"Agreement"**) are Constantine Milcos (the **"Executive"**) and ORBCOMM Inc. (the **"Company"**), a company organized under the laws of Delaware.

The Company desires to provide for the Executive's continued employment by the Company, and the Executive desires to accept such continued employment under the terms and conditions contained herein, and the parties hereto have agreed as follows:

1. **Employment**. The Company shall employ the Executive, and the Executive shall serve the Company, as Executive Vice President and Chief Financial Officer, with duties and responsibilities compatible with that position, as such compatible duties and responsibilities are adjusted from time to time in the discretion of the Company's Board of Directors (the **"Board"**). The Executive agrees to devote his full time, attention, skill, and energy to fulfilling his duties and responsibilities hereunder. The Executive's services shall be performed principally at the Company's offices in New Jersey or such other location in the eastern United States as the Company shall determine.

2. **Term of Employment**. The term of this Agreement shall commence as of November 1, 2019 (the **"Effective Date"**) and shall continue through December 31, 2019 (the **"Initial Term"**). Upon the expiration of the Initial Term or any extension thereof, the Initial Term or the extended term, as applicable, shall be automatically extended by twelve (12) additional calendar months through the next December 31st, unless either party hereto notifies the other party in writing at least ninety (90) days in advance of such expiration that he or it does not want such extension to occur (a **"Notice of Non-Extension"**), in which case the Initial Term or the extended term, as applicable, will not be further extended and the Executive's employment will terminate upon such expiration. Notwithstanding the foregoing, the Executive's employment with the Company may be terminated prior to the expiration of the Initial Term or any extended term pursuant to the provisions of Section 4 or 5 below. Hereinafter, the period of the Executive's employment with the Company is referred to as the **"Term."**

3. **Compensation**. As full compensation for the services provided under this Agreement, the Executive shall be entitled to receive the following compensation during the Term:

(a) Base Salary. The Executive shall be entitled to receive an annual base salary (the **"Base Salary"**) of $280,000. Any Base Salary increase will be subject to the sole discretion of the Board. Base Salary payments hereunder shall be made in arrears in substantially equal installments (not less frequently than monthly) in accordance with the Company's customary payroll practices for its other executives, as those practices may exist from time to time.

(b) Bonus. For each calendar year during the Term, beginning with the 2019 calendar year, the Executive shall also be eligible to receive a bonus (the **"Bonus"**) with a target opportunity equal to up to 75% of Base Salary (the **"Target Bonus"**), and subject to a maximum bonus payment in an amount, determined based on the achievement of performance targets (both financial and qualitative) established each year by the Board. Further, if the Company establishes a bonus plan or program in which the Company's executives are generally permitted to participate, then the Executive shall be entitled to participate in such plan or program. The terms and conditions of the Executive's participation in, and/or any award under, any such plan or program shall be in accordance with the controlling plan or program documents.

Any Bonus hereunder will be paid during the year following the fiscal year for which the Bonus is being paid, provided that the Bonus will be paid in any case no later than the earlier of (i) 30 days after the completion of the Company's audited financial statements for that fiscal year and (ii) June 30th of the year following that fiscal year.

In order to receive any Bonus payment for a fiscal year, the Executive must be actively employed by the Company on the last day of the fiscal year for which the Bonus is being paid and not have had his employment terminated with "cause" pursuant to Section 4(c) below prior to the payment of such Bonus.

(c) Employee Benefits. Subject to the Executive satisfying and continuing to satisfy any plan or program eligibility requirements and other terms and conditions of the plan or program, the Executive shall be entitled to receive Company-paid medical and disability insurance, Company-paid term life insurance (which shall provide for a death benefit payable to the Executive's beneficiary), Company-paid holiday and vacation time, and other Company-paid employee benefits (collectively, **"Employee Benefits"**), equivalent to those benefits provided to the Company's executives generally, subject to applicable policy limitations and maximums. In addition, the Executive shall be entitled to participate in any profit sharing plan and/or pension plan generally provided for the executives of the Company or any of its subsidiaries, provided that the Executive satisfies any eligibility requirements for participation in any such plan. To the extent the Company maintains a director's and officer's liability insurance policy, the Executive shall be covered by such policy to the same extent as the Company's other senior officers (however, nothing in this Agreement shall require the Company to maintain such a policy). Notwithstanding the foregoing, the Company reserves the right to amend, modify, or terminate, in its sole discretion and consistent with applicable law, any Employee Benefit and any Employee Benefit plan, program or arrangement provided to employees in general.

(d) Equity Plan Participation. The Executive shall be entitled to participate in any equity incentive plan established by the Company in which the Company's executives generally are permitted to participate. The terms and conditions of the Executive's participation in, and/or any award under, any such plan shall be in accordance with the applicable controlling plan document and/or award agreement. The number and/or price of any equity-based award granted to the Executive shall be determined by the Board.

(e) Expenses. The Company shall reimburse the Executive for all reasonable expenses incurred by him in connection with the performance of his duties under this Agreement, upon his presentation of appropriate vouchers and/or documentation covering such expenses in accordance with the Company's policies as in effect from time to time.

(f) Withholdings. All payments made under this Section 3, or any other provision of this Agreement, shall be subject to any and all federal, state, and local taxes and other withholdings to the extent required by applicable law.

4. **Termination of Employment**.

(a) Disability. If the Executive shall fail or be unable to perform his essential duties under this Agreement for any reason, including a physical or mental disability, with or without reasonable accommodation, for one hundred eighty (180) calendar days during any twelve (12) month period or for one hundred (120) consecutive calendar days, then the Company may, by notice to the Executive, terminate his employment under this Agreement as of the date of the notice. Any such termination shall be made only in accordance with applicable law. Nothing set forth in this Section 4(a) shall be construed as a waiver by the Executive for seeking an extended leave of absence in excess of said timeframe mentioned above, as a reasonable accommodation under applicable state and/or federal anti-discrimination laws (or the Company's obligation to provide such). Further, nothing contained in this Section 4(a) shall be construed as an admission that any such leave in excess of the said timeframe mentioned above is not reasonable as an accommodation. This Section 4(a) shall not be construed as a waiver of the Executive's right to pursue legal action for any discharge that he deems improper based on a legally protected characteristic (*i.e.*, disability and/or handicap).

(b) Death. The Executive's employment under this Agreement shall terminate automatically upon his death. However, any and all rights that may exist under this Agreement and/or through any other pertinent plan documents, with respect to vested benefits and/or accrued monetary amounts owed, shall be transitioned, in accordance with the law, to the Executive's beneficiaries.

(c) Termination by the Company. The Company shall have the right, exercisable at any time in its sole discretion, to terminate the employment of the Executive for any reason whatsoever with or without "cause" (as defined below). However, the Executive's employment shall not be deemed to have been terminated with "cause" unless and until (a) he shall have received written notice from the Company advising him of the specific acts or omissions alleged to constitute "cause" and (b) in the case of (i) negligence by the Executive in the performance of his duties, or (ii) the Executive's material breach of this Agreement, and in the case of those acts or omissions that are reasonably capable of being corrected, those acts or omissions continue uncorrected for fifteen (15) days after he shall have received written notice to correct them.

As used in this Agreement, termination with **"cause"** shall mean only the Executive's involuntary termination for reason of: (i) negligence by the Executive in the performance of his services under this Agreement; (ii) embezzlement by the Executive from the Company; (iii) conviction of, or plea of guilty or no contest to, a felony; (iv) any action or omission by the Executive that is injurious to the financial condition or business reputation of the Company; or (v) the Executive's material breach of this Agreement.

(d) Termination by the Executive. The Executive shall have the right to terminate his employment with the Company by providing at least two (2) months of advance written notice of such decision. Upon the receipt of such notice from the Executive, the Company may in its sole discretion accelerate such two-month period in order to make such termination effective sooner, and/or may withdraw any and all duties from the Executive and exclude him from the Company's premises during the notice period.

(e) Severance. If the Company terminates the Executive's employment without "cause" pursuant to Section 4(c) above (other than following a Change of Control, which is subject to Section 5) or the Executive's employment terminates as a result of a Notice of Non-Extension provided to the Executive by the Company pursuant to Section 2 above, then, subject to the Executive's execution of the Release attached hereto as Exhibit A (or in a substantially similar form as the Company deems necessary in order to comply with then applicable law) (the **"Release"**) and the Release becoming effective in accordance with its terms not later than the sixtieth (60th) day following the Executive's termination of employment, the Executive shall be entitled to receive the following severance benefits: (i) as severance payments, the sum of (A) one (1) year of his then Base Salary and (B) the amount equal to the Executive's Target Bonus for the calendar year in which the Executive's termination of employment occurs, payable over a twelve (12) month period in accordance with the Company's payroll schedule in effect from time to time (the **"Severance Payments")**, and (ii) to the extent he is then a participant in the Company's health insurance plan and eligible for benefits under plan terms, and only if the benefit under this clause (ii) does not cause the Company to fail to satisfy the requirements of, or be in violation of, Section 2716 of the Public Health Service Act or Section 9815 of the Internal Revenue Code of 1986, as amended (the **"Code"**), to continued health insurance coverage for one (1) year immediately following such termination at then existing employee contribution rates, which the Executive shall pay (such continued coverage to run concurrently with any continued coverage obligation under the federal law known as COBRA or any state equivalent) (the **"COBRA Payments")**. If the Company terminates the Executive's employment pursuant to Section 4(a) above, then, subject to the Executive's execution of the Release and the Release becoming effective in accordance with its terms not later than the sixtieth (60th) day following the Executive's termination of employment, the Executive shall be entitled to receive the following severance benefits: (i) one (1) year of his then Base Salary, payable over a twelve (12) month period in accordance with the Company's payroll schedule in effect from time to time (the **"Disability Severance Payments"**), and (ii) the COBRA Payments. Such Severance Payments, Disability Severance Payments, and COBRA Payments shall be the Executive's sole entitlement upon termination of employment pursuant to Sections 4(a) or 4(c) above, as applicable. Notwithstanding the foregoing, if the Company's payments under Section 4(e)(ii) (and under Section 5(ii) below) would violate the nondiscrimination rules applicable to non-grandfathered, insured group plans under the Affordable Care Act (the **"ACA"**), or result in the imposition of penalties under the ACA and the related regulations and guidance promulgated thereunder, the parties agree to reform Section 4(e)(ii) (and Section 5(ii) below) in a manner as is necessary to comply with the ACA.

Subject to the last paragraph of this Section 4(e), the Severance Payments or the Disability Severance Payments, and the COBRA Payments or the Enhanced COBRA Payments (as defined in Section 5 below) will commence on the sixtieth (60th) day following the Executive's termination of employment with the first payment inclusive of any payments that would have been otherwise payable during such initial sixty (60)-day period. Subject only to the Executive's delivery of an executed Release and such Release becoming effective within the provided sixty (60)-day period, the Company's obligation under this Section 4(e) shall be absolute and unconditional, and the Executive shall be entitled to such severance benefits regardless of the amount of compensation and benefits the Executive may earn or be entitled to with respect to any other employment he may obtain during the period for which severance payments are payable. If the Executive's employment with the Company is terminated pursuant to Section 4(b) above, if the Company terminates the Executive's employment with "cause" pursuant to Section 4(c) above, if the Executive terminates his employment pursuant to Section 4(d) above, or if the Executive's employment terminates as a result of a Notice of Non-Extension provided to the Company by the Executive, then the Executive shall not be entitled to any further payments under this Agreement, including Base Salary, Bonus, Employee Benefits, Severance Payments, Disability Severance Payments, COBRA Payments, Enhanced Severance Payment (as defined in Section 5 below), or Enhanced COBRA Payments (as defined in Section 5 below) except as otherwise required by applicable law, including the payment of any amounts owed to the Executive and any obligation that the Company may have to offer the Executive continued benefit plan participation.

To the extent that any amount payable under this Agreement constitutes an amount payable under a "nonqualified deferred compensation plan" (as defined in Section 409A of the Code (hereinafter, **"Code Section 409A"**)) that is not exempt from Code Section 409A, and such amount is payable as a result of a "separation from service" (as defined in Code Section 409A), including any amount payable under this Section 4 or Section 5 below, then, notwithstanding any other provision in this Agreement to the contrary, such payment will not be made to the Executive until the day after the date that is six (6) months following his separation from service (the **"Specified Employee Payment Date"**), but only if, as of his separation from service, he is a "specified employee" under Code Section 409A and any relevant procedures that the Company may establish. For the avoidance of doubt, on the Specified Employee Payment Date, the Executive will be paid in a single lump sum all payments that otherwise would have been made to him under this Agreement during the six (6)-month period but were not made because of this paragraph. This paragraph will not be applicable after the Executive's death.

5. **Change of Control**. If a Change of Control occurs and the Executive's employment with the Company is terminated by the Company without "cause" pursuant to Section 4(c) above within the eighteen (18) month period immediately following such Change of Control, then, subject to the Release requirement of Section 4(e) above and the Release becoming effective in accordance with its terms not later than the sixtieth (60th) day following the Executive's termination of employment, the Executive shall be entitled to receive the following severance benefits as a result of this Section 5: (i) as severance payments, an amount equal to one and one-half (1-1/2) times the sum of the Executive's then Base Salary and Target Bonus for the calendar year in which the Executive's termination of employment occurs (the **"Enhanced Severance Payment"**) in lieu of the Severance Payments set forth in Section 4(e)

above and (ii) to the extent the Executive timely elects continuation of coverage, the continued health insurance coverage at then existing employee contribution rates described in Section 4(e)(ii) for a period of eighteen (18) months in lieu of the one (1) year period set forth under Section 4(e)(ii) above (the **"Enhanced COBRA Payments"**). The Enhanced Severance Payment shall be payable in a lump sum on the sixtieth (60th) day following the Executive's termination of employment. The Enhanced COBRA Payments will commence on the date and in the manner set forth under Section 4(e) above. This Agreement shall be binding on any and all successors and/or assigns of the Company, and the Company may assign its rights and obligations under this Agreement in connection with a Change of Control to the successor or transferee entity without the Executive's consent.

"Change of Control" has the meaning set forth under the ORBCOMM Inc. 2016 Long Term Incentives Plan.

6. **Obligations of the Executive**.

(a) Protectable Interests of the Company. The Executive acknowledges that he has played and will continue to play an important role in establishing the goodwill of the Company and its related entities, including relationships with clients, employees, suppliers and shareholders. The Executive further acknowledges that over the course of his employment with the Company, he has and will continue to (i) develop special relationships with clients, employees, suppliers, and/or shareholders and/or (ii) be privy to Confidential Information (as defined below). As such, the Executive agrees to the restrictions below in order to protect such interests on behalf of the Company, which restrictions the parties hereto agree to be reasonable and necessary to protect such interests.

(b) Non-Competition. During the Executive's employment and for the one (1) year period immediately thereafter, the Executive shall not, anywhere in the world, whether directly or indirectly, for himself or for any third party, (i) engage in any business activity, (ii) provide professional services to another person or entity (whether as an employee, consultant, or otherwise), or (iii) become a partner, member, principal, or stockholder having a 10% or greater interest in any entity, but in each such case, only to the extent that such activity, person, or entity is in competition with the Business. For purposes of this Section 6(b) and Section 6(c) below, "Business" shall mean the business of offering wireless data communication services, including for the purpose of tracking and/or monitoring fixed or mobile assets, the business of designing, manufacturing or distributing modems that operate on such services, or any other business in which the Company is materially engaged during the six (6) month period immediately preceding the Executive's termination of employment. The Executive acknowledges and understands that, due to the global nature of the Company's business and the technological advancements in electronic communications around the world, any geographic restriction of the Executive's obligation under this Section 6(b) would be inappropriate and counter to the protections sought by the Company hereunder.

(c) Non-Solicitation. During the Executive's employment and for the two (2) year period immediately thereafter, the Executive shall not, anywhere in the world, whether directly or indirectly, for himself or for any third party: (i) solicit any business or contract, or enter into any business or contract, directly or indirectly, with any supplier, licensee, customer, or partner of the Company that (A) was a supplier, licensee, customer, or partner of the Company at, or within six (6) months prior to, the termination of the Executive's employment, or (B) was a prospective supplier, licensee, customer, or partner of the Business at the time of the Executive's termination of employment, and in either case, for purposes of engaging in an activity that is in competition with the Business; or (ii) solicit or recruit, directly or indirectly, any of the Company's or its subsidiaries' employees, or any individuals who were employed by the Company or its subsidiaries within six (6) months prior to the termination of the Executive's employment, for employment or engagement (whether as an employee, consultant, or otherwise) with a person or entity involved in marketing or selling products or services competitive with the Business. The Executive acknowledges and understands that, due to the global nature of the Company's business and the technological advancements in electronic communications around the world, any geographic restriction of the Executive's obligation under this Section 6(c) would be inappropriate and counter to the protections sought by the Company hereunder.

(d) Confidential Information. The Executive acknowledges that during the course of his employment with the Company, he has had and will continue to have access to information about the Company, and its clients and suppliers, that is confidential and/or proprietary in nature, and that belongs to the Company. As such, at all times, both during his employment and thereafter, the Executive will hold in the strictest confidence, and not use or attempt to use except for the benefit of the Company, and not disclose to any other person or entity (without the prior written authorization of the Company) any Confidential Information (as defined below). Notwithstanding anything contained in this Section 6(d) to the contrary, (i) the Executive will be permitted to disclose any Confidential Information to the extent required by validly issued legal process or court order, provided that the Executive notifies the Company immediately of any such legal process or court order in an effort to allow the Company to challenge such legal process or court order, if the Company so elects, prior to the Executive's disclosure of any Confidential Information and (ii) the Executive (or the Executive's attorney) will be permitted to respond to any inquiry about this Agreement or its underlying facts and circumstances by the Securities and Exchange Commission (**"SEC"**), the Financial Industry Regulatory Authority (**"FINRA"**), any other self-regulatory organization or governmental entity, and to make other disclosures that are protected under the whistleblower provisions of federal law or regulation, in each case of this clause (ii), without the prior authorization of the Company to make any such reports or disclosures and without any requirement to notify the Company that the Executive has made such reports or disclosures; provided that the Executive shall not receive any recovery of funds under such whistleblower provisions.

For purposes of this Agreement, **"Confidential Information"** means any confidential or proprietary information which belongs to the Company, or any of its clients or suppliers, including without limitation, technical data, market data, trade secrets, trademarks, service marks, copyrights, other intellectual property, know-how, research, business plans, product information, projects, services, client lists and information, client preferences, client transactions, supplier lists and information, supplier rates, software, hardware, technology, inventions, developments, processes, formulas, designs, drawings, marketing methods and strategies, pricing strategies, sales methods, financial information, revenue figures, account information, credit information, financing arrangements, and other information disclosed to the

Executive by the Company or otherwise obtained by the Executive during the course of his employment, directly or indirectly, and whether in writing, orally, or by electronic records, drawings, pictures, or inspection of tangible property. "Confidential Information" does not include any of the foregoing information which has entered the public domain other than by a breach of this Agreement or the breach of any other obligation to maintain confidentiality of which the Executive is aware.

(e) Return of Company Property. Upon the termination of the Executive's employment with the Company (whether upon the expiration of the Term or otherwise), or at any time during such employment upon request by the Company, the Executive will promptly deliver to the Company and not keep in his possession, recreate, or deliver to any other person or entity, any and all property which belongs to the Company, or which belongs to any other third party and is in the Executive's possession as a result of his employment with the Company, including without limitation, computer hardware and software, mobile devices, other electronic equipment, records, data, client lists and information, supplier lists and information, notes, reports, correspondence, financial information, account information, product information, files, and other documents and information, including any and all copies of the foregoing.

(f) Ownership of Property. The Executive acknowledges that all inventions, innovations, improvements, developments, methods, processes, programs, designs, analyses, drawings, reports, and all similar or related information (whether or not patentable) that relate to the Company's or any of its affiliates' actual or anticipated business, research, and development, or existing, past or future products or services, and that are conceived, developed, contributed to, made, or reduced to practice by the Executive (either solely or jointly with others) while engaged by the Company or any of its affiliates (including any of the foregoing that constitutes any Confidential Information) (**"Work Product"**) belong to the Company or such affiliate, and the Executive hereby assigns, and agrees to assign, all of the above Work Product to the Company or such affiliate.

(g) Judicial Modification. The Executive acknowledges that it is the intent of the parties hereto that the restrictions contained or referenced in this Section 6 be enforced to the fullest extent permissible under the laws of each jurisdiction in which enforcement is sought. If any of the restrictions contained or referenced in this Section 6 is for any reason held by an arbitrator or a court to be excessively broad as to duration, activity, geographical scope, or subject, then, such restriction shall be construed, "blue penciled" or judicially modified so as to thereafter be limited or reduced to the extent required to be enforceable in accordance with applicable law.

(h) Equitable Relief. The Executive acknowledges that the remedy at law for his breach of this Section 6 will be inadequate, and that the damages flowing from such breach will not be readily susceptible to being measured in monetary terms. Accordingly, upon a violation of any part of this Section 6, the Company shall be entitled to immediate injunctive relief (or other equitable relief) from any court with proper jurisdiction and may obtain a temporary order restraining any further violation. In addition, upon a material breach by the Executive of any part of this Section 6, without limiting any other remedies available to the Company, the Company will not have any obligation to pay or provide the Severance Payments, the Enhanced Severance Payment, the Disability Severance Payments, the COBRA Payments, and the Enhanced COBRA Payments, as applicable. No bond or other security shall be required in obtaining such equitable relief, and the Executive hereby consents to the issuance of such equitable relief. Nothing in this Section 6(h) shall be deemed to limit the Company's remedies at law or in equity for any breach by the Executive of any of the parts of this Section 6 which may be pursued or availed of by the Company.

(i) Severance Payments. If the Company fails to make severance payments to the Executive that are required under Section 4(e) and Section 5 above, then the provisions of Sections 6(b) and 6(c) above shall automatically terminate and shall no longer be binding upon the Executive after the date that the Company fails to make any severance payments required under Section 4(e) and Section 5 above. Nothing in this Section 6(i) shall be deemed to limit the Executive's remedies at law or equity for any breach by the Company of its obligation to make severance payments pursuant to Section 4(e) and Section 5 above.

(j) Company Policies. (i) The Executive agrees to comply with the terms of the Company's policies and practices, including the Company's Employee Handbook, as it exists from time to time, and (ii) all amounts payable under this Agreement shall be subject to any compensation recoupment policy adopted by the Company to comply with applicable law or to comport with good corporate governance practices, as determined by the Board in its sole discretion, including, but not limited to, the Executive Incentive Compensation Recoupment Policy, as such policy or policies may be amended from time to time.

7. **Arbitration**. Except as provided in Section 6(h) above, any dispute or controversy between the parties hereto, whether during the Term or thereafter, including without limitation, any and all matters relating to this Agreement, the Executive's employment with the Company and the cessation thereof, shall be settled by arbitration administered by the American Arbitration Association (**"AAA"**) in New York, NY pursuant to the AAA's National Rules for the Resolution of Employment Disputes (or their equivalent), which arbitration shall be confidential, final, and binding to the fullest extent permitted by law. The parties agree to waive their right to a trial by jury and agree that they will not make a demand, request or motion for a trial by jury or court. This agreement to arbitrate shall be binding upon the heirs, successors, and assigns and any trustee, receiver, or executor of each party. A party shall initiate the arbitration process by delivering a written notice of such party's intention to arbitrate to the other party at the address set forth above and by filing the appropriate notice with the AAA. The parties shall select an arbitrator by mutual agreement, within thirty (30) days after the written notice of intention to arbitrate is received, from a list of eligible arbitrators received from the AAA who are on its Employment Dispute Resolution roster (or the equivalent thereof). If the parties fail to agree on an arbitrator, the AAA Administrator or his/her delegate shall select an arbitrator, who is a member of the AAA's Employment Dispute Resolution roster (or the equivalent thereof). There shall be one arbitrator. The arbitrator shall have the authority to resolve all issues in dispute, including the arbitrator's own jurisdiction, whether any dispute must be arbitrated hereunder, and whether this Section 7 is void or voidable, and to award compensatory remedies and other remedies permitted by law. The arbitrator shall decide the matters in dispute in accordance with the governing law provisions of this Agreement, except that the parties agree that this agreement to arbitrate shall be governed by the Federal Arbitration Act, 9 U.S.C. § 1, et

seq. The award of the arbitrator shall be final and shall be the sole and exclusive remedy between the parties regarding any claims, counterclaims, issues, or accountings. The arbitrator in any such dispute shall have discretion to award attorneys' fees and costs as part of any resolution of a claim arising under this Agreement. Except as otherwise provided by the arbitrator or applicable law, each party hereto shall be responsible for paying its own attorneys' fees and costs incurred in connection with any dispute between the parties. To the extent inconsistent with the form of arbitration agreement that the Company's employees generally are required to enter into, including the Executive, the arbitration provisions of this Section 7 shall control. Otherwise, to the extent compatible, effect shall be given to both the arbitration provisions of this Section 7 and the Company's form of arbitration agreement that the Executive has executed or will be required to execute.

8. **Miscellaneous**.

(a) Notices. Any notice or other communication under this Agreement shall be in writing and shall be considered given when delivered personally or five (5) days after mailed by registered mail, return receipt requested, to the Executive and the Company at their respective addresses set forth above (or at such other address as a party may specify by notice to the other).

(b) Entire Agreement; Amendment. This Agreement contains a complete statement of all of the arrangements between the Executive and the Company with respect to the employment of the Executive by the Company and the Executive's compensation for such employment, and supersedes all previous agreements, arrangements and understandings, written or oral, relating thereto other than any existing equity award agreements previously executed by the parties hereto.

This Agreement may not be amended except by a written agreement signed by the Company and the Executive. The intent of the parties hereto is that payments and benefits under this Agreement comply with or be exempt from Code Section 409A and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be in compliance therewith. Notwithstanding anything in this Agreement to the contrary, in the event that amendments to this Agreement are necessary in order to comply with Code Section 409A or to minimize or eliminate any income inclusion and penalties under Code Section 409A (e.g., under any document or operational correction program), the Company and the Executive agree to negotiate in good faith the applicable terms of such amendments and to implement such negotiated amendments, on a prospective and/or retroactive basis, as needed. Further, a termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts that are payable under a "nonqualified deferred compensation plan" (as defined in Code Section 409A) that is not exempt from Code Section 409A unless such termination of employment is also a "separation from service" within the meaning of Code Section 409A and, for purposes of any such provision of this Agreement, references to a "termination," "employment termination," "termination of employment," "termination date," "employment termination date," or like term shall mean "separation from service" or the date of the "separation from service," as applicable.

(c) Severability. In the event that any provision of this Agreement, or the application of any provision to the Executive or the Company, is held to be unlawful or unenforceable by any court or arbitrator, then the remaining portions of this Agreement shall remain in full force and effect and shall not be invalidated or impaired in any manner.

(d) Waiver. No waiver by any party hereto of any breach of any term or covenant in this Agreement, whether by conduct or otherwise, in any one or more instances, shall be deemed to be or construed as a further or continuing waiver of any such breach, or a waiver of any other term or covenant contained in this Agreement.

(e) Governing Law. This Agreement shall be governed by and construed in accordance with the law of the State of New Jersey applicable to agreements made and to be performed in the State of New Jersey, without giving effect to its conflict of laws principles.

(f) Section 280G. Notwithstanding any other provision of this Agreement or any other plan, arrangement or agreement to the contrary, if any of the payments or benefits received or to be received by the Executive (including, without limitation, any payment or benefits received in connection with a Change of Control or the Executive's termination of employment, whether pursuant to the terms of this Agreement or any other plan, arrangement, or agreement, or otherwise) (all such payments collectively referred to herein as the **"280G Payments"**) constitute "parachute payments" within the meaning of Section 280G of the Code and will be subject to the excise tax imposed under Section 4999 of the Code (the **"Excise Tax"**), the Company shall either (i) reduce (but not below zero) such payments or benefits received or to be received by the Executive so that the aggregate present value of the payments and benefits received by the Executive is $1.00 less than the amount which would otherwise cause the Executive to incur an Excise Tax, or (ii) be paid in full, whichever results in the greatest net after-tax payment to the Executive. All calculations and determinations under this Section 8(f) shall be made by an independent accounting firm or independent tax counsel appointed by the Company (the **"Tax Counsel"**) whose determinations shall be conclusive and binding on the Company and the Executive for all purposes. For purposes of making the calculations and determinations required by this Section 8(f), the Tax Counsel may rely on reasonable, good faith assumptions and approximations concerning the application of Section 280G and Section 4999 of the Code. The Company and the Executive shall furnish the Tax Counsel with such information and documents as the Tax Counsel may reasonably request in order to make its determinations under this Section 8(f). The Company shall bear all costs the Tax Counsel may reasonably incur in connection with its services.

IN WITNESS WHEREOF, the parties hereto have executed this document as of the 29th day of October, 2019 to be effective as of the Effective Date.

ORBCOMM INC.	/s/ Constantine Milcos
By: /s/ Christian Le Brun	Constantine Milcos
Name: Christian Le Brun	
Title: EVP & General Counsel	

EXHIBIT A -- GENERAL RELEASE

FOR AND IN CONSIDERATION OF the severance benefits set forth in the employment agreement (the "Employment Agreement") to which this General Release is attached, I, **Constantine Milcos**, agree, on behalf of myself, my heirs, executors, administrators, and assigns, except as otherwise provided in this General Release, to release and discharge **ORBCOMM Inc.** (the "Company"), and its current and former officers, directors, employees, agents, owners, subsidiaries, divisions, affiliates, parents, successors, and assigns (the "Released Parties") from any and all manner of actions and causes of action, suits, debts, dues, accounts, bonds, covenants, contracts, agreements, judgments, charges, claims, and demands whatsoever ("Losses") which I, my heirs, executors, administrators, and assigns have, or may hereafter have, against the Released Parties or any of them arising out of or by reason of any cause, matter, or thing whatsoever from the beginning of the world to the date hereof, including without limitation, my Employment Agreement, my employment by the Company and the cessation thereof, and all matters arising under any federal, state, or local statute, rule, or regulation, or principle of contract law or common law, including but not limited to, the Worker Adjustment and Retraining Notification Act of 1988, as amended, 29 U.S.C. §§ 2101 et seq., the National Labor Relations Act of 1935, as amended, 29 U.S.C. §§ 151 et seq., the Family and Medical Leave Act of 1993, as amended, 29 U.S.C. §§ 2601 et seq., Title VII of the Civil Rights Act of 1964, as amended, 42 U.S.C. §§ 2000e et seq., the Age Discrimination in Employment Act of 1967, as amended, 29 U.S.C. §§ 621 et seq. (the "ADEA"), the Americans with Disabilities Act of 1990, as amended, 42 U.S.C. §§ 12101 et seq., the Genetic Information Nondiscrimination Act of 2008, as amended, 42 U.S.C. §§ 2000ff et seq., the Equal Pay Act of 1963 as amended, 29 U.S.C. §§ 206 et seq., the Employee Retirement Income Security Act of 1974, as amended, 29 U.S.C. §§ 1001 et seq., the Civil Rights Act of 1991, as amended, the Uniform Services Employment and Reemployment Rights Act, as amended, the Immigration Reform and Control Act, as amended, the Virginia Human Rights Act, as amended, Va. Code Ann. §§ 2.1-714 et seq., the Virginia Persons with Disabilities Act, as amended, Va. Code Ann. §§ 51.5-1 et seq., the New Jersey Law Against Discrimination, as amended, N.J. Stat. Ann. §§ 10:5-1 et seq., the New Jersey Conscientious Employee Protection Act, as amended, N.J. Stat. Ann. §§ 34:19-8 et seq., any federal, state, or local "whistleblower" law, and any other equivalent federal, state, or local statute; provided that I do not release or discharge the Released Parties (1) from any Losses arising under the ADEA which arise after the date on which I execute this General Release or (2) from any rights that I may have to be indemnified by the Company for any acts or omissions by me made in the course of my role as an officer and employee of the Company. It is understood that nothing in this General Release is to be construed as an admission on behalf of the Released Parties of any wrongdoing with respect to me, any such wrongdoing being expressly denied.

I acknowledge and agree to abide by the continuing obligations set forth in Section 6 of the Employment Agreement; provided that I (or my attorney) will be permitted to respond to any inquiry about the Employment Agreement or its underlying facts and circumstances by the Securities and Exchange Commission ("SEC"), the Financial Industry Regulatory Authority ("FINRA"), any other self-regulatory organization or governmental entity, and to make other disclosures that are protected under the whistleblower provisions of federal law or regulation, without the prior authorization of the Company to make any such reports or disclosures and without any requirement to notify the Company that I have made such reports or disclosures; provided that I shall not receive any recovery of funds under such whistleblower provisions.

I represent and warrant that I fully understand the terms of this General Release, that I have had the benefit of advice of counsel or have knowingly waived such advice, and that I knowingly and voluntarily, of my own free will, without any duress, being fully informed, and after due deliberation, accepts its terms and sign the same as my own free act. I understand that as a result of executing this General Release, I will not have the right to assert that the Company violated any of my rights in connection with my Employment Agreement, my employment, or with the termination of such employment; provided, however, that this General Release does not release or discharge any claims that I may have against the Company for breach of its obligation to make severance payments to me after the termination of my employment in accordance with Section 4(e) and Section 5 of the Employment Agreement to which this General Release is attached.

Except as to any claims that I may file for any breach by the Company of Section 4(e) or Section 5 of the Employment Agreement to which this General Release is attached, I affirm that I have not filed, and agree, to the maximum extent permitted by law, not to initiate or cause to be initiated on my behalf, any complaint, charge, claim, or proceeding against the Released Parties before any federal, state, or local agency, court, or other body relating to my employment agreement, my employment, or the cessation thereof, and agree not to voluntarily participate in such a proceeding. Notwithstanding the prior sentence, to the extent that applicable law does not permit me to waive my right to file such a complaint, charge, or claim, I hereby waive my right to, and agree, to the maximum extent permitted by law, not to, seek, receive, collect, or benefit from any monetary or other compensatory settlement, award, judgment, or other resolution (including a resolution that would otherwise provide for my reinstatement to employment) of any complaint, charge, or claim that any agency or other body pursues against any of the Released Parties, whether pursued solely on my behalf or on behalf of a greater class of individuals. However, nothing in this General Release shall preclude or prevent me from filing a claim with the Equal Employment Opportunity Commission that challenges the validity of this General Release solely with respect to my waiver of any Losses arising under the ADEA.

I acknowledge that I have twenty-one (21) days in which to consider whether to execute this General Release. I understand that I may waive such 21-day consideration period. I understand that upon my execution of this General Release, I will have seven (7) days after such execution in which I may revoke my execution of this General Release. In the event of revocation, I must present written notice of such revocation to the General Counsel at the Company by delivering such written notice to him at

____________________________________.

If seven (7) days pass without receipt of such written notice of revocation, this General Release shall become binding and effective on the eighth day (the "Release Effective Date").

This General Release shall be governed by the laws of the State of New Jersey without giving effect to its conflict of laws principles.

___________________________ ____________________

Constantine Milcos Date

STATE OF __________________)
: ss.: _______________________
COUNTY OF _______________)

On the ___ day of ___________________ in the year 20__, before me, the undersigned, personally appeared Constantine Milcos, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument, and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument he executed such instrument, and that such individual made such appearance before the undersigned.

____
Notary Public

Exhibit 31.1

CERTIFICATION

I, Marc J. Eisenberg, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of ORBCOMM Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 30, 2019

/s/ Marc J. Eisenberg

Name:	Marc J. Eisenberg
Title:	President and Chief Executive Officer (Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Constantine Milcos, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of ORBCOMM Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: October 30, 2019

/s/ Constantine Milcos

Name:	Constantine Milcos
Title:	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)

Exhibit 32.1

Certification Required by Rule 13a-14(b) and 18 U.S.C. Section 1350
(as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002)

I, Marc J. Eisenberg, President and Chief Executive Officer of ORBCOMM Inc. (the “Company”), certify, pursuant to 18 U.S.C. Section 1350 (as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002), that to my knowledge:

(1) the accompanying Quarterly Report on Form 10-Q of the Company for the period ended September 30, 2019 (the “Report”), filed with the U.S. Securities and Exchange Commission, fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: October 30, 2019

/s/ Marc J. Eisenberg
Marc J. Eisenberg
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

Certification Required by Rule 13a-14(b) and 18 U.S.C. Section 1350
(as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002)

I, Constantine Milcos, Executive Vice President and Chief Financial Officer of ORBCOMM Inc. (the “Company”), certify, pursuant to 18 U.S.C. Section 1350 (as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002), that to my knowledge:

(1) the accompanying Quarterly Report on Form 10-Q of the Company for the period ended September 30, 2019 (the “Report”), filed with the U.S. Securities and Exchange Commission, fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: October 30, 2019

/s/ Constantine Milcos
Constantine Milcos
Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)