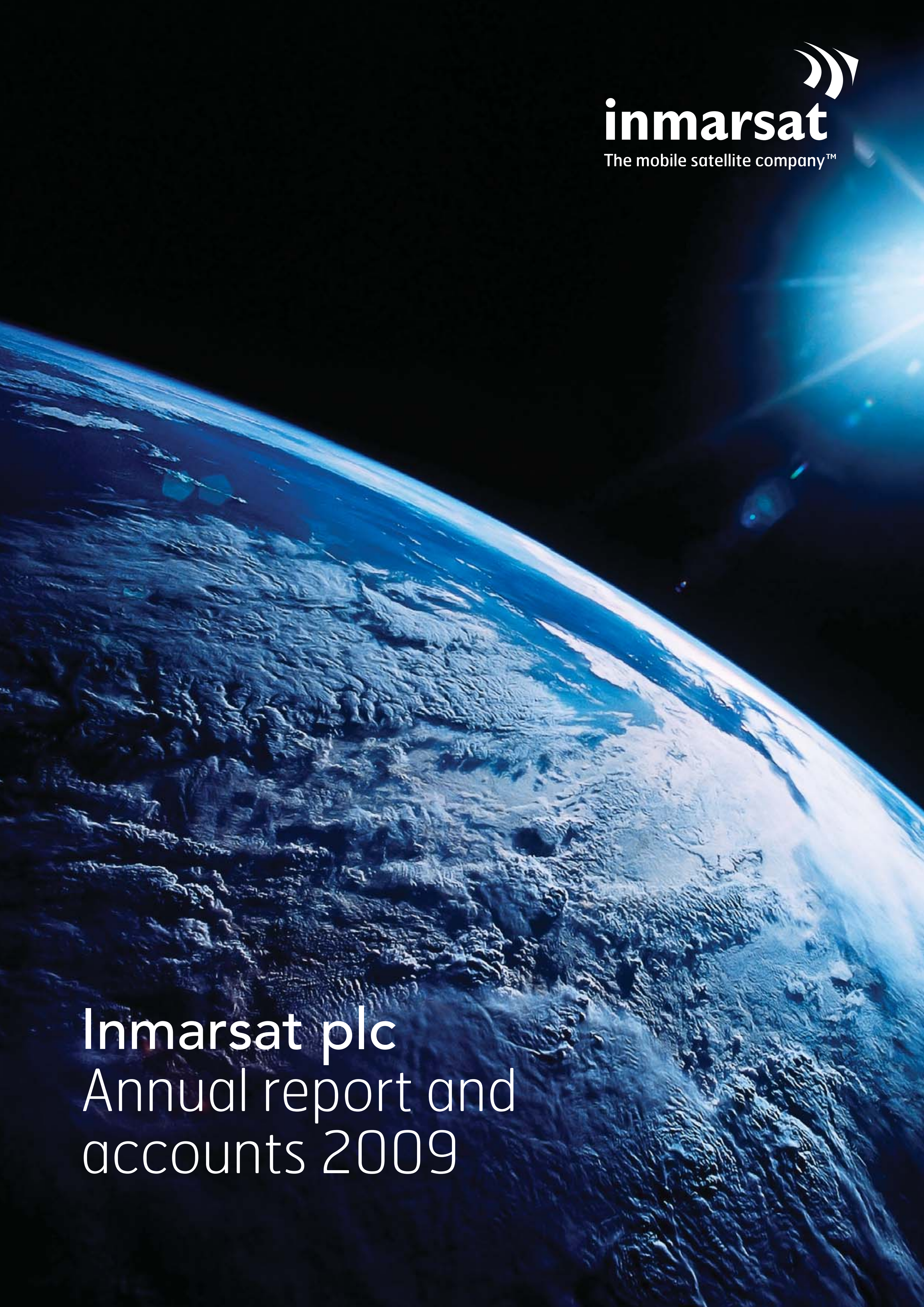


inmarsat
The mobile satellite company™

Inmarsat plc
Annual report and accounts 2009

INMARSAT IS THE WORLD'S LEADING PROVIDER OF A COMPREHENSIVE PORTFOLIO OF GLOBAL MOBILE SATELLITE COMMUNICATIONS SERVICES FOR USE ON LAND, AT SEA AND IN THE AIR.

WE PROVIDE VOICE AND DATA CONNECTIVITY TO END-USERS THROUGH THE MOST VERSATILE AND RELIABLE NETWORK IN THE WORLD, GIVING US THE CAPABILITY TO DELIVER INNOVATIVE SERVICES AND SOLUTIONS ON AN UNPRECEDENTED SCALE.

WE HAVE BEEN ABLE TO SUSTAIN STRONG REVENUE AND PROFIT GROWTH BECAUSE OUR EXPERIENCE, COMMITMENT, PEOPLE AND NETWORK INFRASTRUCTURE ENABLE US AND OUR PARTNERS TO BENEFIT FROM MARKET OPPORTUNITIES IN BOTH BUOYANT AND TURBULENT ECONOMIC CONDITIONS.

ESTABLISHED CUSTOMER BASE

Large, established customer base with mission critical needs

DISTRIBUTION NETWORK

Established distribution network

FOCUSED ON GROWTH

Achievable growth opportunities following next-generation network deployment

EXCEEDING EXPECTATIONS

WE HAVE UNIQUE, UNRIVALLED EXPERIENCE IN DESIGNING AND OPERATING MOBILE SATELLITE COMMUNICATIONS NETWORKS. WE ARE INTERNATIONALLY RECOGNISED AS PIONEERS IN OUR FIELD AND CONTINUE TO INTRODUCE NEW TECHNOLOGIES THAT REDEFINE THE STANDARDS FOR OUR INDUSTRY.

RELIABLE INFRASTRUCTURE

Unique global communications network

FINANCIALLY STRONG

Business model with high margins and cash conversion

CONSISTENTLY INNOVATIVE

Over 30 years of technical excellence, innovation and reliability

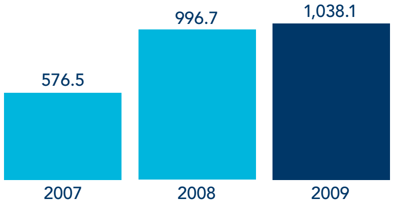
SKILLED EMPLOYEES

Professional and skilled staff

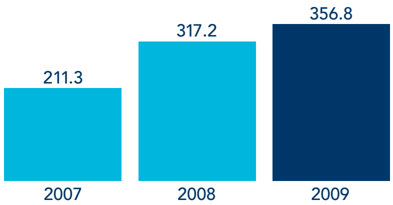
2009 HIGHLIGHTS

FINANCIAL HIGHLIGHTS

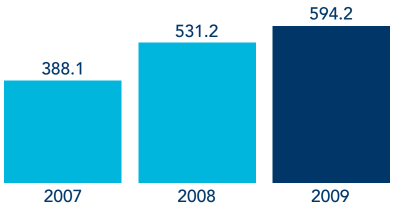
TOTAL REVENUE
US$1,038.1m
2008: US$996.7m



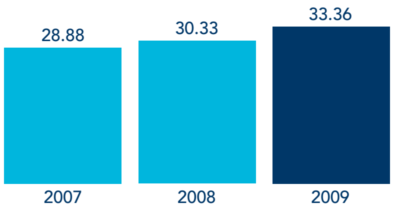
OPERATING PROFIT
US$356.8m
2008: US$317.2m



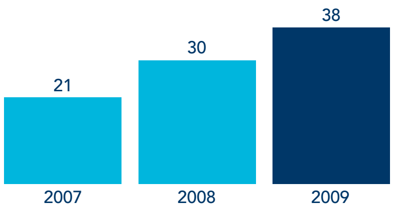
EBITDA
US$594.2m
2008: US$531.2m



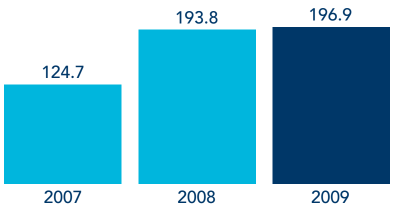
TOTAL DIVIDEND PAYABLE
33.36 cents (US$)
2008: 30.33 cents (US$)



BASIC EARNINGS PER SHARE
38 cents (US$) adjusted
2008: 30 cents (US$) adjusted



PROFIT BEFORE INCOME TAX
US$196.9m
2008: US$193.8m



OPERATIONAL HIGHLIGHTS

- Successful satellite repositioning programme completed
- Global broadband coverage across maritime, land mobile and aeronautical markets
- Completion of key strategic acquisitions and partnerships
- Improved long-term financing profile
- New service launches introduced in maritime and land mobile sectors
- New agreements with distribution partners and incentive programme for service providers

2009 Operations

Governance

Financial statements

OUR BUSINESS AT A GLANCE

HIGH PERFORMANCE NETWORK

OUR SATELLITE NETWORK DELIVERS MOBILE VOICE AND BROADBAND DATA SERVICES TO CUSTOMERS THE WORLD-OVER.

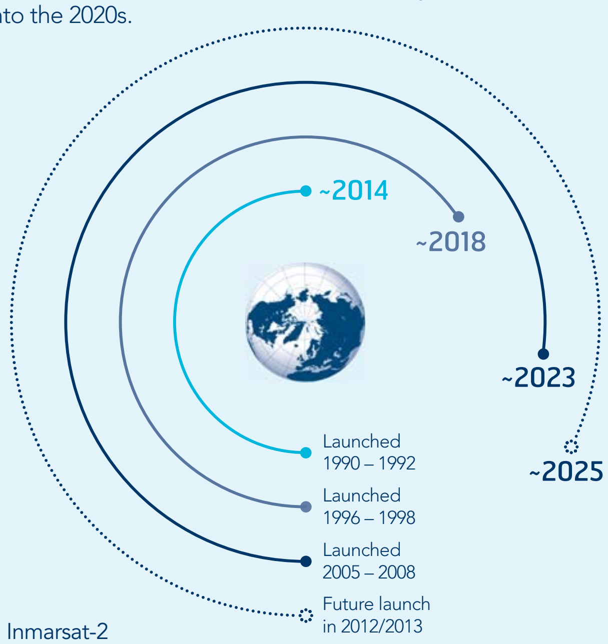
GLOBAL COVERAGE

We own and operate three satellite constellations. We have 11 satellites flying in geosynchronous orbit 35,786km above the Earth. The satellites are strategically positioned in nine orbital locations to offer seamless coverage of our services around the world.

- Inmarsat-2
- Inmarsat-3
- Inmarsat-4

FUTURE PROOF

The successful repositioning of our latest generation Inmarsat-4 satellites, together with the planned launch of our new Alphasat I-XL spacecraft in 2012-13, are expected to provide customers with enhanced quality of service well into the 2020s.



- Inmarsat-2
- Inmarsat-3
- Inmarsat-4
- Alphasat

WORLDWIDE DISTRIBUTION

Our leading-edge services, solutions and satellite terminals are available through our world-class network of distribution partners, service providers and manufacturers. With extensive industry expertise, many Inmarsat partners specialise in particular markets – developing products and solutions that meet the specific needs of their customers.

PARTNERS IN **100+** COUNTRIES

KEY FACTS
- 32 distribution partners
- over 400 service providers

DIVERSE CUSTOMER BASE

WE SATISFY THE COMMUNICATIONS NEEDS OF MORE THAN HALF A MILLION USERS IN A BROAD RANGE OF MARKETS.

MARITIME

Inmarsat has been a mainstay of the maritime community for more than 30 years and is trusted to deliver voice and data connectivity, as well as vital safety services, to vessels of all sizes.

SECTORS
- Merchant
- Government
- Fishing
- Leisure

inmarsat.com/maritime

LAND MOBILE

Far beyond the reach of terrestrial phones, our services keep professionals connected to colleagues, corporate networks, VPNs and the internet – for everything from streaming live video to sending email.

SECTORS
- Media
- Oil and gas
- Construction
- Mining
- Aid

inmarsat.com/land

AERONAUTICAL

Pilots can stay connected to air traffic control, access weather reports and relay position and maintenance data, while their passengers make calls, send SMS texts and browse the web.

SECTORS
- Air transport
- Government
- Business

inmarsat.com/aero

GOVERNMENT

Defence, national security and emergency response agencies rely on us to provide their remote and mobile teams with secure and reliable communications in diverse and often extreme environments.

SECTORS
- Land, sea and air
- Military and civil
- First responders
- Border control
- Diplomatic traffic

inmarsat.com/government

LEADING-EDGE TECHNOLOGY

AFTER MORE THAN 30 YEARS AS THE INDUSTRY PIONEER, INNOVATION REMAINS KEY TO THE ONGOING GROWTH OF OUR BUSINESS.

FLEETBROADBAND 150

We adapted the same Inmarsat technology proven on deep-sea merchant vessels and developed the compact and easy-to-install FleetBroadband 150 (FB150). This is a new entry-level terminal offering high-quality global telephone connectivity and simultaneous IP data at speeds of up to 150kbps.

BGAN X-STREAM

We responded to requests from the broadcast media for faster video streaming by launching BGAN X-Stream. This is the fastest mobile satellite service of its kind using a highly compact, portable terminal.

450kbps

OUR NEW PREMIUM SERVICE GUARANTEES DATA RATES UP TO 450KBPS, MAKING IT POSSIBLE TO SEND HIGHER QUALITY VIDEO BACK TO THE STUDIO VIA A SINGLE TERMINAL – WHEREVER AND WHENEVER A NEWS STORY BREAKS.

505 EMERGENCY CALLING

All at sea and in need of assistance? Instead of 'SOS' simply dial '505' to connect to a shore-based maritime rescue centre.

We developed the new 505 Emergency Calling service so that FleetBroadband customers with no GMDSS facility can call for help in an instant – anywhere in the world.

AIR SAFETY

Airliners can now offer the benefits of satellite-aided air traffic control at the same time as SwiftBroadband's high-speed connectivity for passengers and crew.

We upgraded our network to enable aircraft to access our Classic Aero range of services over the Inmarsat-4 satellites through a single antenna and avionics package, rather than having to install two sets of equipment.

Classic Aero services are currently used in more than 8,000 airliners, business jets and military aircraft.

STRONG MARKET POSITION

OUR SUCCESS AS A FTSE-100 COMPANY IS UNDERPINNED BY A CLEAR BUSINESS STRATEGY AND BALANCED APPROACH TO RISK MANAGEMENT.

CHANNEL DEVELOPMENT

New distribution agreements

We signed new agreements with all our distribution partners (DPs) covering our legacy and new broadband services.

Stratos acquisition

We acquired Stratos Global Corporation, our largest DP, in April 2009. We remain committed to a primarily indirect distribution model and have implemented a fair channel management policy.

Connect accreditation

The first of its kind by a network operator in the mobile satellite sector, the programme awards Gold, Silver and Bronze status to service providers (SPs), based on their annual revenue, level of customer service, staff training and passing qualifying examinations.

NEW MARKET OPPORTUNITIES

Government penetration

Our acquisition of Segovia, Inc., the leading provider of secure IP-managed solutions to various US government services, strengthens our relationship with these and other key customers.

Logistics and asset tracking

We are looking to exploit the growing demand for satellite-based logistics and asset tracking around the world through our investment in SkyWave Mobile Communications and through collaboration with other existing partners.

NEW PRODUCTS

IsatPhone Pro

Our preparations to enter the global hand-held phone market forged ahead in 2009. The successful upgrade of our ground network has been completed and the first voice call made on this new service over the Inmarsat-4 satellites.

IsatPhone Pro is the first hand-held satellite phone developed by Inmarsat and designed to benefit from our satellite network's unrivalled reputation for performance and reliability.

Available from June 2010, IsatPhone Pro is designed primarily for professional users in the government, media, aid, oil and gas, mining and construction sectors. As well as satellite telephony, with Bluetooth for hands-free use, it will also offer voicemail, text, email messaging and location data for the user to look up or send by text.

OUR YEAR FINISHED STRONGLY AND WE SAW GOOD TRADING CONDITIONS IN ALL OUR MARKETS. WE ENTER 2010 WITH A POSITIVE OUTLOOK, REVENUE GROWTH MOMENTUM AND NEW GROWTH OPPORTUNITIES AHEAD OF US.

ANDREW SUKAWATY
CHAIRMAN AND
CHIEF EXECUTIVE OFFICER

AWARDS

WE ARE DELIGHTED TO HAVE RECENTLY RECEIVED A NUMBER OF HIGH-PROFILE INDUSTRY AND CONSUMER AWARDS. THESE RECOGNISE OUR ACHIEVEMENTS AS A BUSINESS IN THE SERVICES WE PROVIDE AND HOW THEY ARE DELIVERED.

MSS OPERATOR OF THE YEAR

Awarded by Euroconsult for excellence in satellite management

COUTTS & CO LARGE-CAP BUSINESS OF THE YEAR

Presented at the UK National Business Awards for demonstrating exceptional financial returns, strong growth and innovative strategies

INNOVATION AWARD FOR FLEETBROADBAND

Awarded by the Mobile Satellite Users Association

BEST SATELLITE PROVIDER

Awarded by SAMENA for expanding telecoms services in the South Asia, the Middle East and North African regions

WINNER OF THE EXPLORATION – ANCILLARY & ANALYSIS CATEGORY AWARD

From *Mining Magazine* which recognised BGAN as an 'invaluable tool'

INDUSTRY INNOVATOR AWARD

Given by the Society of Satellite Professionals International for the development and launch of the Inmarsat-4 system of spacecraft

This is our fifth year of public company reporting. We are extremely pleased that despite continuing worldwide economic difficulties and uncertainties, we have delivered another set of strong financial results. Throughout 2009, our results have demonstrated resilience in the markets we serve and in the types of applications we support. Our new services gained solid uptake despite the global recession. Revenue growth translated into stronger operating cash flow and free cash flow, enabling the Company to continue to improve its sound financial position.

Inmarsat was created over 30 years ago as a mobile satellite services operator to serve maritime users, extending over time to land and aeronautical services. We bring connectivity for the everyday applications needed, in general, for remote office environments where terrestrial services do not, or cannot, operate and satellite communications is often relied upon. We are a pioneer of mobile satellite services, with a global leading position in the industry. We are successful in delivering innovative services, with a reputation for reliability and quality. These attributes are at the core of our ongoing success. Inmarsat has a long history of being deeply embedded within our customer base and across multiple markets. Our services have evolved to meet customers' needs. This is demonstrated by our new maritime and land mobile services which were launched in 2009.

In essence, we support mission critical applications to customers operating in extreme environments supporting their day-to-day operations. Our customers often rely on our communications services for their businesses regardless of economic cycles. We benefit from the diversity of sectors we serve within the maritime, land mobile and aeronautical markets. This diversity, coupled with the mission critical nature of our customers' uses for these services, creates a stable revenue stream, somewhat independent of economic conditions. Because our services are global and work the same virtually wherever they are required on the planet, in many situations we are uniquely placed to support customers and serve their needs.

Two years of planning enabled us to achieve our ambition early in 2009 to reposition our Inmarsat-4 satellite constellation to maximise user experience. Having invested US$1.1bn in three satellites, we took the decision to reposition them above the world's continents, rather than the oceans. This improved elevation angles for land users, an important market for our data transmission services while maintaining quality coverage over the oceans. The Inmarsat-4 satellites are expected to be operating into the 2020s and this gives our customers comfort that they will have continuity of service for many years to come. It provides them with a good return on their investment in satellite equipment and service from Inmarsat. The Inmarsat-4 satellites are sophisticated, with the unique ability to generate beams of variable size and power to adjust the performance of the link with different user terminals. We have seen at first-hand how this specific beam control can assist in times of humanitarian need, such as Haiti in early 2010. In this situation, we were able to direct additional satellite capacity to support government and aid agencies with reliable communications channels when terrestrial systems were not fully functioning, or congested.

In April 2009, we completed the acquisition of Stratos Global Corporation ('Stratos'). We had previously consolidated the Stratos results into the Group results, so 2008 is a true comparator year with our 2009 results. However, 2009 is the first time we are able to comment about Stratos' business and I will cover this later in my report. I will also discuss the operating performance for

OUR RESULTS HAVE DEMONSTRATED RESILIENCE IN THE MARKETS WE SERVE AND IN THE TYPES OF APPLICATIONS WE SUPPORT

Inmarsat Global Limited ('Inmarsat Global') which is our core business and the wholesaler of the satellite capacity we sell to our distributors, including Stratos.

An overview of our results, compared to 2008, shows that revenue growth of 4.2% for Inmarsat plc has been converted into stronger growth in EBITDA and free cash flow, with these increasing 11.9% and 54% respectively. At the Inmarsat Global level, we are exceeding the 6-8% annual average revenue growth target through 2010 which we set for ourselves in 2005.

Revenues at Inmarsat Global grew 9.5% to US$694.8m and separately Stratos showed a 1% growth to US$644.1m. Combining the two groups, consolidated revenues, after intercompany eliminations and adjustments, were US$1,038.1m. We have passed the billion dollar milestone for the first time.

The EBITDA margin growth illustrates our business to be largely fixed-cost. In 2009, of course, we also benefited from a favourable British Sterling to US Dollar exchange rate shift. Continued cost control discipline also contributed to driving our improved margin performance. Cash flow growth has come through increased revenues not being offset by increased costs to deliver this growth and also from reduced capital expenditure, following the completion of the Inmarsat-4 satellite programme. We are pleased to have one of the lowest ratios of debt to cash flow in our industry.

You will note that Stratos' growth was not as high as that of Inmarsat Global. This was due to several factors strategically driven by Inmarsat itself with a view to increasing the overall market opportunity for the Group. First, new distribution agreements were put in place in April 2009 for all distribution partners; these new agreements impacted discounts, working capital and ultimately margins. Secondly, we appointed some new distributors at the Inmarsat Global level who were previously Stratos distributors. These decisions affected Stratos revenues negatively, but the revenues and much of the margin have remained in the Group. From a Group perspective, it is good news that these initiatives are expanding the market for Inmarsat services. Stratos also experienced a change in trends in some of its markets, with customers moving from older to new services, and from on-demand services to leasing agreements. This sometimes meant a short-term loss of revenue due to lower pricing, typically being compensated by higher usage over time. Therefore, overall we are pleased with the performance of Stratos in its first year with the Group.

Last year in the Annual Report, we focused on the importance of liquidity and debt levels in the midst of the global financial crisis. We were in a comfortable position with our debt, but set about improving our position in 2009 to give us greater security. I am pleased to say that during the year, we signed a new Senior Credit Facility with our banks. In addition in November 2009, we successfully completed a US$650.0m bond offering. This funding allowed us to redeem our previous two long-term debt instruments, reducing our cost of debt and extending our debt maturity profile. The success of these transactions in what has continued to be a volatile financial environment reflects the strength of our business and the solid track record we have delivered since we became a public company.

Taking account of the strong trading results and the healthy financial position of the Group, the Inmarsat plc Board is recommending a second interim dividend of 20.63 cents (US$) per share, to be paid on 1 April 2010 to holders on the share register on 19 March 2010. This dividend will be paid in lieu of a final dividend for the 2009 financial year. It will bring the total dividend payable for 2009 to 33.36 cents (US$) per share, an increase of 10% on the total dividend paid in 2008. The increase in the dividend payment underlines our confidence in the strength of our balance sheet.

Due to our continuing performance, our public profile has increased throughout the year as we remained in the FTSE 100 and were included in the MSCI World Index. During 2009 we received several outstanding accolades for the business, which we are honoured to have received. A summary of the awards we received is shown at the beginning of my report, but I would like to highlight a selection here.

We received the prestigious 'MSS Operator of the Year' award, sponsored by Euroconsult, which recognises outstanding achievement in the satellite industry. We were also awarded Best Satellite Provider by the SAMENA Telecommunications Council which recognised us for our outstanding efforts in expanding telecoms services and addressing the needs of the sector in South Asia, the Middle East and North Africa. And most gratifying for all at the Company, at the National Business Awards 2009 ceremony in the UK, we were named *Coutts & Co* Large-Cap Business of the Year. We were judged to have demonstrated exceptional financial returns, strong growth and innovative strategies. Over 150 companies were assessed in the category, which covered UK publicly listed companies with a turnover of over £500m.

Left to right: Andy Green from Logica, Science Minister Lord Drayson, Perry Melton from Inmarsat and UK astronaut Timothy Peake at the launch of the UK Space IGT at Inmarsat's London office.

Inmarsat continues to focus on the development and retention of our skilled and highly motivated staff. Last year, I reported on the broad-based promotion of internal talent to senior management positions. We are delighted at how these individuals have developed professionally and operationally within the business. In addition, the Stratos management team remains in place following our acquisition of the business. I am pleased to report that we have experienced management teams in place within each of our businesses and continue to benefit from the continuity, skills and talents that they bring to the Group.

On a personal level, I am delighted that the Board asked that I remain in my current role for a further period of time; it is a privilege and pleasure to work with such a talented team of people in the further development of this solid high technology business franchise. We also welcomed a new independent Non-Executive Director to the Board – Mrs Janice Obuchowski. Janice has extensive experience in the sector and we have benefited from this greatly since she joined the Board in May 2009. Her biography on page 31 gives further detail on her extensive global experience.

We take our leading role in the broader global commercial space industry very seriously. In this context, an initiative which had been under consideration for some time was realised in 2009. Inmarsat became one of three satellite providers to create the Space Data Association. This is a non-profit company which is the first satellite operator-led association dedicated to sharing critical operational data in support of satellite operations to improve flight safety and preserve the space environment.

We have also been participating in a joint government and industry initiative in the UK which seeks to define a 20-year vision and strategy for the future growth of the UK space industry. An expert group, the Space Innovation Growth Team, has been formed from among the UK's leading companies, institutions and government departments to create a 20-year strategy for the future of the British space industry. We were pleased to contribute to this initiative and several of our executive team were invited to contribute to its delivery, a reflection of the depth of talent employed at the Company.

In our report on Corporate Social Responsibility, we have provided additional insight into how we support the satellite community. We work closely with organisations such as the International Telecommunication Union ('ITU') and the charity Télécoms Sans Frontières ('TSF'), supporting them when they are called upon to provide assistance in response to natural disasters.

INMARSAT'S STRATEGIC PERSPECTIVES

Strategy

2009 was really a transformational year for us in many respects.

We remain focused on the roadmap to shareholder value creation, which we first presented at the time of our IPO. The roadmap showed how we intended to grow our business at an accelerated rate, leveraging our capital investments. In doing so, on our fixed cost base, we would grow cash flows and profitability. Adding new, more diverse and secure revenue streams to our fixed cost base was the target and this is what we have achieved. Part of this has come through acquisition. In April 2009, we completed the acquisition of Stratos, which is our largest distributor. Stratos is now a wholly-owned subsidiary and operating division of Inmarsat plc and continues to be managed by their existing management team lead by their President, Jim Parm.

The Inmarsat Global and Stratos businesses retain their separate and defined roles. We did not expect that acquiring the Stratos business would generate cost-oriented integration synergies. Material cost synergies are also not the expectation going forward. We do see the opportunity for integration efficiency by leveraging the network infrastructure operated by both businesses. We have cross-company teams exploring how to do this effectively and efficiently and the implementation planning between the two businesses is progressing very well.

Looking beyond Stratos, our success as a business depends on our global network of distribution partners and service providers. Although we own Stratos, we work with them on an arm's length basis. We support all of our distribution partners in a way which is targeted at the growth of revenue and profitability of their businesses in parallel with our own. It is our intention to continue selling primarily on a wholesale basis and we will continue to support diversified choices for customers to serve their needs.

We have previously identified an opportunity to expand our revenue in satellite low data rate ('SLDR') services. In July 2009, we made an investment in SkyWave Mobile Communications ('SkyWave') and entered into a partnership arrangement with them to increase our presence in this market. We already have some low data rate, or telemetry, business today, although our focus has been on the high-speed data market with products like our broadband services. A telemetry device is typically an Inmarsat unit coupled with a GPS unit. The GPS unit records the position of the asset – often trucks, containers, or high-value mobile assets like heavy plant machinery – and passes this information to the Inmarsat part of the device which transmits it to the customer via our satellite network.

The telemetry market offers the key strategic benefit of driving more traffic onto our existing network, without requiring us to incur any material increases in capital expenditures, or operating costs. The low-speed and packet nature of data transmitted by these units also allows us to support these services without any material impact on the capacity required for other services. We entered the market more actively because the revenue opportunity, which historically has been minimal, has recently been growing as the applications possible through these units has been expanded. Following a recent review, we estimate that the SLDR market is worth US$600.0m in end-user revenue and has significant growth potential. Our relationship with SkyWave positions us well as a leader in the SLDR field, to benefit from the future growth in this sector. In addition, we work with the other global service providers at growing these low data rate services.

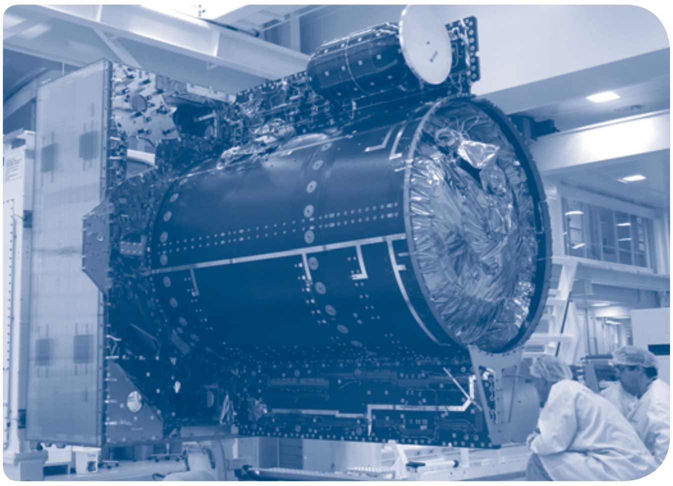
Our next satellite development, Alphasat, is also progressing well. We are the commercial partner for the European Space Agency's ('ESA') Alphasat project, which is a major European initiative. Alphasat is an important investment for us, allowing development of new technology for our next generation network. It will also provide network redundancy that will further enhance our services. The new satellite will join our current satellite fleet of 11 geostationary satellites to offer advanced mobile voice and data communications services across Europe, Africa and the Middle East. The Alphasat programme is progressing well and we remain on schedule for a 2012 delivery of the satellite. During 2009, we also announced that we will be using Arianespace to launch the satellite from French Guiana. This commits the launch to one of the most reliable launch vehicles in the industry.

In parallel with the Alphasat programme, we have also agreed a co-funding opportunity with ESA for the development of a range of new and enhanced Inmarsat products and services, supporting us and our community of suppliers and partners through the next four years of product evolution.

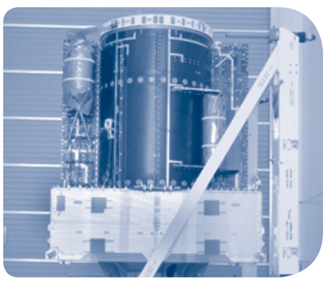
But technology doesn't stand still. We are also looking to the future by starting to plan our next satellite generation – the Inmarsat-5s. The process for building and launching a new satellite constellation is a multi-year programme. As part of the planning process we review existing and future satellite technologies and the alternatives for increasing bandwidth capabilities. This intelligence feeds into the final scope of our new satellite constellation programme. We expect to progress our plans for the next generation during 2010.

Government usage of our satellite capacity has been a major source of revenues for us over the last five years and an area we have focused on for further growth. Part of this focus resulted in the November 2009 announcement of our acquisition of the business and assets of Segovia, Inc. ('Segovia'). The transaction moved quickly and was completed in January 2010. Segovia is a leading provider of secure internet protocol ('IP') managed solutions and services to various US government services. Segovia designs, deploys and operates mixed satellite and terrestrial networks. This expertise, together with its secure global dedicated IP network infrastructure, has positioned it well in the US Department of Defense's ('DoD') transformation and modernisation programmes. Part of the rationale for buying the business is the opportunity to strengthen our relationship with key government customers across all sectors, bringing enhanced services to the government sector generally and enhancing Segovia's standing as a premier supplier to the US DoD.

We continue to support the newly emerging development of 'hybrid' satellite terrestrial networks. These are referred to as Ancillary Terrestrial Component ('ATC') networks in the US and Complementary Ground Component ('CGC') networks in Europe. Working with SkyTerra and its affiliates under an agreement we signed with them in 2007, we remain poised to progress any opportunities should they arise in the US. Similarly in Europe, we were successful with our application for an award of S-band spectrum under the European S-band Application Process. Through our recently formed EuropaSat venture, we are pursuing discussions to establish commercial partnerships to develop further the infrastructure, particularly the capital intensive terrestrial piece of this S-band programme.



...Technology doesn't stand still...



Thales Alenia Space engineers carry out one last inspection of the Alphabus Service Module before installation in the purpose-built container which was used to transport the module to Astrium-Toulouse.

Pictures courtesy of Astrium and Thales Alenia Space.

Once our Inmarsat-4 constellation was fully repositioned in February 2009, we completed global coverage for all our broadband services: Broadband Global Area Network ('BGAN') for land mobile users, and FleetBroadband and SwiftBroadband for maritime and aeronautical users respectively. We have seen our broadband services grow further as a result, particularly our maritime and aeronautical services. Data IP usage continues to be the main driver of this growth. We see this particularly in our broadband services, although some of our older services still contribute significant data volumes to revenues.

During the year we have continued to face competition from VSAT at the high end, or high expenditure per user market sectors and from hand-held operators in the voice and low expenditure per user part of the market. New distribution agreements which came into effect on 15 April 2009 provide us with increased flexibility and enhanced opportunity to develop markets in the face of these two competitive developments. We have also responded to competition with the introduction of innovative pricing packages and geographical pricing options. We strongly believe that the introduction of our own global satellite hand-held phone, IsatPhone Pro, will take back market share in the land mobile and, in the future, the maritime voice market. We have seen erosion of market share and revenues over several years because we had no suitable hand-held offering. This gap will now be addressed with what we believe will be a highly competitive new service.

We appointed some additional new distribution partners during 2009, targeting new areas of business. We work with all our distributors to address new markets and applications and this remains key to our success. Supporting these relationships and our growth targets, we created a new accreditation programme for our service providers. This is designed to recognise, reward and support those service providers who contribute most to growth and the expansion of applications and customer support.

We are constantly looking for additional, non-traditional sources of revenue on our three global satellite constellations and related ground infrastructure. To that end, we entered into the lease and operation of navigation transponders for several important customers. We will continue to look for profitable opportunities such as this to further leverage our fixed cost infrastructure.

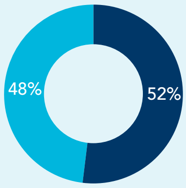
Of course, our business, now in its 31st year, has been built on a tremendous track record of reliability and satellite availability. Once again, in 2009 we did not disappoint; availability of satellites and ground network exceeded 99.9% and we remain very proud of this achievement. With our customers using Inmarsat for mission critical and, at times, life-saving operations, we set ourselves a high standard, against which we delivered.

Beyond pure reliability, we also recently celebrated being the recipient of a 2010 Industry Innovator Award presented by the Society of Satellite Professionals International. We have been honoured as a creative innovator and alongside our partner, EADS Astrium, as systems engineer and project manager for what the organisers describe as 'the complex, multi-year effort to develop and launch the Inmarsat-4 system of spacecraft.' This recognises the tremendous achievement of the professionals at Inmarsat in delivering next-generation technology that our customers now benefit from globally.

MARITIME

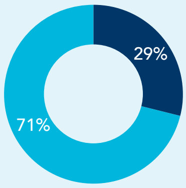
MSS revenue 2009

- Maritime 52%
- Other 48%



Maritime revenue 2009

- Voice 29%
- Data 71%



2009 revenues for maritime increased 7.4% to US$357.0m, with data revenues increasing 10.8%. Voice revenues remained in line with those of 2008 at US$104.7m. Maritime customers are still increasing their use of connectivity at sea, despite the recession, as they adopt new technology and provide more social access to their crews as a staff retention and support tool.

Additions of Fleet and FleetBroadband terminals are an important lead indicator in demand for our maritime services, so consistent growth in terminal installations remains encouraging. FleetBroadband is becoming the maritime standard and the level of new terminal sales is taking-over from our Fleet service. The FleetBroadband family allows ship operators to invest in new operating applications, often using information technology applications at sea to reduce on-board costs. Ship owners connect, operate and monitor these applications remotely using our service. Communication costs are very small relative to fuel costs and other operating costs. So often a small additional expenditure for our satellite service can serve to greatly reduce other operating costs on the ship. In addition there is the benefit of improving crew morale by providing them with access to low-cost voice and data communications services, for which demand is also growing. We have seen our voice revenues remain steady, due to the increased affordability of our services which enables crew to use us economically to call friends and family.

Our latest maritime service, FleetBroadband 150, introduced in mid-2009, is targeted at smaller vessels. In common with the other FleetBroadband services, the new service also provides customers with simultaneous data and voice capabilities. Over 600 terminals have already been installed – a rapid adoption in the first eight months of service. Early in 2010, FleetBroadband 150 won the 2010 *SAIL* magazine's Pittman Innovation Award in the electronics category which recognises maritime innovation and new technology that makes sailing easier, safer and more enjoyable. It is satisfying to see how quickly this service has been accepted and adopted by the maritime community.

Our mature Inmarsat B service continues to show strong usage levels despite a decline in the number of active terminals. Demand for older services, such as Inmarsat B, is, as expected, slowly declining due to replacement and upgrade to our newer services, as well as some vessels now due to be scrapped. These services still contribute a steady source of revenues, although we are incentivising migration to our new FleetBroadband services over time.

In 2008 and into 2009, we were the official provider of satellite communications for sailing's premier Round-the-World race – the Volvo Ocean Race ('VOR'). Race conditions provided an excellent opportunity to demonstrate a variety of Inmarsat services, including FleetBroadband 500, Fleet 33 and Inmarsat C, in the harshest of maritime environments. Our FleetBroadband service was described as 'flawless' by VOR organisers and the quality of the high definition video sent by each vessel exceeded the broadcast community's expectation, allowing direct air transmission. Due to the success of this partnership, we are pleased to recommit our support as communications partner in the upcoming 2011-12 Volvo Ocean Race.

We should stress that Inmarsat was created by the International Maritime Organization to provide safety services at sea and this is part of our corporate DNA. We remain the only provider of satellite services for the Global Maritime Distress and Safety System ('GMDSS'). We remain fully committed to ensuring that mariners can rely on our service in times of need. In 2009, we also introduced an additional safety service called '505'. Vessels with FleetBroadband can now dial this number to be connected to recognised maritime rescue co-ordination centres for assistance. This service is not intended to replace the GMDSS service we provide, which is accessed by some of our other services, but is an additional means of safety communications for ship operators and their crew. We are also progressing plans to provide a GMDSS-approved service on FleetBroadband in the future. This will ensure that these highly reliable global safety services continue into the next decade.

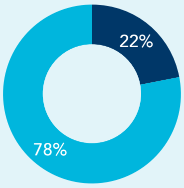
Competitors in the Volvo Ocean Race use various Inmarsat services.

FleetBroadband 150 provides simultaneous voice and data capabilities to smaller vessels.

LAND MOBILE

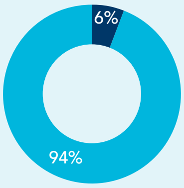
MSS revenue 2009

- Land 22%
- Other 78%



Land revenue 2009

- Voice 6%
- Data 94%



Our BGAN service can be set up quickly and easily anywhere.

News broadcasters benefit from enhanced speeds via our new BGAN X-Stream service.

Revenues from our land mobile sector were US$146.5m, an increase of 3.3% compared to 2008. Data revenues increased 5.7% with voice revenues decreasing by US$2.8m in line with expectations.

Land mobile sector revenue comes from a wide range of customer groups. The sensitivity of these land customers to disruptive events, such as earthquakes, military activities and even the Olympics, cause higher variability in usage compared to the maritime and aeronautical sectors. We are seeing over time, a diversification develop in the land mobile data business.

By far the largest contributor to land mobile revenue is the government sector, whose usage can be hard to forecast and also volatile from quarter to quarter. Other key segments for our land mobile sector are oil and gas extraction and exploration, usage by media for on-the-spot news gathering, aid agencies and beyond these, industries that simply operate in remote areas. The usage profile of these customer groups is such that they rely on Inmarsat services to provide essential value-for-money communications for remote operations. Unless these operations are entirely withdrawn, this day-to-day usage will continue to translate into somewhat consistent ongoing revenues. We have seen from past experience that providing broadband to these customers has produced a growing and diversified base of revenues, beyond event-driven and less predictable revenues. This is a positive indicator for the long-term outlook for BGAN.

Use of BGAN continues to grow, with revenues increasing 33% to US$98.7m in 2009. We are focused on targeting new geographies and key market segments to increase BGAN usage in new applications and vertical segments. One new area has been work on a software defined radio version of BGAN. This will allow terminal developers to incorporate BGAN more easily and less expensively on platforms that support multiple communications protocols. Using a BGAN terminal to achieve this is an exciting development and we may see it used by first responders and military users on more hardware platforms in the future as a result.

We are seeing some migration from our older Global Area Network ('GAN') service to BGAN although this service continues to make a valuable contribution to overall land revenues. We have seen some reduced GAN usage levels in the Middle East, consistent with troop withdrawals in Iraq, while BGAN usage in other areas of operations for US and other military forces has been growing.

There was little change in our land mobile voice business where we continued to experience customer migration away from our much older Mini M service. We believe the introduction of our own global hand-held service, the IsatPhone Pro, will address customer needs and allow us to compete more actively for new voice business of this type.

Our Global Satellite Phone Service ('GSPS') comprises two key development areas – the handset itself and the ground network through which the service will operate. The ground network was completed in 2009 and we have finished upgrading and testing the three gateways which will enable us to launch the new service globally across all three Inmarsat-4 satellites.

In early 2010, our contractor Sasken Communications Technologies delivered advance prototypes of our hand-held unit for testing over the network and we have successfully made the first test voice calls. The handset has been tested in harsh environments, has been built to have long battery life and is ruggedised for the often remote environments in which our customers operate. We have announced the launch distribution partners for this service, who serve different geographic markets and sectors.There is increasing interest and excitement throughout our partner network for the launch of this new service, which is planned for June 2010.

We are confident that we will bring a quality offering to market that will be cost-competitive on service and on handset price. Early indications are that customers will be receptive to this new service and that we can take share from established operators. We are reiterating our original market share objective of 10% of this US$350m wholesale market within two years of service launch and remain confident of achieving this.

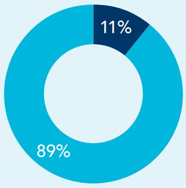
I mentioned in the strategy section of my report that we saw the opportunity to grow revenues in the low data rate market. SkyWave, in which we now have an investment, has contributed to land data growth through successful migration of terminals to our Inmarsat-4 network. It previously used the satellite capacity of another operator. We are pleased with this progress, with the new revenue contribution from SkyWave and with the continued revenues from our other SLDR distributors.

In response to customer requests, particularly from broadcasters, we developed our BGAN X-Stream service. This service delivers the world's fastest on-demand mobile satellite-based video streaming, guaranteeing streaming data rates from a minimum of 384kbps up to 450kbps. BGAN X-Stream has been developed as an enhancement to the streaming service already offered via our BGAN service, and has enabled broadcasters to deliver high-quality, live media reports from anywhere around the world. This new premium streaming service is accessible through existing hardware, without the need for additional hardware.

AERONAUTICAL

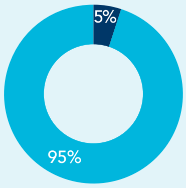
MSS revenue 2009

- Aeronautical 11%
- Other 89%



Aeronautical revenue 2009

- Voice 5%
- Data 95%



Revenues for our aeronautical sector were US$75.8m, an increase of 17.7% compared with 2008.

We offer two types of services: Classic Aero and SwiftBroadband. The Classic Aero services are currently used in more than 8,000 airlines, business jets and military aircraft for operations and safety-critical services, providing links between the flight deck and air traffic control. All of the world's top intercontinental airlines use our services.

The Classic Aero services became available in 2009 over the Inmarsat-4 satellites, following a network upgrade. These services already operate over the Inmarsat-3 satellite constellation. The network upgrade allows users of Classic Aero, such as air transport, business, VIP and government customers, to access SwiftBroadband through a single antenna and set of avionics. This enhancement to the Inmarsat network allows customers to enjoy the benefits of satellite-aided air traffic control alongside SwiftBroadband-based high-speed connectivity for passenger and crew applications. The ability to use a single installation for safety services, operational communications and passenger connectivity is one of the key benefits of our solution as well as giving the airline the option to add passenger connectivity to their existing capabilities at a comparatively low incremental cost. We undertook the network upgrade to support the take-up of SwiftBroadband, and also to provide an important step forward in delivering our commitment to aeronautical safety services for the long term.

Government usage of commercial satellite services has been increasing.

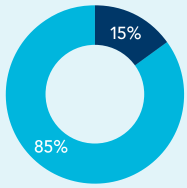
Business jet users can now benefit from SwiftBroadband and its enhanced capabilities.

SwiftBroadband continues to see orders related to the introduction of in-flight cellular services on commercial airlines. Certain airlines are taking delivery of new aircraft equipped to provide in-flight services, even if commercial services have not yet been announced. While we see positive take-up of SwiftBroadband for these passenger applications, we are at an early stage and revenue is not yet material to us. The airline industry is going through a tough economic period and we expect that this will have some impact in the speed of take-up of SwiftBroadband for passenger services. The service recently won a Gold award in one of the categories of the *Air Transport World* magazine's Annual Airline Industry Achievement Awards. We are proud of this and see SwiftBroadband as the reliable and economic choice for the airline industry when compared with alternative services. We are committed to developing the SwiftBroadband service and are well positioned, with the Inmarsat-4 satellites expected to support the SwiftBroadband service for the next decade globally.

LEASING

MSS revenue 2009

- Leasing 15%
- Other 85%



Leasing revenues increased by 30% from 2008 to US$103.5m. As leasing grows, so do the number of renewals we need to secure each year to sustain our leasing revenues. We have retained business added in 2008 and have benefited from the migration of traffic from other business sectors to leasing. This is notable in the expansion of certain aeronautical leases, reflecting a shift in the revenue mix in favour of leasing. Leasing customers generally wish to secure longer-term arrangements with us and where the economic benefits are balanced for both sides, it makes sense to agree to do this.

GOVERNMENT

We have continued to support government operations worldwide with military and civilian applications. Government usage occurs across all our market sectors – in maritime, on land and in the air – and revenues from these customers are included in these sectors rather than being broken out into government sector usage.

During 2009, we and our partners have worked closely with first responders, training and making them aware of how our services can be deployed efficiently and quickly in times of a disaster situation.

We have seen continued take-up of our services for military operational requirements. BGAN is used for providing mobile voice and broadband data while 'on the move'. Our leasing services serve aeronautical or maritime users who access dedicated satellite channels across different geographies.

We continue to see the government sector as an opportunity to expand our reach and the acquisition we made of Segovia, with its specialist knowledge and skills, can help this drive greater growth in more applications in this sector.

REVIEW OF OPERATIONS: STRATOS GLOBAL CORPORATION

As this is the first time we are reporting on the activities for Stratos, I'd like to briefly summarise their business as it has different components to that of Inmarsat Global. Stratos, as a major distributor, provides services directly to the customer, or through a network of service providers. It provides Inmarsat non-broadband services, such as GAN, Inmarsat C and Fleet, through its terrestrial network, including land earth stations located in Australia, Canada, the Netherlands and New Zealand. It also offers fixed-site remote telecommunications services over fixed satellite systems and through its owned and operated microwave facilities. In addition, Stratos provides customised turnkey remote telecommunications solutions, value-added services and equipment and engineering services.

We report Stratos revenues in two segments: the first being the MSS business, which is sub-divided into revenue for Inmarsat airtime services and then into 'Other MSS' revenues. The second segment is the broadband business. The dominant portion of MSS revenues comprises Inmarsat airtime sales, which are approximately 77% of total MSS revenue, representing around two thirds of total Stratos revenue.

MSS services

During 2009 MSS services represented US$553.0m of revenues, an increase of 3.8% compared to 2008.

Stratos has distribution agreements with Inmarsat covering the provision of our non-broadband services; provision of services offered over the Inmarsat-4 satellites and the provision of lease services. The price and volume of the various services sold by Stratos has been influenced by several key factors, including price competition, the introduction of new services, the transfer of some of their service providers to becoming new Inmarsat distribution partners and changes in the mix of services they sell or lease. In addition, Stratos will distribute our new IsatPhone Pro service when it is launched.

In 2009, the largest growth contributor at Stratos was the leasing sector. This is a result of increased usage by government and military customers and a shift of certain on-demand GAN and Swift 64 usage to leasing contracts. This change in mix of service comes with price discounts but also provides a commitment from customers, which assures revenue commitments for longer periods. This was a successful year for lease renewals, which contributed to the leasing growth. Stratos is building up an inventory of longer-term business that can help smooth volatility over time at both the Stratos and Inmarsat Global level.

Growth in both leasing and maritime, where FleetBroadband growth was particularly strong, was partially offset by lower land and aeronautical revenues – impacted primarily by customer migration to a lease basis. The business jet market, where Stratos has grown over the last few years, went through a degree of contraction in 2009, although sales of new SwiftBroadband terminals remain strong. The aeronautical sector derives much more revenue from government business than the business jet market. Stratos also saw some migration of GAN revenues to BGAN revenues, which is encouraging, although there is generally a reduction in revenues in the early customer life, followed by increases over time as the customer adapts the service to its operations.

'Other MSS services' for Stratos primarily consist of mobile terminals and equipment sales, mobile telecommunications services sourced on a wholesale basis from other MSS providers, land earth station ('LES') services provided to certain distributors and other ancillary services. Other MSS services, in general, have lower gross margins than Inmarsat services. The increase in the revenues of other MSS revenues was due primarily to increased sales of mobile terminals and equipment and LES services provided to other Inmarsat distributors.

Broadband services

Broadband revenues reduced by 13.4% to US$91.1m in 2009.

The Stratos Broadband business provides VSAT services, primarily to the oil and gas sector, microwave services to oil platforms in the Gulf of Mexico, equipment supply and engineering services.

The Stratos VSAT network enables integrated data and voice telecommunications between remote fixed sites and land-based offices.

The Broadband division is experiencing lower demand and an increasingly competitive trading environment. Stratos' management has already taken a range of actions, and is planning further initiatives, to improve results. Steps have been taken to reduce costs in this area and to run off certain legacy products and exit some markets. In June 2008, Stratos sold its VSAT hub located in Germany and in September 2009, it sold the remaining assets in Germany, including its customer contracts which contributed to this revenue reduction in Broadband services.

These actions have already resulted in improved earnings and margin on the lower revenue base. We are actively reviewing the profitability of this business and are committed to taking further steps to address the less attractive areas and exit them if necessary. These steps may affect net revenue growth in the short-term, though are not expected to result in any reduced profitability for this part of the business.

OUTLOOK

2009 was a transformational year for our satellite network, our service portfolio and our distribution arrangements, giving us a strong platform with which to maintain our market leadership.

We have a skilled and talented team across the Group. Their passion for the work we do for customers continues to drive them to deliver the reliable and high-quality services that our customers expect from us.

It was yet another solid year of growth as clearly represented in our results. But beyond the pure numbers, it was also operationally transformational in our distribution, network and services, which are poised to serve us and our customers well for many years to come. With a portfolio of broadband services now fully deployed globally over our Inmarsat-4 satellites, we are well positioned to meet our customers' growing data application needs and continue our revenue growth. Our land, sea and aeronautical family of broadband services were truly proven and established in the market place in 2009. In addition, we are excited about entering the hand-held satellite phone voice market. We believe this represents an attractive new growth opportunity for the future. In view of these factors we believe the Group can continue to deliver solid revenue growth in 2010.

Andrew Sukawaty
Chairman and Chief Executive Officer

I AM DELIGHTED TO HAVE THE OPPORTUNITY TO REVIEW OUR FINANCIAL PERFORMANCE FOR 2009, A YEAR IN WHICH WE HAVE AGAIN DELIVERED A STRONG FINANCIAL AND OPERATING PERFORMANCE. CASH FLOW GROWTH AND REVENUE ACROSS ALL OF OUR MARKET SECTORS HAS BEEN GOOD, HIGHLIGHTING OUR RESILIENCE IN THE FACE OF THE GLOBAL ECONOMIC SLOWDOWN.

RICK MEDLOCK
CHIEF FINANCIAL OFFICER

OVERVIEW

We continue to show good growth in the usage and take-up of our services and are now well positioned to take advantage of our global broadband platform. In addition, we concluded a number of key strategic acquisitions and commenced trading under our new distribution agreements, all of which positions us to enhance and protect revenue growth through our diversified distribution channel.

2009 has been another excellent and exciting year for Inmarsat, especially in light of the global economic environment. We have exceeded our growth targets for both revenue and EBITDA and continue to deliver substantial expansion in our operating cash flows. We ended the year with a strong balance sheet and significant available liquidity. In line with our strategy of increasing dividends based on the growth of normalised free cash flow, we are pleased to report that we have raised our dividend by 10% year over year.

We have reported solid revenue growth for the Group, but in particular Inmarsat Global's MSS business has delivered impressive performances in the aeronautical sector and in leasing and strong performance in our maritime sector. Growth has been driven by established services such as Fleet and Swift 64 as well as our newer broadband services, including BGAN. We expect to continue to deliver revenue growth in 2010 as we promote our new high-speed data services, leveraging on the global coverage of our broadband services. Our Stratos business recorded growth in MSS revenue, which was offset by a decline in Broadband revenues. Although Broadband revenues were lower year over year, the profitability and cash flow of this division has improved during the course of the year.

In April 2009, we completed the acquisition of Stratos by exercising our option to acquire the entire share capital of CIP UK Holdings Limited ('CIP UK'). Whilst the acquisition only completed on 15 April 2009, we have been consolidating the results of CIP UK, and therefore Stratos, from 11 December 2007, the date on which we acquired the option over the entire share capital of CIP UK. The acquisition had been previously funded in December 2007 and no material additional financing was required to complete the transaction in April 2009. As a result, Stratos became a wholly-owned subsidiary of Inmarsat plc. We have retained the existing Stratos management team, reporting to Inmarsat plc at a corporate level, to manage the Stratos operations. We have also implemented a channel management policy with the intent of promoting fair competition between our direct and indirect distribution channel. Inmarsat continues to remain committed to a primarily indirect distribution model through our existing channels to market, and have appointed a number of former service providers as distribution partners.

Also in April 2009, we commenced trading under our new distribution agreements which we have entered into with all of our distribution partners. These agreements cover our existing services distributed through our network of Land Earth Station Operators, our broadband and Satellite Phone Service ('SPS') family of services as well as future services that Inmarsat may elect to offer via its network to distribution partners. The new distribution agreements are more favourable to Inmarsat and give us greater control over our distribution channel. We gain the ability to own and operate land earth stations for our existing and evolved services, we are able to contract directly with end-users and we have fewer restrictions on our ability to appoint new distribution partners. In addition, we have gained greater flexibility to amend wholesale pricing and other contractual terms after an appropriate notice period, reduced volume discounts for distribution partners over time and introduced shorter payment terms over time.

In July 2009, we completed a strategic investment, long-term global distribution agreement and new product development agreement with SkyWave Mobile Communications ('SkyWave'), a global provider of two-way satellite products and services. We acquired a stake of approximately 19% in the privately held SkyWave for an initial cash consideration of US$10.0m and deferred consideration of US$11.5m consisting of deferred airtime credits. Our investment in SkyWave reflects our intention to gain greater traction in the SLDR market for Inmarsat services. In October 2009, SkyWave announced that all of its GlobalWave North American customers had migrated to the Inmarsat network for their satellite-based asset tracking, monitoring and control applications. Approximately 50,000 active GlobalWave MT series terminals operating in Canada, the US and Mexico have been successfully transferred to the Inmarsat-4 Americas satellite.

In January 2010, we completed the acquisition of the business and assets of Segovia, Inc. ('Segovia') for an initial consideration of US$110.0m, and may pay additional amounts depending on the performance of the acquired business over the next three years. The initial consideration was financed from available liquidity and it is expected that any contingent consideration will be financed using available liquidity at that time. Segovia is a leading provider of secure Internet Protocol managed solutions and services to US government agencies and this acquisition reflects our intention to develop a closer relationship with the US Government, our biggest individual customer. The existing Segovia executive management team will continue to operate Segovia as a separate business within the Stratos group. For the year ended 31 December 2008, Segovia reported total revenues of US$66.6m, net income of US$18.1m and had gross assets of US$28.8m.

In November 2009, we elected to draw on our new US$500.0m Senior Credit Facility ('Senior Credit Facility'), which was signed in July 2009, and successfully completed a US$650.0m offering of 7.375% Senior Notes due December 2017 (together 'the Refinancing'). We used drawings under the Senior Credit Facility of US$290.0m together with an amount of cash on hand to pre-pay and cancel our previous senior credit facility. The proceeds of the Senior Notes due 2017 were used to redeem the entire principal amount of US$160.4m of the 7.625% Senior Notes due 2012 ('Senior Notes Due 2012') and the entire principal amount of US$450.0m of the 10.375% Senior Discount Notes ('Senior Discount Notes'), as well as to pay the associated redemption premia totalling US$19.7m and fees and expenses in relation to the new notes offering.

We were delighted to complete the Refinancing at favourable rates and both reduce our cost of debt and extend our debt maturity profile. Furthermore, through this Refinancing we have demonstrated that our prudent approach to capital management has allowed us to continue to access the debt markets and achieve good terms in an otherwise difficult market for companies needing to secure or extend borrowing arrangements. Confirmation of our strengthening credit this year was independently verified by credit rating upgrades from both Moody's in November and Standard & Poor's in July.

Total Group Results

The financial statements reflect the consolidated results of operations and financial condition of Inmarsat plc ('the Company' or together with its subsidiaries, 'the Group') for the year ended 31 December 2009. Included in these consolidated results for 2009 and 2008 is the full year of trading activity of Stratos. Where we refer to 'Inmarsat Global' we include only the results of Inmarsat plc and its subsidiaries excluding Stratos. The consolidated financial results were prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union.

The table below sets out the results of the Group for the periods indicated:

(US$ in millions)	2009	2008	Increase/ (decrease)
Revenue	**1,038.1**	996.7	4.2%
Employee benefit costs	**(190.0)**	(190.8)	(0.4%)
Network and satellite operations costs	**(193.4)**	(192.5)	0.5%
Other operating costs	**(82.4)**	(106.2)	(22.4%)
Work performed by the Group and capitalised	**21.9**	24.0	(8.8%)
EBITDA	**594.2**	531.2	11.9%
Depreciation and amortisation	**(231.6)**	(214.7)	7.9%
Gain on disposal of assets	**2.1**	–	–
Share of results of associates	**0.9**	0.7	28.6%
Goodwill adjustment	**(8.8)**	–	–
Operating profit	**356.8**	317.2	12.5%
Interest receivable and similar income	**1.7**	14.8	(88.5%)
Interest payable and similar charges	**(161.6)**	(138.2)	16.9%
Net interest payable	**(159.9)**	(123.4)	29.6%
Profit before income tax	**196.9**	193.8	1.6%
Income tax expense	**(44.1)**	161.6	(127.3%)
Profit for the period	**152.8**	355.4	(57.0%)

Revenues

Total Group revenues for 2009 increased by 4.2% compared with 2008. The table below sets out the components, by entity, of the Group's total revenue for each of the periods indicated:

(US$ in millions)	2009	2008	Increase/ (decrease)
Inmarsat Global	**694.8**	634.7	9.5%
Stratos	**644.1**	638.0	1.0%
	1,338.9	1,272.7	5.2%
Intercompany eliminations and adjustments	**(300.8)**	(276.0)	
Total revenue	**1,038.1**	996.7	4.2%

Net operating costs

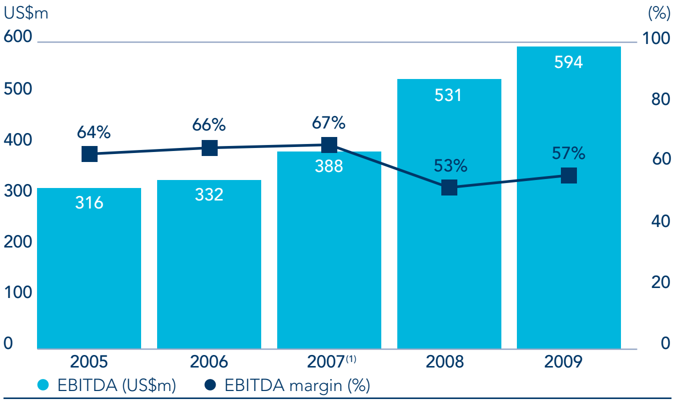
Total Group net operating costs in the year 2009 decreased by US$21.6m (4.6%) compared with 2008, mainly due to cost reductions in Stratos and more favourable exchange rates. The table below sets out the components, by entity, of the Group's net operating costs for each of the periods indicated:

(US$ in millions)	2009	2008	Increase/ (decrease)
Inmarsat Global	**199.3**	203.1	(1.9%)
Stratos	**543.6**	539.7	0.7%
	742.9	742.8	–
Intercompany eliminations and adjustments	**(299.0)**	(277.3)	
Total net operating costs	**443.9**	465.5	(4.6%)

EBITDA

Group EBITDA for 2009 was US$594.2m, an increase of US$63.0m, or 11.9%, compared with 2008. EBITDA margin has increased to 57% for 2009 compared with 53% in 2008 as a result of increased revenues and decreased costs.

EBITDA (US$m)



(1) Represents Inmarsat Global and 21 days of Stratos trading results

Depreciation and amortisation

During 2009, depreciation and amortisation was US$231.6m, an increase of US$16.9m, or 7.9%, compared with 2008. The increase is predominantly due to commencing depreciation on the third Inmarsat-4 satellite and Inmarsat's third satellite access station ('SAS') in Hawaii, following the introduction of commercial service in January 2009 and additional depreciation on additions to tangible fixed assets in Stratos.

Gain on disposal of assets

During 2009, we recorded a US$2.1m gain on the disposal of certain Stratos assets, compared to US$nil in 2008. The gain arose from the transfer of certain of Stratos' internally-generated intangible assets to an associate, an insurance settlement in relation to Stratos' Broadband equipment which suffered hurricane damage in the Gulf of Mexico in 2008 and the sale of certain of Stratos' Broadband customer contracts and related assets in Hameln, Germany, in 2009.

Share of results of associates

During 2009, we recorded US$0.9m share of results of associates, compared to US$0.7m in 2008. The share of results of associates arose from equity accounted investments held by Stratos.

Goodwill adjustment

During 2009, we recorded a US$8.8m adjustment to the carrying amount of goodwill following the recognition of a deferred tax asset relating to unutilised capital allowances arising in Stratos' UK entities. Although these unutilised capital allowances were acquired as part of the acquisition of Stratos, in line with IFRS 3 'Business Combinations (2004)', they were not recognised as an identifiable asset in determining goodwill that resulted from that acquisition. We now believe that the Group will be able to utilise these capital allowances in offsetting future taxable profits of the Group's UK entities and have therefore accounted for the benefit as an adjustment to goodwill in line with IAS 12, 'Income Taxes'.

Operating profit

As a result of the factors discussed above, operating profit during the year ended 31 December 2009 was US$356.8m, an increase of US$39.6m, or 12.5%, compared with 2008.

Interest

Net interest payable for 2009 was US$159.9m, an increase of US$36.5m compared with 2008. The increase in net interest payable is largely due to one-off items arising in connection with the Refinancing. These one-off items total US$28.8m and comprise the write-off of unamortised issue costs of US$0.3m, US$4.2m and US$5.1m in relation to the Previous Senior Credit Facility, the Senior Notes due 2012 and the Senior Discount Notes, respectively, as well as the recognition of the redemption premia of US$4.1m and US$15.6m in respect of the Senior Notes due 2012 and the Senior Discount Notes. Offsetting these was the write-back of the capitalised premium on the Senior Notes due 2012 of US$0.5m. Adjusting for the one-off items in connection with the Refinancing, the underlying net interest payable for 2009 would have been US$131.1m, an increase of US$7.7m.

Interest payable for 2009 was US$161.6m, an increase of US$23.4m compared with 2008. The increase is primarily due to one-off items arising in connection with the Refinancing as discussed above.

The underlying decrease in interest payable of US$5.9m, excluding the one-off items, is partially due to lower interest payable following the purchase of US$3.3m of the Senior Notes due 2012 in September 2009, the purchase of US$5.5m of Stratos' Senior Unsecured Notes in 2009 and lower interest payable on the floating portion of both Inmarsat Global's and Stratos' Senior Credit Facilities as a result of the reduction of LIBOR and a margin rate reduction for Stratos' Senior Credit Facility.

Furthermore, interest payable in 2009 reflects a credit of US$4.4m (2008: US$0.9m), following the application of IAS 23 (as revised), 'Borrowing Costs'. Borrowing costs attributable to the construction of assets which take a substantial period of time to get ready for intended use ('qualifying assets') will be capitalised and added to the cost of those assets.

Partially offsetting the underlying decrease in interest payable is an increase in interest charged on the Senior Discount Notes, following the Senior Discount Notes reaching their fully accreted amount in November 2008 and an increase in interest incurred on interest rate swaps in place during 2008. In addition, we recorded an unrealised foreign exchange loss on Inmarsat Global's pension and post-retirement scheme liabilities in 2009.

Interest receivable for 2009 was US$1.7m, a decrease of US$13.1m, or 89%, compared with 2008. In the year ended 31 December 2008, we experienced an unrealised foreign exchange gain on the pension and post-retirement scheme liabilities, due to the movement of the US Dollar exchange rate during 2008. In addition, we recorded lower interest receivable on cash balances following the reduction in interest rates.

Profit before tax

For 2009, profit before tax was US$196.9m, an increase of US$3.1m, or 1.6% compared with 2008. The increase is due to increased revenues, decreased operating costs, partially offset by an increase in net interest payable, depreciation and amortisation and an adjustment to goodwill. The increase in profit before tax has been negatively impacted by the one-off items relating to the Refinancing. Excluding these one-off items, profit before tax for 2009 would have increased by 16.5% compared to 2008.

Income tax expense

The tax charge for 2009 was US$44.1m, compared with a tax credit of US$161.6m for 2008. The switch from a tax credit to a tax charge can largely be explained by the recognition of tax credits totalling US$218.6m in 2008, in relation to a finance lease and operating leaseback transaction that was entered into in 2007, as well as an increase in taxable profits for 2009.

Partially offsetting the increase in the tax charge was a tax credit in the current year of US$8.8m arising from the recognition of a deferred tax asset relating to unutilised capital allowances in Stratos' UK entities. As discussed, these unutilised allowances were not recognised as separate identifiable assets as part of the accounting for the purchase of Stratos. We believe that the Group will be able to utilise these capital allowances in offsetting future taxable profits of the Group's UK entities. Further offsetting the increase in the tax charge was a reduction in permanently disallowable expenditure, the reversal of a previously held deferred tax liability and the reduction in the projected UK Corporation Tax rate from 28.5% to 28%.

Excluding the impact of the finance lease and operating leaseback transaction, the underlying effective tax rate in 2008 would have been 27% compared to 25% in 2009. The reduction in the underlying effective tax rate is due to the reduction in the Corporation Tax rate for the year from 28.5% to 28%, the reduction in the level of permanently disallowable expenditure as well as the tax credit arising from the recognition of a deferred tax asset relating to unutilised capital allowances in Stratos' UK entities.

Profit for the period

As a result of the factors discussed above, profit for the 2009 was US$152.8m, a decrease of US$202.6m compared with 2008.

Earnings per share

For 2009, basic and diluted earnings per share for profit attributable to the equity holders of the Company were 33 cents (US$) and 35 cents (US$), respectively, compared with 78 cents (US$) and 77 cents (US$), respectively for 2008. The decrease is primarily due to the large tax credit in 2008.

The 2009 basic and diluted earnings per share adjusted to exclude the after tax effect of the one-off costs of US$28.8m (US$20.7m net of tax) in relation to the Refinancing, the goodwill adjustment of US$8.8m and the associated tax credit of US$8.8m, were 38 cents (US$) and 39 cents (US$), respectively. The 2008 basic and diluted earnings per share adjusted to exclude the tax credit were 30 cents (US$) and 32 cents (US$), respectively.

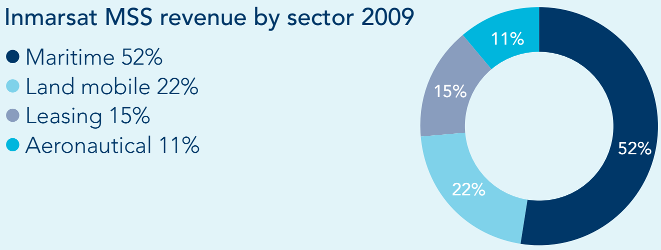
Inmarsat Global results

Revenues

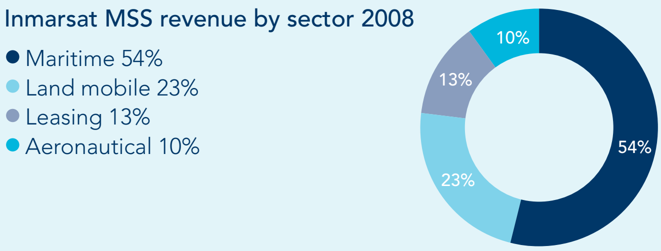
During 2009, revenues from Inmarsat Global were US$694.8m, an increase of US$60.1m, or 9.5%, compared with 2008. Growth has been driven by services such as BGAN, Swift 64, Fleet and FleetBroadband, as well as from new leasing business. The table below sets out the components of Inmarsat Global's revenue for each of the periods indicated:

(US$ in millions)	2009	2008	Increase/ (decrease)
Revenues			
Maritime sector:			
Voice services	**104.7**	104.7	–
Data services	**252.3**	227.8	10.8%
Total maritime sector	**357.0**	332.5	7.4%
Land mobile sector:			
Voice services	**8.5**	11.3	(24.8%)
Data services	**138.0**	130.5	5.7%
Total land mobile sector	**146.5**	141.8	3.3%
Aeronautical sector	**75.8**	64.4	17.7%
Leasing	**103.5**	79.7	29.9%
Total mobile satellite communications services	**682.8**	618.4	10.4%
Other income	**12.0**	16.3	(26.4%)
Total revenue	**694.8**	634.7	9.5%

Inmarsat MSS revenue by sector 2009

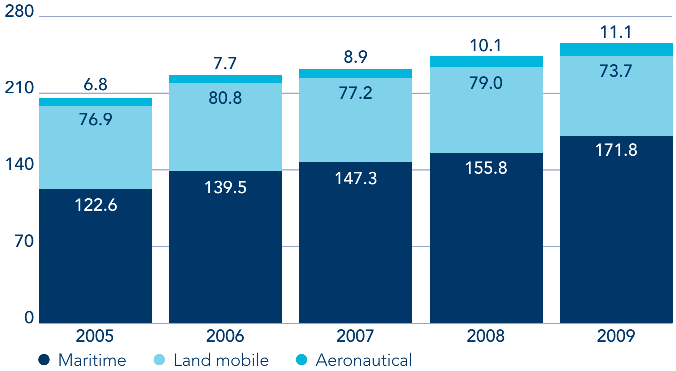


Inmarsat MSS revenue by sector 2008



We now have over 256,600 active terminals as at 31 December 2009, an increase of 11,700, or 4.8%, compared with 31 December 2008. There was growth in both the maritime and aeronautical sectors, partially offset by a reduction in the land mobile sector. Maritime terminals increased by 10.3% year over year, which included 26% growth in our base of Fleet and FleetBroadband terminals. The increase in the number of maritime terminals is also driven by sales of Inmarsat C terminals, which are often installed for regulatory compliance reasons, but generate low levels of traffic and revenue. In the land mobile sector, the number of terminals reflects increased numbers of BGAN subscribers, being more than offset by reductions in older services, including GAN and Mini M, in addition to the discontinuation of the R-BGAN service as at 31 December 2008 (there were 4,700 active R-BGAN terminals at 31 December 2008 and nil at 31 December 2009). In the aeronautical sector, we have seen continued growth in Swift 64, SwiftBroadband and 'Classic' aero with increased active terminal numbers. Growth in active terminals, adjusted to exclude the discontinued R-BGAN service, as at 31 December 2009 was 16,400 terminals, or 6.8%, compared with 31 December 2008.

Active terminals ('000)



Seasonality – impact of volume discounts

There is generally very little seasonality in the markets we serve, although data traffic tends to slow down at holiday periods, e.g. Christmas. However in previous years our Volume Discount Scheme ('VDS') led to significant seasonality. The terms of the VDS changed following the signing of the new distribution agreements by Inmarsat Global's distribution partners, effective from 1 May 2009. This resulted in the removal of volume discounts on BGAN services and the implementation of a more even phasing of discounts during the year with respect to Existing and Evolved services (all services other than our broadband services, SPS and our planned GSPS). Historically, volume discounts under the old VDS progressively increased over the course of the year, with lower discount levels in early quarters and higher discount levels in later quarters, as Inmarsat Global's distribution partners met specific thresholds. Volume discounts for the period 1 January 2009 to 30 April 2009 were based on the old VDS, condensed from a twelve-month period into a four-month period. Volume discounts for the period 1 May 2009 to 31 December 2009 are based on the new structure where discounts remain constant through the period.

During 2009, volume discounts were US$53.4m, a decrease of US$10.4m, or 16.3%, compared with 2008. The decrease reflects the changes to the VDS resulting from the revised terms of the new distribution agreements – namely the reduced number of services eligible for volume discounts. Following the removal of our BGAN services from the VDS, we have also implemented certain price reductions for BGAN services, resulting in a neutral position for wholesale BGAN prices.

Maritime sector

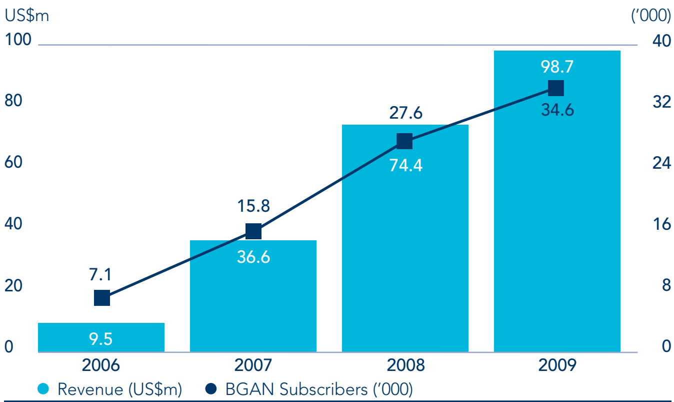
During 2009, revenues from the maritime sector were US$357.0m, an increase of US$24.5m, or 7.4%, compared with 2008. Revenues from data services in the maritime sector during 2009 were US$252.3m, an increase of US$24.5m, or 10.8%, compared with 2008. The increase in revenues from data services reflects greater demand, primarily as a result of the continued take-up and strong usage of our Fleet and FleetBroadband services, plus pricing changes. Partially offsetting the increase in revenue was a decrease in revenue from our Inmarsat B service due to the natural run-off of this mature service. Active Inmarsat B terminal numbers are reducing due to older ships being decommissioned or re-fitted with new equipment and new ships being fitted with Fleet and FleetBroadband terminals. In addition, there was a decrease in revenues from our Mini M service, where there is a long-term decline in demand for fax. Revenues from voice services in the maritime sector during 2009 were US$104.7m, which was in line with 2008. Growth in demand for voice services among users of our Fleet and FleetBroadband services plus the beneficial impact of the new distribution agreements on average prices was offset by a decline in our Mini M service due to competition, as well as a decline in our mature Inmarsat B service.

Land Mobile sector

During 2009, revenues from the land mobile sector were US$146.5m, an increase of US$4.7m, or 3.3%, compared with 2008. Revenues from data services in the land mobile sector during 2009 were US$138.0m, an increase of US$7.5m, or 5.7%, compared with 2008. Continued strong growth in BGAN revenue and a pricing impact following the change to the new distribution agreements on 1 May 2009 was partially offset by the discontinuation of R-BGAN, which had revenues of US$8.6m during 2008 and the decline in GAN high-speed data traffic following reduced traffic levels in the Middle East as a result of troop withdrawals from Iraq.

As discussed in previous years, BGAN remains the cornerstone of our future growth with revenues for 2009 of US$98.7m, an increase of US$24.3m, or 33%, compared with 2008 and BGAN now accounts for two thirds of land mobile revenue. These figures include voice, data and subscription revenues. As at 31 December 2009, active BGAN subscribers were 33,571 compared with 27,635 as at 31 December 2008, an increase of 5,936 or 21% year on year. BGAN revenue growth continues to be driven largely by new subscribers and increased traffic volumes from government users in Afghanistan and other territories.

BGAN progression
Revenue and active terminal numbers



Revenues from voice services in the land mobile sector during 2009 were US$8.5m, a decrease of US$2.8m, or 25%, compared with 2008. This continues the trend experienced over the last few years of declining traffic volumes resulting from competition, principally for our Mini M and Large Antenna Mini M services, from other MSS operators. The decline in our Mini M service revenues were also negatively impacted by the reduced requirements of a rural telephony contract in India during 2009. Our launch of GSPS in 2010 should start to address this decline.

Aeronautical sector

During 2009, revenues from the aeronautical sector were US$75.8m, an increase of US$11.4m, or 17.7%, compared with 2008. The increase is a result of continued demand for our Swift 64 high-speed data service, which experienced a 15.3% increase in active channels compared with 2008. Our Swift 64 service targets the government aircraft and business jet markets as well as being used by commercial airlines. In addition, revenues for low-speed data services benefited from increased industry demand. Finally, revenues also benefited from the early growth of SwiftBroadband services where at 31 December 2009 there were more than 500 SwiftBroadband channels activated on aircraft operating worldwide.

Leasing

During 2009, revenues from leasing were US$103.5m, an increase of US$23.8m, or 30%, compared with 2008. The increase is a result of additional government contracts for maritime and land-based services and the expansion of Swift 64 leases from an aeronautical customer.

Other income

Other income for 2009 was US$12.0m, a decrease of US$4.3m or 26%, compared with 2008, primarily due to a decrease in revenue from the sale of SPS end-user terminals. Other income consists primarily of income from the provision of conference facilities, renting surplus office space, fees for in-orbit support services, third-party hosting services at our SAS sites and revenue from sales of SPS end-user terminals.

Net operating costs

Net operating costs for 2009 were US$199.3m, a decrease of US$3.8m, or 1.9%, compared with 2008. The table below sets out the components of Inmarsat Global's net operating costs for each of the periods indicated:

(US$ in millions)	2009	2008	Increase/ (decrease)
Employee benefit costs	110.4	107.8	2.4%
Network and satellite operations costs	43.3	39.7	9.1%
Other operating costs	64.8	79.6	(18.6%)
Work performed by the Group and capitalised	(19.2)	(24.0)	(20.0%)
Net operating costs	**199.3**	**203.1**	**(1.9%)**

Impact of hedged foreign exchange rate

The functional currency of the Group's principal subsidiaries is US Dollars. Approximately 60% of Inmarsat Global's costs are denominated in Pounds Sterling. Net operating costs in 2009 have been affected by a favourable movement in Inmarsat Global's hedged rate of exchange from US$2.01/£1.00 in 2008 to US$1.92/£1.00 in 2009. The movement in the hedged rate of exchange in the year has resulted in a decrease in comparative costs of US$5.3m. The Group has completed hedging arrangements for its 2010 anticipated Sterling costs at an average rate of US$1.49/£1.00.

Employee benefit costs

Employee benefit costs during 2009 increased by 2.4% compared with 2008. The increase can primarily be attributed to additional staff costs due to an increase in total full-time equivalent headcount (490 at 31 December 2009 compared to 475 at 31 December 2008), mid-year salary cost increases, higher staff bonus costs and higher stock compensation costs due to additional share-based incentive awards. Partially offsetting this increase was a decrease in staff costs due to the favourable movement in Inmarsat Global's hedged rate of exchange.

Network and satellite operations costs

Network and satellite operations costs during 2009 increased by 9.1% compared with 2008. The increase is predominantly due to in-orbit insurance relating to our third Inmarsat-4 satellite, which was insured under the launch contract until August 2009, as well as new support and maintenance contracts relating to our SAS in Hawaii. Partially offsetting this increase was a decrease in certain software maintenance costs and service contracts.

Other operating costs

Other operating costs during 2009 decreased by 18.6% compared with 2008. The decrease relates to the movement in the Group's hedged rate of exchange, lower professional fees and a foreign exchange gain of US$8.1m recognised in the year ended 31 December 2009, compared with a gain of US$1.4m recognised in the year ended 31 December 2008. Partially offsetting the decrease were fees in relation to the Segovia acquisition which have been expensed in anticipation of the adoption of IFRS 3 (as revised), 'Business Combinations' in relation to transactions completing after 1 January 2010.

Work performed by the Group and capitalised

Own work capitalised during 2009 decreased by 20% compared with 2008. The decrease was predominantly due to the shift in work from our BGAN and Inmarsat-4 programmes which culminated in 2008, to the development of the GSPS network and terminals and the Alphasat satellite project. We have experienced lower activity allowable for capitalisation for these projects due to their nature and the phase of the projects.

Operating profit

Operating profit for 2009 was US$315.6m, an increase of US$51.0m or 19.3%, compared with 2008. The increase is a result of higher revenues and lower net operating costs, offset in part by increased depreciation and amortisation, which is due predominantly to depreciation on the third Inmarsat-4 satellite and third SAS in Hawaii, following the commencement of commercial service in January 2009. The table below sets out the components of Inmarsat Global's results (operating profit) for each of the periods indicated:

(US$ in millions)	2009	2008	Increase/ (decrease)
Total revenue	**694.8**	634.7	9.5%
Net operating costs	**(199.3)**	(203.1)	(1.9%)
EBITDA	**495.5**	431.6	14.8%
EBITDA margin %	***71.3%***	*68.0%*	
Depreciation and amortisation	**(179.9)**	(167.0)	7.7%
Operating profit	**315.6**	264.6	19.3%

Stratos results

Stratos provides mobile telecommunications services, primarily over the Inmarsat satellite system. To provide existing and evolved Inmarsat services, Stratos operates a terrestrial-based network, including land earth stations, or LESs, located in Australia, Canada, the Netherlands and New Zealand.

In addition, Stratos' Broadband business provides VSAT services, with satellite capacity sourced on a wholesale basis from a number of the leading fixed satellite system operators, through VSAT hubs located in the US, the UK, Canada and Russia.

Stratos' VSAT network enables integrated data and voice telecommunications between remote fixed sites and land-based offices. In addition, the Stratos Broadband business operates an extensive digital microwave network in the Gulf of Mexico, utilised primarily by oil and gas companies operating offshore rigs and platforms. The Stratos Broadband business' revenue also includes the sale and rental of equipment and repairs and maintenance associated with microwave and VSAT technologies. It also includes the provision of turnkey engineering services for construction and internal and external communication requirements.

Revenues

During 2009, revenues from Stratos were US$644.1m, an increase of US$6.1m, or 1%, compared with 2008. In 2009 Stratos has been impacted by the change in the terms of our distribution agreements, with higher prices and more competition as some of Stratos' service provider customers have become Inmarsat distribution partners. Nevertheless, the overall impact on the Inmarsat Group has been positive. The table below sets out the components of Stratos' revenues for each of the periods indicated:

(US$ in millions)	2009	2008	Increase/ (decrease)
MSS revenue			
Inmarsat MSS	**427.1**	420.6	1.5%
Other MSS	**125.9**	112.2	12.2%
Total MSS revenue	**553.0**	532.8	3.8%
Broadband	**91.1**	105.2	(13.4%)
Total revenue	**644.1**	638.0	1.0%

Total MSS revenue

During 2009, revenues from MSS increased by 3.8%, compared with 2008. Growth has been driven primarily by increased leasing revenue, sales of mobile terminals and equipment and LES services provided to certain distributors. The revenue derived from services provided over the Inmarsat satellite system accounted for 77% of MSS revenue for 2009 compared to 79% for 2008. Other MSS services accounted for 23% of MSS revenue for 2009 compared to 21% for 2008. For 2009, Stratos' share of Inmarsat Global's MSS revenues was 40.2%, compared to 41.5% for 2008, illustrating the impact of the new distribution partners.

Inmarsat MSS

During 2009, revenues derived from Inmarsat MSS increased by 1.5%, compared with 2008. The increase is primarily due to leasing, offset in part by decreases in the maritime, land mobile and aeronautical sectors. Leasing revenue increased as a result of increased usage by government and military customers and the shift of certain on-demand GAN and Swift 64 usage to leasing contracts. Decreases in the maritime sector are predominantly due to decreased Inmarsat B and Mini M revenue, partially offset by increased FleetBroadband and Fleet revenue. Decreases in the land mobile sector are primarily due to a decline in GAN usage and the discontinuation of the R-BGAN service at 31 December 2008. Stratos experiences volatility in usage patterns for GAN services used to a significant extent by government and military customers operating in the land mobile sector. Revenues from the aeronautical sector declined due mainly to decreases in revenues from the Swift 64 service as a result of the migration of customers to leasing contracts. As mentioned earlier, revenues in 2009 have been negatively impacted by competitive pricing as a result of the market entry of new Inmarsat distributors.

Other MSS
Other MSS primarily consist of sales of mobile terminals and equipment, mobile telecommunications services sourced on a wholesale basis from other MSS providers, LES services provided to certain distributors and other ancillary services. Other MSS services, in general, have lower gross margins than Inmarsat services.

During 2009, revenues from Other MSS increased by 12.2%, compared with 2008. The increase is primarily due to increased sales of mobile terminals and equipment and LES services provided to certain other Inmarsat distributors.

Broadband
During 2009, revenues from Broadband services decreased by 13.4%, compared with 2008. The decrease is primarily due to a decrease in VSAT revenue as a result of the expiry of certain contracts, the sale of certain customer contracts in Germany and decreased revenue from engineering projects. In addition, the downturn in the economy and the global energy sector in particular has resulted in increased pricing pressures and decreased requirements for microwave and VSAT services.

Net operating costs
Net operating costs in 2009 were well controlled in Stratos and were US$543.6m, an increase of just US$3.9m or 0.7%, compared with 2008. The table below sets out the components of Stratos' net operating costs and shows the allocation of costs to the Group's cost categories for each of the periods indicated:

(US$ in millions)	2009	2008	Increase/ (decrease)
Cost of goods and services	**479.5**	462.8	3.6%
Operating expenses	**62.8**	75.2	(16.5%)
Other costs	**1.3**	1.7	(23.5%)
Total operating costs	**543.6**	**539.7**	**0.7%**
Allocated as follows:			
Employee benefit costs	**79.6**	83.0	(4.1%)
Network and satellite operations costs[(1)]	**448.0**	429.1	4.4%
Other operating costs	**18.7**	27.6	(32.2%)
Work performed by the Group and capitalised	**(2.7)**	–	–
Net operating costs	**543.6**	**539.7**	**0.7%**

(1) Includes cost of airtime from satellite operators, including Inmarsat

Cost of goods and services
Cost of goods and services includes variable expenses such as the cost of airtime and satellite capacity purchased from satellite operators (predominantly from Inmarsat), cost of equipment, materials and services, and variable labour costs related to Stratos' repair and service workforce. Cost of goods and services also includes costs such as network infrastructure operating costs, customer support centre costs, telecommunications services purchased from terrestrial providers, rents and salaries that do not vary significantly with changes in volumes of goods and services sold.

Cost of goods and services during 2009 increased by 3.6% compared with 2008. The increase is predominantly due to the increased cost of airtime upon the implementation of the new distribution agreements with Inmarsat which were effective from 1 May 2009, partially offset by lower network infrastructure operating costs resulting primarily from a positive change in the value of the Euro, Canadian Dollar and Australian Dollar against the US Dollar. Further offsetting the increase in cost of goods and services was a decrease in costs relating to the Broadband business, predominantly due to the reduction of costs as a result of the sale of the hub (fixed antenna used to send and receive satellite transmission signals) in Hameln, Germany and other cost-saving initiatives implemented, as well as certain favourable commercial settlements with suppliers.

Operating expenses
Operating expenses during 2009 decreased by 16.5% compared with 2008. The decrease is primarily due to the decline in value of the Canadian Dollar and the Euro against the US Dollar.

Operating profit
Stratos' operating profit (before goodwill adjustment of US$8.8m, share of results of associates of US$0.9m, gain on disposal of fixed assets of US$2.1m and intercompany eliminations and adjustments of US$14.2m) for 2009 was US$63.0m, an increase of US$4.0m, or 6.8%, compared with 2008. The increase is a result of decreased operating expenses, increased revenues and a decrease in depreciation and amortisation, offset in part by increased cost of goods and services. The table below sets out the components of Stratos' results (operating profit) for each of the periods indicated:

(US$ in millions)	2009	2008	Increase/ (decrease)
Total revenue	644.1	638.0	1.0%
Cost of goods and services	(479.5)	(462.8)	3.6%
Gross margin	**164.6**	**175.2**	**(6.1)%**
Gross margin %	25.6%	27.5%	
Operating expenses	(62.8)	(75.2)	(16.5%)
Other costs	(1.3)	(1.7)	(23.5%)
EBITDA	**100.5**	**98.3**	**2.2%**
EBITDA margin %	***15.6%***	*15.4%*	
Depreciation and amortisation	(37.5)	(39.3)	(4.6%)
Operating profit	**63.0**	**59.0**	**6.8%**

Gross margin consists of revenues less cost of goods and services. Gross margin and gross margin percentage for 2009 decreased as a result of the increase in the cost of airtime upon the implementation of the new distribution agreements with Inmarsat, effective from 1 May 2009, which generally has not been passed on to end-users and changes in product mix. Changes in product mix include the increased sales of mobile terminals and equipment, which have a lower gross margin, and a migration by customers to lower margin services such as BGAN. In addition, margins have been negatively impacted by competitive pricing as discussed earlier. The decrease in gross margin was partially offset by lower other cost of goods and services as discussed above.

Group liquidity and capital resources

Among satellite companies, the Group has historically maintained one of the lowest levels of debt leverage, as measured by the ratio of net borrowings to EBITDA. As a result of this prudent approach we have accessed and remain well-positioned to access the capital markets when needed to meet our financing needs. We have no debt maturities in the next 12 months. The Group has significant headroom in all of the covenants in our Senior Credit Facility and expects to be able to operate within these covenants in the coming year. In addition, the Group's business remains highly cash-generative, meaning the Group can reduce debt and continue to fund dividends to our shareholders.

Although 2009 saw a tough credit environment, the strength of the Inmarsat balance sheet and business model has allowed us to undertake two important refinancings on attractive terms and extending our average maturity.

In July 2009, we signed a new US$500.0m Senior Credit Facility and subsequently drew this down on 6 November 2009. The new facility consists of a US$200.0m term loan and a US$300.0m revolving credit facility (of which we have initially drawn US$90.0m). Under the terms of the new Senior Credit Facility, we used the initial drawings of US$290.0m, together with an amount from cash on hand, to pre-pay and cancel our Previous Senior Credit Facility. On the pre-payment date, the amount outstanding under the Previous Senior Credit Facility was US$315.0m. The new Senior Credit Facility will mature in May 2012 and has substantially similar terms and conditions as the previous credit facility which was due to expire in May 2010. Advances under the new Senior Credit Facility will bear interest equal to LIBOR, plus an applicable margin of between 2.00% and 3.00% depending on the ratio of total net debt to EBITDA.

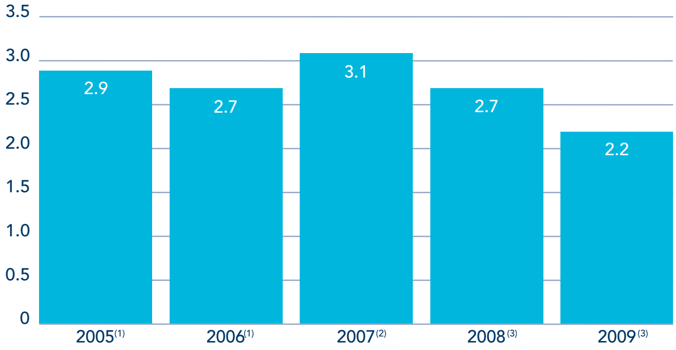
In November 2009, our wholly-owned subsidiary company Inmarsat Finance plc completed an offering of the Senior Notes due 2017. The aggregate gross proceeds of the new notes issued of US$645.2m (aggregate principal amount of US$650.0m less US$4.8m issuance discount) were used to redeem the entire principal amount of US$160.4m outstanding under the Senior Notes due 2012 and the entire principal amount of US$450.0m outstanding under the Senior Discount Notes, to pay the associated note redemption premia totalling US$19.7m and to pay the fees and expenses of the new notes offering. Surplus cash proceeds are available for general corporate purposes. As a result of this Refinancing, we have extended our maturities by five years and reduced our cost of debt on these notes by around 200 basis points.

The Group had net borrowings at 31 December 2009 of US$1,319.5m primarily comprising Senior Credit Facility drawings of US$290.0m, Senior Notes due 2017 of US$650.0m, Convertible Bond of US$267.2m (including US$2.3m of accreted principal), Stratos' Senior Credit Facility of US$209.2m, Stratos' Senior Unsecured Notes of US$86.8m (net of US$63.2m Senior Unsecured Notes held by the Group, being 42% of the aggregate principal amount outstanding) and deferred satellite payments of US$47.4m, net of cash and cash equivalents of US$226.8m.

The net borrowings figures are as follows:

(US$ in millions)	As at 31 December 2009	As at 31 December 2008
Total borrowings	**1,546.3**	1,600.2
Cash and cash equivalents	**(226.8)**	(156.4)
Net borrowings (excluding deferred finance costs)	**1,319.5**	**1,443.8**

Net borrowings (excluding deferred finance costs)/EBITDA



(1) Represents Inmarsat Global only
(2) Represents the Inmarsat Group, with EBITDA normalised to include a full year of Stratos trading results
(3) Represents the Inmarsat Group

The table below shows the condensed consolidated cash flow for the Group for the year ended 31 December 2009:

(US$ in millions)	2009	2008
Net cash from operating activities	**622.1**	526.8
Net cash used in investing activities excluding capital expenditure	**(28.4)**	(31.6)
Capital expenditure	**(145.3)**	(211.6)
Dividends paid	**(146.0)**	(130.2)
Net cash used in financing activities excluding dividends paid	**(230.3)**	(114.2)
Foreign exchange adjustment	**(0.4)**	0.4
Net increase in cash and cash equivalents	**71.7**	**39.6**

Net cash generated from operating activities increased due to higher EBITDA in 2009 and improvements in working capital.

Net cash used in investing activities, excluding capital expenditure, was lower in 2009 due to the reduction in fees associated with the CIP UK acquisition from US$6.5m in 2008 to US$0.5m in 2009 and the receipt, in the current year, of proceeds on the disposal of fixed assets in Stratos of US$4.9m. In addition own work capitalised has decreased to US$17.3m in 2009 from US$23.4m in 2008 due to the shift in work from Inmarsat Global's BGAN and Inmarsat-4 programmes to the development of the GSPS network and terminals and the Alphasat satellite project. Partially offsetting the decrease was the payment of the initial cash consideration of US$11.9m, including transaction costs, for the investment in SkyWave and US$1.0m paid to Communication Investment Partners Limited on exercise of our option to acquire the entire issued share capital of CIP UK.

As we expected, capital expenditure continues to decline and the reduction in 2009 is due primarily to the inclusion in 2008 of launch costs for the third Inmarsat-4 satellite. There has been a shift in capital expenditure from milestone payments for the Inmarsat-4 satellite and the third SAS in Hawaii, to expenditure on the GSPS network and terminals and the Alphasat satellite project. Cash used in investing activities may fluctuate with the timing of specific milestone payments. Stratos' cash outflow in respect of capital expenditure for property, plant and equipment and additions to capitalised development costs, including software was US$24.0m for 2009 (2008: US$24.4m).

Net cash used in financing activities, excluding the payment of dividends, during 2009 was US$230.3m compared to US$114.2m for 2008. During November 2009, the Group drew down US$290.0m on our new Senior Credit Facility. The proceeds, together with cash on hand, were used to pre-pay and cancel Inmarsat Global's Previous Senior Credit Facility. During 2009, the Group repaid a total US$390.0m principal of Inmarsat Global's Previous Senior Credit Facility, compared to a draw down of US$70.0m in the previous year. During 2009, the Group received US$645.2m aggregate gross proceeds from the offering of its Senior Notes due 2017, paid US$465.6m (US$450.0m principal amount together with US$15.6m redemption premium) to redeem 100% of the principal amount of its Senior Discount Notes and paid US$164.5m (US$160.4m principal amount together with US$4.1m redemption premium) to redeem 100% of the principal amount of its Senior Notes due 2012. During 2009, the Group purchased US$3.3m principal amount of its Senior Notes due 2012 and US$5.5m principal amount of Stratos' Senior Unsecured Notes. This compares to the purchase of US$55.1m principal amount of its Senior Notes due 2012 and US$57.7m principal amount of Stratos' Senior Unsecured Notes in 2008. During 2009, the Group paid cash interest of US$110.5m compared to US$64.9m in 2008. The increase in cash interest paid is due to the payment of US$46.7m to holders of the Senior Discount Notes. This payment was the first payment in cash that we have made to holders of these notes. Prior to November 2008, the principal amount outstanding under the notes accreted in value each May and November, but holders of the notes did not receive any cash payments of interest. Since November 2008, interest payments accrued were paid in cash each May and November. As discussed previously, the Senior Discount Notes were redeemed in December 2009. During 2009, the Group made a repayment of US$2.3m of Stratos' Senior Credit Facility, compared to 2008 when we repaid US$11.4m. In addition, in 2009, the Group paid US$23.8m in respect of arrangement fees for the Senior Credit Facility and the issue of the Senior Notes due 2017.

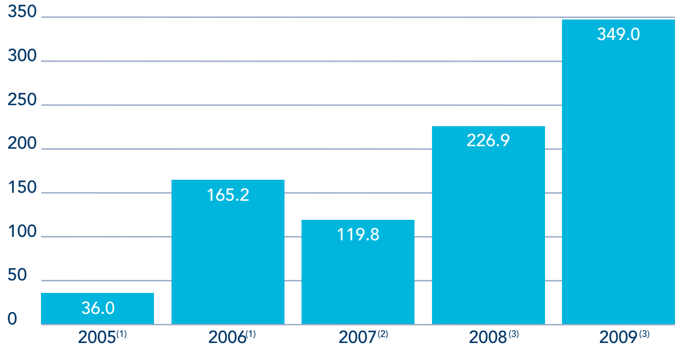
The Group continually evaluates sources of capital and may repurchase, refinance, exchange or retire current or future borrowings and/or debt securities from time to time in private or open-market transactions, or by any other means permitted by the terms and conditions of borrowing facilities and debt securities.

Group free cash flow

The Group has continued to expand its free cash flow generation and in 2009 generated positive free cash flow of US$349.0m, an increase of US$122.1m, or 54%, compared with 2008. The increase is attributable to increased EBITDA, movements in working capital and lower capital expenditure, partially offset by increased tax and interest payments during 2009. The conversion rate as a percentage of EBITDA has increased from 43% to 59%. The table below shows the free cash flow for the Group for each of the periods indicated:

(US$ in millions)	2009	2008
Cash generated from operations	**645.8**	528.0
Capital expenditure	**(145.3)**	(211.6)
Capitalised operating costs	**(17.3)**	(23.4)
Net cash interest paid	**(109.6)**	(62.5)
Cash tax paid	**(24.6)**	(3.6)
Free cash flow	**349.0**	**226.9**

Free cash flow (US$m)



(1) Represents Inmarsat Global only
(2) Includes 21 days of Stratos trading results
(3) Includes a full year of Stratos trading results

Dividends

A second interim dividend for the 2009 financial year of 20.63 cents (US$) will be paid in lieu of a final dividend. The second interim dividend will be paid on 1 April 2010 to ordinary shareholders on the register of members at the close of business on 19 March 2010. Dividend payments will be made in Pounds Sterling based on the exchange rate prevailing in the London market four business days prior to payment. In accordance with IAS 10, this second interim dividend has not been recorded as a liability in the financial statements at 31 December 2009. This, added to the first interim dividend of 12.73 cents (US$) per ordinary share paid on 30 October 2009, takes the dividend for the full year to 33.36 cents (US$) per ordinary share, a 10% increase over 2008, and amounts to US$153.2m. The increase in dividend is in accordance with our strategy of increasing dividends based on the growth of free cash flow, adjusted to normalise capital expenditure.

Foreign exchange and treasury policy

The Group's treasury activities are managed by its corporate finance department under the direction of a Treasury Review Committee whose chairman is the Chief Financial Officer, and are consistent with Board-approved treasury policies and guidelines. The overriding objective of treasury activities is to manage financial risk. Details of financial instruments and policies are in note 29 to the consolidated financial statements.

Group balance sheet

The table below shows the consolidated Group balance sheet at 31 December 2009:

(US$ in millions)	**As at 31 December 2009**	As at 31 December 2008
Non-current assets	**2,429.7**	2,478.2
Current assets	**475.9**	428.6
Total assets	**2,905.6**	2,906.8
Current liabilities	**(364.5)**	(460.5)
Non-current liabilities	**(1,571.1)**	(1,512.6)
Total liabilities	**(1,935.6)**	(1,973.1)
Net assets	**970.0**	**933.7**

The decrease in the Group's non-current assets of US$48.5m is due primarily to depreciation and amortisation of capital assets and the adjustment to goodwill, offset in part by additions during the year ended 31 December 2009. Our investment of US$21.5m (excluding capitalised transaction costs) in SkyWave and the increase in derivative financial instruments relating to our foreign exchange rate hedging from US$8.6m at 31 December 2008 to US$12.0m at 31 December 2009, partially offset this reduction.

The increase in current assets of US$47.3m is due predominantly to the increase in cash and cash equivalents from US$156.4m at 31 December 2008 to US$226.8m at 31 December 2009. In addition, derivative financial instruments relating to foreign exchange rate hedging increased from US$1.1m at 31 December 2008 to US$12.1m at 31 December 2009. Partially offsetting these increases is the decrease in trade and other receivables from US$251.3m at 31 December 2008 to US$227.5m at 31 December 2009, principally due to a decrease in the trade receivables following changes to our payment terms with distribution partners. In addition, inventory decreased from US$19.8m at 31 December 2008 to US$9.5m at 31 December 2009, principally due to a reduction of Stratos' inventory on hand and an adjustment to the carrying value of Inmarsat Global's SPS FleetPhone inventory.

The decrease in current liabilities of US$96.0m relates primarily to the reduction in short-term borrowings following the cancellation of Inmarsat Global's Previous Senior Credit Facility and draw down of Inmarsat Global's new Senior Credit Facility. The Group repaid US$190.0m on cancellation of Inmarsat Global's Previous Senior Credit Facility and drew down US$90.0m under the revolving element of Inmarsat Global's new Senior Credit Facility. In addition, derivative financial instruments relating to the Group's foreign exchange and interest rate hedging have decreased from US$32.5m at 31 December 2008 to US$14.1m at 31 December 2009. Partially offsetting these decreases was the increase in payables from US$195.8m at 31 December 2008 to US$206.1m at 31 December 2009 due largely to lower capital expenditure accruals at 31 December 2009.

The increase in non-current liabilities of US$58.5m was due to an increase in net total non-current borrowings from US$1,370.2m at 31 December 2008 to US$1,403.5m at 31 December 2009. In addition, deferred income tax liabilities increased from US$52.5m at 31 December 2008 to US$71.3m at 31 December 2009 due to the partial unwind of the deferred tax asset relating to the finance lease and operating leaseback transaction to current tax, partially offset by the recognition of a deferred tax asset relating to unutilised capital allowances in Stratos' UK entities. Provisions increased from US$35.8m at 31 December 2008 to US$55.8m at 31 December 2009, predominantly due to the increase in Inmarsat Global's pension and post-retirement scheme liabilities following the review of actuarial assumptions at 31 December 2009. Other payables increased from US$16.6m at 31 December 2008 to US$27.6m at 31 December 2009. Partially offsetting the increases was a decrease in derivative financial instruments relating to our interest rate hedging from US$37.5m at 31 December 2008 to US$12.9m at 31 December 2009.

The increase in net total non-current borrowings of US$33.3m was due to increased borrowings of US$30.0m following the issue of the Senior Notes due 2017 and redemption of the Senior Notes due 2012 and Senior Discount Notes, the increase in the principal amount of the Convertible Bond by US$18.5m due to the semi-annual accretion of principal and the increase in deferred satellite payments by US$6.9m following the capitalisation of deferred satellite payments in relation to the third Inmarsat-4 satellite which became operational in January 2009. Partially offsetting these increases was a decrease in Stratos' Senior Credit Facility of US$9.6m as the current portion was moved from non-current to current borrowings in 2009. Furthermore deferred finance costs increased as a result of the capitalisation of issuance costs in relation to the new Senior Credit facility of US$10.6m and Senior Notes due 2017 of US$12.5m, partially offset by the write-off of US$9.6m in respect of unamortised costs in relation to the cancellation and redemption of the Previous Senior Credit Facility, the Senior Notes due 2012 and the Senior Discount Notes and the annual unwinding of other deferred finance costs. In addition, we have bought back US$5.5m of the principal amount of Stratos' Senior Unsecured Notes during the year.

Critical accounting policies

Details of our critical accounting policies are in note 4 to the consolidated financial statements.

Risk factors

The Group faces a number of risk factors, not all of which are wholly within our control. Although many of the risk factors influencing our performance are macroeconomic and likely to affect the performance of businesses generally, others are particular to our operations in mobile satellite services.

Our critical risk factors are discussed below, but this summary is not intended to be an exhaustive analysis of all risks affecting the business. Some risks may be unknown to us and other risks, currently regarded as immaterial, could turn out to be material. All of them have the potential to impact our business, revenue, profits, assets, liquidity and capital resources adversely. They should also be considered in connection with the statement on internal control and risk management in the Statement on Corporate Governance, the forward-looking statements in this document and the cautionary statement regarding forward-looking statements.

Satellites
Our satellites are subject to significant operational risk while in orbit which, if they were to occur, could adversely affect our revenues, profitability and liquidity. Although we have in-orbit insurance on our Inmarsat-4 satellite fleet, this may be insufficient to cover all losses if we had a satellite failure. Even if our insurance were sufficient, delays in launching a replacement satellite could adversely affect our revenues, profitability and liquidity.

Distribution
Although we now own one of our largest distribution partners (Stratos), we continue to rely on other third-party distribution partners and service providers to sell our services to end-users and they determine the prices end-users pay. There is a risk that our distribution partners or service providers could fail to distribute our services effectively, or fail to offer services at prices which are competitive. In addition, the loss of any key distribution partners could materially affect our routes to market, reduce customer choice or represent a significant bad debt risk. Since the acquisition of Stratos and the signing of new distribution agreements and new distribution partners, this risk has been mitigated to some extent.

Spectrum
We rely on radio spectrum to provide our services. This has historically been allocated by the International Telecommunications Union without charge, and usage has to be co-ordinated with other satellite operators in our spectrum band. In the future, we may not be successful in co-ordinating our satellite operations under applicable international regulations and procedures or in obtaining sufficient spectrum or orbital resources necessary for our operations.

Regulation
Our business is subject to regulation and we face increasing regulation with respect to the transmission of our satellite signals. The provision of our mobile satellite communication services in some countries could cause us to incur additional costs, could expose us to fines and could limit our ability to provide services in some countries.

Competition
The global communications industry is highly competitive and although Inmarsat is a market leader in Mobile Satellite Services, there is increasing competition both from existing mobile satellite operators as well as fixed satellite service operators who are seeking to enter our markets, particularly in the maritime sector.

Financial risks
The Group's operations and significant debt financing expose it to a variety of financial risks that include the effects of changes in foreign exchange rates, debt market prices, credit risks, liquidity risks and interest rates. The Group has in place a financial risk management programme that seeks to limit the adverse effects on the financial performance by using forward exchange contracts to limit exposure to foreign currency risk and interest rate swaps to reduce the impact of fluctuating interest rates on its floating rate long-term debt. Details of financial risk are in note 3 to the consolidated financial statements.

Economic conditions
The global economic environment continues to remain unstable and any further weakening may lead to a fall in demand for our services, particularly in the maritime and aeronautical sectors. However, many of the customers we serve are government and industrial corporations who, because of their own business needs, rely on our communications solutions and services even as economic conditions fluctuate. In addition, our business benefits from diversity of sectors, services offered and customer types on land, sea and air.

Outlook for Inmarsat Global
We believe demand from commercial and government customers is continuing to expand, particularly for our data services. With a portfolio of broadband services now deployed globally in all our markets, we are further able to meet our customer needs and continue our revenue growth. In addition, we are excited about entering the global hand-held satellite phone voice market and believe this represents an attractive new growth opportunity for the future. In view of these factors we believe the Group can continue to deliver solid revenue growth in 2010.

Allowing for approximately US$10m of planned capital expenditure that has been deferred from 2009 to 2010, we expect our 2010 cash capital expenditure to be in the region of US$160m to US$170m, including capital expenditure for our Stratos division and deferred satellite payments.

Rick Medlock
Chief Financial Officer

For more information about our financial performance go to:
inmarsat.com/investor_relations

THE COMPANY RECOGNISES SOCIAL, ENVIRONMENTAL AND ETHICAL MATTERS AND IT ENDEAVOURS TO TAKE INTO ACCOUNT THE INTERESTS OF THE GROUP'S STAKEHOLDERS, INCLUDING ITS INVESTORS, EMPLOYEES, SUPPLIERS AND BUSINESS PARTNERS, WHEN OPERATING ITS BUSINESS.

In its 10th anniversary year, TSF deployed Inmarsat services to support many missions around the world.

Through the embedded risk management process within the Group, any significant social, environmental and ethical matters are brought to the attention of the Board.

Code of Conduct

The Group maintains and requires the highest ethical standards in carrying out its business activities and has specific guidelines for dealing with gifts, hospitality, corruption, fraud, the use of inside information and whistleblowing.

The Code of Ethics policies state that Directors, officers and employees are expected to conduct business in accordance with the highest standards of personal and professional integrity. The Code of Ethics is published on the Company's website.

Employment

The Group has established policies which address key corporate objectives in the management of employee relations, communications and employee involvement, training and personal development and equal opportunities.

Inmarsat Global has a Staff Forum to extend two-way communications between employees and management and to allow the views of employees to be taken into account in making decisions which are likely to affect their interests. The Staff Forum is an elected body constituted in accordance with prevailing legislation to provide the formal means of consultation on contractual matters, as and when required.

For the Group's other overseas offices, the following employee relations practices are in place:

- for the Inmarsat office in Indonesia, there is an elected Staff Forum which operates in a similar way to the one in the UK; and
- in the Stratos offices in:
  - The Netherlands – a Works Council is in place; and
  - Germany – a Works Council exists until May 2010 and then will cease to be active as staff numbers are below the minimum requirement for one to be in place following the sale of the German company's assets.

Perry Melton, Chief Operating Officer, has been identified as having responsibility for health and safety issues within the Inmarsat Global operations. Stratos has various managers responsible for health and safety across its operations. The Group recognises its legal responsibilities to ensure the well-being, safety and welfare of its employees and to maintain a safe and healthy working environment for them and for its visitors and sub-contractors. Regular health and safety audits are undertaken at operating sites across the Group and health and safety updates are available to staff to show what improvements have been made to their working environments.

The well-being of staff is important and this is reflected in the range of activities that the Group arranges for staff from social activities to improving health awareness. Inmarsat Global runs annual corporate health promotion days providing employees with the opportunity to speak to visiting health companies and practitioners.

UK-based staff of Inmarsat Global are encouraged to support individual charities of their choice through the HM Revenue & Customs approved Give As You Earn scheme. The payroll-based scheme enables employees to gain tax relief on their charitable donations.

GMDSS is an essential service we are proud to provide to the maritime community.

INMARSAT REMAINS THE ONLY APPROVED PROVIDER OF SATELLITE COMMUNICATIONS SERVICES FOR THE GLOBAL MOBILE DISTRESS AND SAFETY SYSTEM

Community

Safety at sea remains a primary commitment for Inmarsat Global. Inmarsat remains the only approved provider of satellite communications services for the Global Mobile Distress and Safety System ('GMDSS'). This service is trusted throughout the world by mariners and by the rescue co-ordination centres that are integral to ensuring that a safety alert is actioned. The GMDSS service gives maritime users complete confidence that if they send a distress call, it will be received by a rescue authority.

In 2009, we also launched an additional maritime safety service, called '505' which enables safety services to be provided on our FleetBroadband suite of services. This does not replace the GMDSS service which is provided on other Inmarsat services. It does however provide mariners with additional peace of mind during an emergency situation.

Inmarsat has made a charitable donation to the International Maritime Organization's ('IMO') Safety and Rescue ('SAR') fund to support assistance for vessels off the coast of Africa. This is part of a five year agreement which was signed in 2005 to support the IMO's International SAR fund.

The International Maritime Bureau has been using the Inmarsat C SafetyNET service for several years to provide vital updates on reported pirate activity to approximately 70% of the global fleet. The service enables ship masters to access reports of pirate movements, giving them information to know which regions to avoid with high pirate activity and allowing them to re-route if necessary.

The Group continues its commitment to the support of Télécoms Sans Frontières ('TSF'), the telecommunications relief aid organisation. It has supported the charity for more than seven years through direct funding and the provision of free satellite terminals. TSF is able to reach disaster areas quickly and to help other aid charities with their communications needs whilst also providing the opportunity for those affected to call relatives. During 2009, TSF sent response teams to deal with crises in many different countries including the Philippines, China, Indonesia and more recently to assist following the earthquakes in Haiti and Chile.

Training teams to be able to respond quickly and effectively in times of a disaster is important and during 2009 Inmarsat partnered TSF to participate in a Disaster Management Workshop organised by the International Telecommunication Union ('ITU') to familiarise government officials from six Central American countries with BGAN. Part of the training is to educate engineers and technicians who will be responsible for establishing communications for government and humanitarian needs during a crisis.

Inmarsat worked closely with the ITU and TSF during the recent earthquake in Haiti through the provision of terminals so that communications services used by TSF and key government departments could be used reliably. Inmarsat and one of its distribution partners, Vizada, provided the ITU with a significant number of donated BGAN terminals, enabling it to use the terminals to enhance its emergency communications capabilities and disaster response management plans.

The Company's Universal Service Obligations seek to support the use of Inmarsat services, normally payphones, in rural villages in remote regions of the world, where terrestrial voice services are poor or non-existent.

After Haiti's earthquake, TSF provided reliable communications using Inmarsat services to support other aid organisations, local government and individuals.

Environment

By their nature, the activities of the Group are judged to have a low environmental impact and are not expected to give rise to any significant, inherent environmental risks over the next twelve months.

The Group does not manufacture satellite user terminals; however the terminals are developed by manufacturers who provide health and safety guidance as to how terminals should be utilised. Controls are in place to ensure that antennae do not radiate any power at low elevation angles. From mid-2010, Inmarsat Global will have oversight of the manufacture of its new global hand-held satellite phone. The design and manufacturing processes have met all the relevant safety standards and disposal requirements are included in the packaging for each handset.

The Group currently operates a number of ground earth stations, a microwave network, VSAT and telemetry and tracking facilities where there are satellite dishes which generate radiation. Access to these sites is restricted and there are regular health and safety checks to ensure that they are in protected areas away from access by the general public. Personnel who work at these sites are provided with relevant training as to the health and safety issues.

Inmarsat Global has adopted the highest industry standards in terms of space debris mitigation, including end-of-life graveyard manoeuvre plans for the disposal of satellites when they reach the end of their commercial life. The first disposal of one of the Group's satellites was completed during 2006. We were in full compliance with the relevant ITU standards for its disposal. There are no near-term plans for decommissioning any of the remaining satellites. The Group operates its satellites in geosynchronous orbits which are approximately 36,000km (22,500 miles) above the earth. This orbit has significantly less debris than in a low earth orbit which is approximately 700km above the earth and where several MSS operators have their satellite constellations.

The Inmarsat Group has over 1,240 staff represented by approximately 45 different nationalities. Due to the size and nature of these activities, the Company has a degree of environmental impact on the local and global environment. However, it should be noted that the satellite industry and Inmarsat are extremely low on the scale of carbon generators.

Some of these environmental impacts include the use of natural resources, the consumption of energy and water, the production of a variety of waste, in addition to staff and visitors travelling for business purposes around the globe.

Inmarsat's objective is to ensure that the Group does not have any detrimental effect on the environment through its business operations. Inmarsat Global has adopted the following principles:

- to provide first class energy and environmental management practices;
- to comply with all relevant global environmental legislation and regulatory controls;
- to identify significant environmental and social impacts and establish objectives and targets for improvement;
- to recycle within Inmarsat Global a minimum of 90% of generated waste and constantly to review the opportunity to use recycled products;
- actively to encourage the conservation of energy, water and natural resources through the increased efficiency and introduction of new and modern technology; and
- to encourage all employees to be proactive in their daily activities by:
  - separating their waste into dry and wet waste receptacles;
  - ensuring that printer cartridges are recycled;
  - switching off lights, computers, phone chargers and any other electrical items when not in use; and
  - reducing business travel and using more site-based technology such as video and audio conferencing.

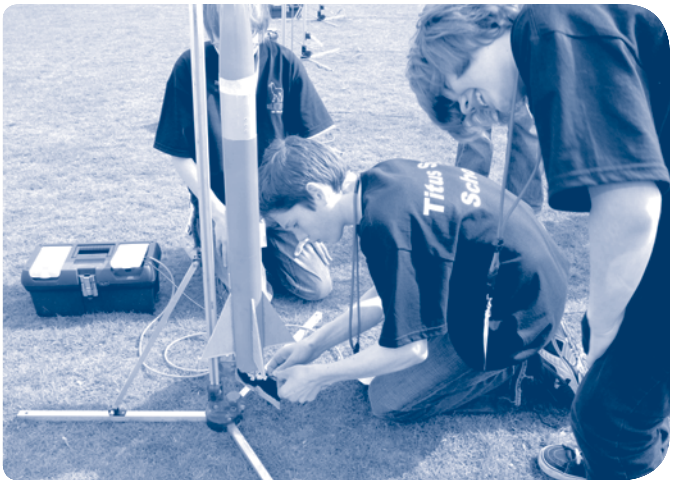
The energy strategy for Inmarsat Global's principal place of operations in London continued to focus on our consumption of electricity. During 2009, the Business Environments Department delivered a 9.4% saving in electrical usage compared to 2008 which reduced our CO_2 emissions by 302,897 kg. Further savings will be achieved in 2010 when the project to install the new high efficiency gearless passenger lifts is completed.

Recycling has been embraced throughout Inmarsat Global and our use of landfill sites has been greatly reduced. Only 800 kg of our building waste went to landfill compared to a 2008 total of 64,680 kg, which has resulted in a saving of 319m^3 of landfill space (2008: saving of 234m^3). Around 73,000 kg of the building's waste which could not be recycled was sent to the South East London Combined Heat and Power energy recovery plant where it was incinerated and contributed to the power generation for 48,000 homes. In terms of mixed materials, 48,000 kg was sent for recycling during 2009.

Energy and the environment continues to be a major focus in 2010 and has the full backing of management with the objective of continuing to reduce the carbon footprint of the business.

Inmarsat has also agreed to provide sponsorship for an environmental campaign to highlight severe environmental degradation across the Pacific Ocean. Crew aboard a catamaran, called Plastiki, which is built from 12,000 recycled plastic bottles, travelling from San Francisco to Sydney, will use FleetBroadband connectivity to draw attention to plastics trapped forever in the Pacific gyre and to the damage being done to sea and bird life.

Inmarsat supports the Plastiki project, allowing TV programmes and other media from mid-Pacific highlighting plastics pollution of the ocean.



The UK Aerospace Rocketry Challenge encourages school students to learn the science of aerospace and astrophysics by competing in building and flying a safe and stable rocket to carry a fragile payload.

Education

During the year, the Company funded the Inmarsat Chair of Maritime Education and Training at the World Maritime University to support the education of maritime specialists. Inmarsat encourages internships with universities to provide students with the opportunity to experience first-hand the engineering and technical aspects of satellite operations. During the year, Inmarsat continued its support of the International Space University by funding two half scholarships for students on its Masters Programme.

Inmarsat has continued to support the American School in London and its partnership with Quinton Kynaston State School in London to enter a joint team to the US National Rocketry Competition, as well as continuing its sponsorship in 2009 of the UK Aerospace Youth Rocketry Challenge (UKAYRoC), which is an annual challenge for secondary school students to build a safe and stable model rocket. This is one way in which we have worked with others to stimulate an interest in science in schools. We have also commissioned a piece of public policy research to investigate ways of encouraging and supporting science in schools. The research will analyse international comparisons in policy and outcomes to help inform UK policy makers when it comes to science policy. The research work demonstrates Inmarsat's commitment to developing the skills of future generations.

Partnerships

With the continued development of Inmarsat services, the Group has seen how they can be used in ways which bring social and environmental benefits. Inmarsat's partners work closely with local companies and charities which are active in how they approach environmental and community matters. The Group is delighted that through the use of its services, the Inmarsat partner network can make a difference in these areas and examples of this during 2009 are detailed below:

- BGAN terminals will play a crucial role in the launch of Angola's new national identity ('ID') card project, which uses cutting-edge technology. This is a five-year project involving the provision of optical memory cards initially to eight million Angolan citizens. Mobile data collection vehicles equipped with BGAN terminals will be used to transmit registration data for the ID cards from remote rural areas back to data centres for processing.
- BGAN terminals are being used by the University of California San Diego researchers to support their archaeological survey in remote Mongolia as they search, in a non-destructive archaeological search, for the tomb of the legendary Mongolian leader Genghis Khan.
- A leading conservationist who has devoted his life to saving the orang-utan is keeping in touch via BGAN from his rescue centre in the Indonesian jungle.
- A project at the Northeast Science Station in Siberia, which is a US-Russian initiative, is enabling a team of scientists to conduct field courses to enhance undergraduates' research into climate change, communicating via BGAN.
- A four-month journey across southern Africa to promote key conservation areas is using BGAN to relay expedition news.
- Students from a school in Dubai who undertook an expedition to Mount Kilimanjaro relied on BGAN to relay their progress online on a daily basis and to provide assurances to family as to the group's safety.
- BGAN is enabling the Brazilian authorities to compile critical data on 2 million km² of uncharted land within the Amazon rainforest.
- Severe weather reporters in parts of the US are using BGAN to relay dramatic early-warning live footage of tornados and hurricanes to local residents.

WE HAVE COMMISSIONED A PIECE OF PUBLIC POLICY RESEARCH TO INVESTIGATE WAYS OF ENCOURAGING AND SUPPORTING SCIENCE IN SCHOOLS

BOARD OF DIRECTORS
As at 9 March 2010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1. Andrew Sukawaty ●
Chairman and Chief Executive Officer
Mr Sukawaty joined the Company as Chairman in December 2003 and was appointed Chief Executive Officer in March 2004. He is non-executive chairman of Xyratex Ltd (Nasdaq) and Ziggo B.V. Between 1996 and 2000, he served as chief executive officer and president of Sprint PCS. He was chief executive officer of NTL Limited from 1993 to 1996. Previously, he held various management positions with US West and AT&T. He has served on various listed company boards as a non-executive director. Mr Sukawaty holds a BBA from the University of Wisconsin and an MBA from the University of Minnesota.

2. Sir Bryan Carsberg ▲✣
Independent, Non-Executive Director
Sir Bryan joined the Board in June 2005. He is currently Chairman of the Council of Loughborough University. He is an independent, non-executive director of RM plc and Novae Group plc. He was the first Director General of Telecommunications (head of Oftel, the telecommunications regulator that preceded Ofcom) from 1984 to 1992, Director General of Fair Trading from 1992 to 1995 and Secretary General of the International Accounting Standards Committee (predecessor of the International Accounting Standards Board) from 1995 to 2001. He was an independent, non-executive director of Cable and Wireless Communications plc from 1997 to 2000 and non-executive Chairman of MLL Telecom Ltd from 1999 to 2002. Sir Bryan is a Fellow of the Institute of Chartered Accountants of England and Wales and an Honorary Fellow of the Institute of Actuaries; he was knighted in January 1989. He holds an MSc (Econ) from the University of London (London School of Economics).

3. Stephen Davidson ▲✣●
Independent, Non-Executive Director
Mr Davidson joined the Board in June 2005. Mr Davidson is Chairman of Datatec Ltd and Digital Marketing Group plc, the senior independent director of Mecom Group plc and also a non-executive director of several other companies. He has held various positions in investment banking, most recently at West LB Panmure where he was Global Head of Media and Telecoms Investment Banking, then Vice Chairman of Investment Banking. From 1992 to 1998, he was Finance Director, then Chief Executive Officer of Telewest Communications plc. He has also been Chairman of the Cable Communications Association. He holds an MA (first class) in Mathematics and Statistics from the University of Aberdeen.

4. Admiral James Ellis Jr (Rtd) ✣●
Independent, Non-Executive Director
Admiral Ellis joined the Board in June 2005. He is President and Chief Executive Officer of the Institute of Nuclear Power Operations (INPO), with headquarters in Atlanta, Georgia. Admiral Ellis also serves as a Director of the Lockheed Martin Corporation and Level 3 Communications. He is also a non-executive director of the Space Foundation. Admiral Ellis retired from the US Navy in 2004 as Commander, US Strategic Command. He was responsible for the global command and control of US strategic forces to meet decisive national security objectives. Admiral Ellis is a graduate of the US Naval Academy, was designated a Naval Aviator in 1971 and held a variety of sea and shore assignments in the US and abroad. He holds Master of Science degrees in Aerospace Engineering and in Aeronautical Systems.

5. Kathleen Flaherty ✣
Independent, Non-Executive Director
Ms Flaherty joined the Board in May 2006. She previously served as a non-executive director of GenTek, Inc. (Nasdaq) until its sale at the end of October 2009. Ms Flaherty also served on the board of Marconi Corporation plc until it was sold to L. M. Ericsson in 2005, and on the board of telent plc until October 2006. She also served on the boards of CMS Energy Corporation (NYSE) and Consumers Energy Company (NYSE) from 1995 to 2004. Previous positions include Chief Marketing Officer at AT&T, President and Chief Operating Officer of Winstar International, Senior Vice President, Global Product Architecture for MCI Communications, Inc and Marketing Director for National Business Communications at BT. Ms Flaherty graduated from Northwestern University with a Ph.D. in Industrial Engineering and Management Sciences. She is a member of the McCormick Advisory Board, Northwestern University, and sits on its executive committee.

6. Rick Medlock
Chief Financial Officer
Mr Medlock joined the Board in September 2004. Between 1996 and 2004, he served as chief financial officer and company secretary of NDS Group plc (Nasdaq and Euronext). Mr Medlock previously served as chief financial officer of several private equity backed technology companies in the UK and the US. Mr Medlock is a non-executive director of Cheapflights Limited and Lovefilm International Limited and is chairman of their Audit Committees. He is also a non-executive director and senior independent director of Orbis Holdings Limited. He is a Fellow of the Institute of Chartered Accountants of England and Wales. Mr Medlock holds an MA in Economics from Cambridge University.

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7. Ambassador Janice Obuchowski ▲

Independent, Non-Executive Director

Mrs Obuchowski joined the Board in May 2009. She has held several senior positions, both in the US government and in the private sector. She served as Head of Delegation and as the US Ambassador to the World Radiocommunications Conference 2003 and was Assistant Secretary for Communications and Information at the Department of Commerce leading the National Telecommunications and Information Administration (NTIA)h. Earlier in her career, she served as Senior Advisor to the Chairman at the Federal Communications Commission (FCC). Mrs Obuchowski is President and founder of Freedom Technologies, Inc. She is currently a non-executive director on the public company boards of Orbital Sciences Corporation and CSG Systems, Inc. Mrs Obuchowski has previously held non-executive director positions with Qualcomm and Stratos. She graduated from Wellesley College and received her law degree from Georgetown Law, where she was Editor of the Georgetown Law Journal.

8. John Rennocks ▲●

Senior Independent, Non-Executive Director and Deputy Chairman

Mr Rennocks joined the Board in January 2005. He is an independent, non-executive chairman of Diploma plc, Nestor plc and Intelligent Energy plc, and a non-executive director of several other companies. He has broad experience in emerging energy sources, support services and manufacturing. Mr Rennocks previously served as a director of Inmarsat Ventures plc, and as Executive Director-Finance for British Steel plc/Corus Group plc, Powergen plc and Smith & Nephew plc. Mr Rennocks is a Fellow of the Institute of Chartered Accountants of England and Wales.

9. Alison Horrocks

Senior Vice President – Corporate Governance and Company Secretary

Ms Horrocks has been Secretary to the Board since its inception and also serves the boards of Inmarsat's other main operating companies. Between 1988 and 1999, she was group company secretary of International Public Relations plc, a worldwide public relations company. She is a Fellow of the Institute of Chartered Secretaries and Administrators.

BOARD COMMITTEES

▲	Audit Committee member
✣	Remuneration Committee member
●	Nominations Committee member

INMARSAT GLOBAL EXECUTIVE MANAGEMENT BOARD

Franco Carnevale	Vice President - Space Segment
Diane Cornell	Vice President – Government Affairs
Rebecca Cowen-Hirsch	Vice President - Global Government Services
Chris D'Aguiar	Vice President – Sales & Marketing
Richard Denny	Senior Vice President – Global Networks & Engineering
Padraig Dowd	Vice President – Commercial, Product & Service Management
Alison Horrocks°	Senior Vice President – Corporate Governance & Company Secretary
Eugene Jilg°	Chief Technical Officer
Debbie Jones°	Senior Vice President – Corporate Development
Christopher McLaughlin	Vice President – External Affairs
Rick Medlock°	Chief Financial Officer
Perry Melton°	Chief Operating Officer
Leo Mondale	Vice President – Business Development & Strategy
Rupert Pearce°	Senior Vice President – Inmarsat Enterprises & Group General Counsel
Ruy Pinto	Vice President – Satellite & Network Operations
Nick Rowe	General Counsel
Nils Solvang	Vice President – Information & Communication Technology
Andrew Sukawaty°	Chairman & Chief Executive Officer

STRATOS EXECUTIVE MANAGEMENT TEAM

George Head	Senior Vice President – Broadband Services
Bruce Henoch	Vice President & General Counsel
John Mackey	Senior Vice President & Chief Technical Officer
Paula McDonald	Executive Vice President & Chief Financial Officer
James Parm°	President & Chief Executive Officer
Bob Roe	President – Government Services
Ronald Spithout	Senior Vice President – Marketing & Sales

° The Chief Executive Officer and his direct reports comprise the Inmarsat plc Executive Staff

The Directors have pleasure in submitting their report and the audited financial statements for the year ended 31 December 2009.

References to 'Group' throughout include Inmarsat Global and Stratos Global Corporation operations (unless otherwise noted).

Principal activities and business review

The Group is the leading provider of global mobile satellite communications services ('MSS'), providing data and voice connectivity to end-users worldwide. It has over 30 years of experience in designing, launching and operating its satellite-based network. With a fleet of eleven owned and operated geostationary satellites, the Group provides a comprehensive portfolio of global mobile satellite communications services for use on land, at sea and in the air. These include voice and broadband data services, which support safety communications, as well as standard office applications such as email, internet, secure VPN access and videoconferencing. The Company's wholly-owned subsidiary, Stratos Global Corporation ('Stratos'), offers a broad portfolio of remote telecommunications solutions to end-user customers, offering services over the mobile and fixed satellite systems of a number of the leading global and regional satellite system operators, predominantly Inmarsat, and through their owned and operated microwave and satellite telecommunications facilities. Stratos also provides customised turnkey remote telecommunications solutions, value-added services, equipment and engineering services.

The Group has several branch and regional offices throughout the world. The subsidiary and associated undertakings principally affecting the profits or net assets of the Group in the year are listed in note 32 to the consolidated financial statements.

The Directors are also required by the Companies Act to present an extended business review, reporting on the development and performance of the Group and the Company during the year and their positions at the end of the year. That requirement is met by the Chairman and Chief Executive Officer's Business Review ('the Business Review') on pages 4 to 13, the Chief Financial Officer's Review on pages 14 to 25 and the Corporate Social Responsibility Report on pages 26 to 29. The cautionary statement set out on the inside back cover forms part of this Annual Report and is incorporated by reference into the Business Review.

The Statement on Corporate Governance on pages 36 to 42 falls within the scope of this Directors' Report.

Results and dividends

The results for the year are shown in the Consolidated Income Statement on page 56.

The Directors propose the payment of a second interim dividend per ordinary share of 20.63 cents (US$) making a total for the year of 33.36 cents (US$) – dividend payments are made in Pounds Sterling based on the exchange rate prevailing in the London market four business days prior to payment. The second interim dividend will be paid on 1 April 2010 to shareholders on the register of members at the close of business on 19 March 2010.

Research and development

The Group continues to invest in new services and technology through its research and development programmes. These include pure research into new products as well as developing those services which have been demonstrated to have a profitable business case.

Charitable and political donations

During the year, the Group paid in aggregate US$356,000 to charities worldwide.

One of the Company's significant donations was the payment of US$150,000 (plus US$50,000 of airtime) (2008: US$150,000) to the telecommunications relief aid organisation, Télécoms Sans Frontières ('TSF'). The Company has pledged to pay TSF US$150,000 (plus US$50,000 of airtime) in 2010.

The Company also made a payment of US$103,500 (2008: US$100,000) to the World Maritime University during 2009 and has pledged to make a further payment of US$105,600 in 2010 as part of its support for the education of maritime specialists.

The Company also provides satellite telecommunication services and equipment in conjunction with support offered by its distribution partners and manufacturers to service providers in support of disaster relief management in affected areas of the world.

In addition, certain of the Group's worldwide subsidiary companies made small contributions to local charitable causes.

No political donations were made during the year. It remains the policy of the Company not to make political donations or incur political expenditure. However, the Directors recognise that occasions arise where it may be in the best interests of shareholders for the Company to be able, if appropriate, to participate in public debate and opinion-forming on matters which affect its business. To avoid inadvertent infringement of the Companies Act 2006, shareholders will be requested annually to give authority at the Company's AGM to be permitted to make political donations and to incur political expenditure.

Financial instruments

Details of the financial risk management objectives and policies of the Group, including hedging policies and exposure of the entity to price risk, credit risk, liquidity risk and cash flow risk are given in notes 3 and 29 to the consolidated financial statements.

Post balance sheet events

Details of material post balance sheet events are included in note 33 to the consolidated financial statements.

Directors and their interests

The Directors who were in office on 1 January 2009 and served during the year were as follows:

- Michael Butler, President (resigned 30 April 2009)
- Sir Bryan Carsberg
- Stephen Davidson
- Admiral James Ellis Jr (Rtd)
- Kathleen Flaherty
- Rick Medlock, Chief Financial Officer
- Janice Obuchowski (appointed 5 May 2009)
- John Rennocks, Deputy Chairman and Senior Independent Director
- Andrew Sukawaty, Chairman and Chief Executive Officer

Biographical information on each of the Directors is contained on pages 30 and 31 of the Annual Report. Their biographies illustrate the Directors' range of experience, which ensures an effective Board to lead and control the Group.

The interests of the Directors in the share capital of the Company are disclosed in the Directors' Remuneration Report. None of the Directors at any time during the year ended 31 December 2009 or subsequently have had any interests in any shares of the Company's subsidiaries.

Re-appointment and appointment of Directors

The Company's Articles of Association require that one-third of the Directors retire by rotation at each annual general meeting of the Company. Therefore, the following Directors, none of whom has been in their current term of office for more than three years, will retire and put themselves forward for re-appointment at the 2010 Annual General Meeting (the 'AGM'). They have each confirmed that they will stand for re-appointment:

- Sir Bryan Carsberg
- Stephen Davidson
- John Rennocks

The Board has confirmed that all Directors standing for re-appointment at the forthcoming AGM continue to contribute effectively as Board members and demonstrate commitment to their roles. Such commitment was evident as part of the Board's annual evaluation process.

The following Director, having been appointed by the Board since the last AGM and, being eligible, offers herself for appointment by shareholders:

- Janice Obuchowski

When the Board appointed Mrs Obuchowski in May 2009, it felt that her experience as a non-executive director on the Stratos board would be very valuable following the Group's acquisition of that company. In addition, Mrs Obuchowski has extremely good knowledge and experience of US regulatory and government operations; both areas important to the Group's business and development.

Employees

The Group has ensured that employees are fully informed and involved in the business, through the use of various communications methods including regular briefing sessions and discussions with groups of employees, circulation of newsletters, Company announcements, information releases and dissemination of information through normal management channels. The Group has two intranets – one for Inmarsat and one for Stratos where copies of all current and relevant corporate and employee policies are available for all staff to read.

Inmarsat Global has a Staff Forum to extend two-way communications between employees and management and to allow the views of employees to be taken into account in making decisions which are likely to affect their interests. The Staff Forum is an elected body constituted in accordance with prevailing legislation to provide the formal means of consultation on contractual matters, as and when required.

For the Group's other overseas offices, the following employee relations practices are in place:

- for the Inmarsat office in Indonesia, there is an elected Staff Forum which operates in a similar way to the one in the UK;
- in the Stratos offices, in
  - The Netherlands: a Works Council is in place; and
  - Germany: a Works Council exists until May 2010 and then will cease to be active as staff numbers are below the minimum requirement for one to be in place following the sale of the German company's assets.

In addition, employees worldwide are able, if they wish, to join appropriate Trade Union organisations.

Inmarsat Global undertook a staff survey in autumn 2009 across its worldwide offices. The results of the survey have been communicated to all employees and where there were areas for improvement, these are being actively managed throughout the offices. There continued to be an extremely high response rate, with almost 95% of Inmarsat Global staff responding. The scores across many of the same questions asked in 2006 (the date of the last survey) were consistently higher, including those regarding being proud to work at Inmarsat, feeling appreciated, and that employee morale is good. The survey also highlighted areas where further actions can yield benefits, such as greater management of career development and enhancing decision making within the business. The next staff survey is expected to be held in 2012. A staff survey was also rolled out to all Stratos employees in the first part of 2010.

Employees are actively encouraged to attend internal training courses to learn about the Company's business, its products and services.

Employee involvement in the Group's share and share option schemes is encouraged. Details of employee share awards and option schemes are shown in note 25 to the consolidated financial statements and on pages 51 and 52 of the Directors' Remuneration Report.

The Group has a positive attitude towards the development of all its employees and does not discriminate between employees or potential employees on grounds of race, ethnic or national origin, sex, age, marital status or religious beliefs. The Group's workforce is diverse in that it has more than 45 different nationalities amongst the staff.

Equal opportunities
The Group gives full consideration to applications from disabled persons and to the continuing employment of staff that become disabled, including making reasonable adjustments where appropriate or considering them for alternative positions.

Health and safety
The Group is committed to maintaining high standards of health and safety for its employees, customers, visitors, contractors and anyone affected by its business activities. Perry Melton, Chief Operating Officer, has been identified as having responsibility for health and safety issues within the Inmarsat Global operations. Stratos has various managers responsible for health and safety across its operations.

Policy and practice on payment of creditors
The Group's policy and practice on payment of creditors is:

- to pay all suppliers within the time limit agreed with each at the start of business with that supplier;
- to ensure that suppliers are aware of the terms of payment; and
- to pay in accordance with the contractual and other legal obligations whenever it is satisfied that the supplier has provided goods and services in accordance with the agreed terms and conditions.

At 31 December 2009, the Group's trade creditors represented 59 days equivalent of aggregate amounts invoiced by suppliers during the year (2008: 59 days).

Interests in voting rights
At 9 March 2010, the Company had been notified, in accordance with the Financial Services Authority's Disclosure and Transparency Rules, of the following voting rights as a shareholder of the Company:

Share capital and control
The following information is given pursuant to the new requirements of the Companies Act 2006, specifically s992.

The Company's ordinary shares of €0.0005 each are listed on the London Stock Exchange (LSE: ISAT). Details of the authorised and issued share capital of the Company, together with movements in the issued share capital during the year, are given in note 24 to the consolidated financial statements.

The holders of ordinary shares are entitled to receive the Company's report and accounts; to attend and speak at general meetings of the Company; to appoint proxies and to exercise voting rights. There are no restrictions on transfer or limitations on the holding of any shares and no requirements for prior approval of any transfers. None of the shares carry any special rights with regard to control of the Company. There are no known arrangements under which financial rights are held by a person other than the holder of the shares and no known agreements on restrictions on share transfers or on voting rights.

Details of employee share schemes are set out in note 25. Shares acquired through Company share schemes and plans rank pari passu with the shares in issue and have no special rights. All of the ordinary shares held by the Inmarsat Employee Share Ownership Trust, being 1,172,981 shares, carry voting rights.

Inmarsat Global does not have agreements with any Director or employee of its operations that would provide compensation for loss of office or employment resulting from a takeover except that provisions of the Company's share option schemes and share plans may cause options and awards granted under such schemes to vest on a takeover. The senior management of Stratos have change of control provisions within their employment agreements. These were in place at the time Stratos was acquired by the Company.

	Number of voting rights over the ordinary shares of €0.0005 each			
	Direct		Indirect	
Harbinger Capital Partners Master Fund I, Ltd, Harbinger Capital Partners Special Situations Fund, L.P. and HGW Holding Company L.P.*	–	–	129,277,349	28.13%
Lansdowne Partners Limited Partnership	–	–	59,942,059	13.04%
BlackRock, Inc.	–	–	42,576,471	9.31%
Legal & General Group Plc	27,531,525	5.99%	–	0.67%
KDDI Corporation	21,739,149	4.76%	–	–
F&C Asset Management plc	–	–	19,164,056	4.19%
Allianz SE	490,186	0.11%	13,343,300	2.91%

Note: Percentages are based on the issued ordinary share capital in issue as at the date of the respective notifications.

* Harbinger Capital Partners Master Fund I, Ltd, Harbinger Capital Partners Special Situations Fund, L.P. and HGW Holding Company L.P. also holds voting rights over 992,594 of the Inmarsat plc Convertible Bonds due 2017.

The powers of the Directors are determined by UK legislation and the Articles of Association in force from time to time. The rules about the appointment and replacement of Directors are contained in the Company's Articles of Association. Changes to the Articles of Association must be approved by shareholders in accordance with legislation in force from time to time.

The Directors have been authorised by shareholders to issue and allot ordinary shares up to agreed limits and to have the ability to make market purchases of ordinary shares. At the 2010 AGM, shareholders are being requested to renew these authorities.

Significant contracts

The Group has in place several significant agreements, which include, inter alia, its banking and debt arrangements, distribution agreements with its distribution partners, manufacturing agreements and contracts for the in-orbit insurance of its satellites. Subject to the identity of a third party bidder, in the event of a change of control following a takeover bid, the Group does not believe that these agreements would suffer a material adverse effect or be subject to termination upon a change of control. However, there are customary clauses in the long-term debt funding agreements specifying that in the event of a change of control following a takeover bid, the lenders have the option to have the debt repaid under the specific terms of each type of debt.

The majority of the space segment revenue of Inmarsat Global is derived from sales to its distribution partners ('DPs') who operate in accordance with a suite of agreements regarding the distribution of Inmarsat's services. Stratos is one of the DPs to whom these distribution agreements apply. Stratos itself has operating agreements with its own customers. These contracts vary in monetary value and length of term.

In addition, Inmarsat Global has significant on-going contracts with its partners regarding the construction of the Alphasat satellite and its subsequent launch, and with third parties for the manufacture and production of the new GSPS service.

None of the current Directors had a material interest in any contract to which the Company or any of its subsidiary undertakings was a party during the financial year.

Directors' and Officers' liability insurance

Inmarsat plc maintains appropriate insurance to cover Directors' and Officers' liability for itself and its subsidiaries. At the date upon which this report was approved and for the year to 31 December 2009, the Company provided an indemnity in respect of all of the Company's Directors. Neither the insurance nor the indemnity provides cover where the Director is proved to have acted fraudulently or dishonestly.

Auditors

Each of the Directors has confirmed that:

i) so far as the Director is aware, there is no relevant audit information of which the Company's Auditors are unaware; and

ii) the Director has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

A resolution to re-appoint Deloitte LLP as Auditors of the Company and to authorise the Board to determine their remuneration will be proposed at the 2010 AGM.

2010 Annual General Meeting

Your attention is drawn to the Notice of Meeting enclosed with this Annual Report which sets out the resolutions to be proposed at the forthcoming AGM.

By order of the Board

Alison Horrocks FCIS
Senior Vice President – Corporate Governance and Company Secretary
9 March 2010

The Company is committed to the highest standards of corporate governance. The Board has reviewed and is reporting on the Company's compliance with the requirements of the Combined Code (the 'Code') (published by the Financial Reporting Council in July 2003 and reissued in June 2008) for the year ended 31 December 2009.

Throughout the year ended 31 December 2009, the Company has been in compliance with the provisions set out in Section 1 of the Code save as provided below:

- Andrew Sukawaty acts in the dual role of Chairman and Chief Executive Officer. Mr Sukawaty was appointed Chairman in December 2003 and was asked by the Board to take on the additional responsibilities of Chief Executive Officer in March 2004. The Board believes that Mr Sukawaty's wide experience of the telecommunications industry in an executive capacity means that he is extremely well qualified to lead the Company in the joint role of Chairman and Chief Executive Officer. In October 2009, the Board announced that it had requested, and Mr Sukawaty had agreed, to remain in the joint role until 30 September 2011 and then to move to the role of Chairman until at least 30 September 2012; and
- in his capacity as Executive Chairman of the Company, Andrew Sukawaty acts as Chairman of the Nominations Committee. The Senior Independent Director, who is a member of the Nominations Committee, acts as Chairman of the meetings for discussion relating to succession planning for the Chief Executive Officer role.

The Board

The composition of the Board and its various Committees is regularly reviewed and evaluated so as to reflect the Board's and the Committees' balance of skills, expected time commitment, knowledge and experience. Board membership and tenure are considered together, and weighed for relevant benefit considering any foreseeable business plans, given further that the Board should not be enlarged to a size that is unwieldy. The Board currently has eight Directors, comprising two Executive Directors and six independent, Non-Executive Directors, which is considered an effective size and balance for the Company. A list of the individual Directors, their biographies and details of their Committee membership are provided on pages 30 and 31.

Following the Company's listing on the London Stock Exchange in June 2005, Andrew Sukawaty remained Chairman and Chief Executive Officer, both executive roles. There was a commitment that whilst this did not meet the requirements of the Code, there would, in time, be a separation of the roles as noted above. The Board continues to believe that Mr Sukawaty's involvement in both roles provides a balanced and stable platform for the Company as it matures as a public company and continues to be in the best interests of the Company and its shareholders. To reflect this and in response to a request from the Board, in October 2009, Mr Sukawaty agreed that he would remain in the joint role until 30 September 2011 and then move to the role of Chairman until at least 30 September 2012. The Board recognised that with the acquisition of the Company's largest distributor in April 2009, this transaction would increase revenues, costs, staff and global office locations dramatically and that continuity at Chief Executive Officer level was important following this transaction and in managing key elements of integration alongside operating a fair channel strategy for all distributors.

The Board also believes that it continues to be appropriate, with the Chairman and Chief Executive Officer roles being combined, to maintain John Rennocks in his role as Deputy Chairman, in addition to his role as Senior Independent Director. In this role, concerns can be conveyed to Mr Rennocks, independently of the Executive Directors, by other Directors. Mr Rennocks is also available to meet shareholders and has over time met with several institutional shareholders.

The Board still believes that it is appropriate to consider Admiral James Ellis Jr (Rtd) as an independent, Non-Executive Director, notwithstanding that he is an independent, non-executive director of the Lockheed Martin Corporation which is a supplier to the Company.

Collectively, the Board believes that it possesses all of the necessary range of qualities and experience to lead the Company effectively. The Board meets regularly throughout the year. The Board is satisfied that every Director commits sufficient time to the fulfilment of their duties as Directors of the Company. The Board delegates management of the business to the Company's Executive Staff and to the Executive Management Teams listed on page 31, who meet on a regular basis.

To address the effect of s175 of the Companies Act 2006 (directors' conflicts of interests) which came into force on 1 October 2008, the Company's Articles of Association were amended to enable the Board to authorise situations that may give rise to Directors' conflicts of interest. During 2009, each Director was asked to identify any situations where their own interests might conflict with the interests of the Company and any such instances were reviewed by the Board in November 2009. The Directors have an ongoing duty to notify the Board of any potential conflicts and a formal review by the Board will be undertaken annually. There were no conflicts of interest noted by any of the Directors.

The Board believes, in principle, in the benefit of Executive Directors accepting non-executive directorships of other companies in order to widen their skills and knowledge for the benefit of the Company. All such appointments require the prior approval of the Board. Executive Directors may not take on more than one Non-Executive Directorship of a FTSE 100 company or any chairmanship of such a company. Mr Sukawaty and Mr Medlock have external directorships and they are permitted to retain any director's fees from these appointments. Details of these directorships can be found in their biographies on page 30 and details of the fees retained can be found on page 50. To avoid potential conflicts of interest, Non-Executive Directors are expected to inform the Chairman before taking up any additional external appointments.

The Chairman and Chief Executive Officer is responsible for the running of the Board and for implementing strategy for the Group operations. The Board has a formal schedule of matters reserved to it for decision but can also delegate specific responsibilities to its Board Committees or to committees convened for special purposes. The Board ensures that as an integral part of its performance and decision making, it carefully considers the statutory directors' duties. The Board has an annual rolling plan of items for discussion which is reviewed and adapted regularly to ensure that all of the matters reserved to the Board, as well as other key topical and strategic issues, are discussed at the appropriate time. Regular items for Board meetings include updates on business development opportunities, monthly financial and operational reviews and as appropriate, reports from each of the principal Board Committees. Among the key matters on which the Board alone may make decisions are the Group's business strategy, its annual budget, dividends, financial reporting and major corporate activities. Typically, at each meeting, the Chief Executive Officer and Chief Financial Officer report to the Board and several senior executives present updates on strategy and the Group's operations. All Committee Chairman report orally on the proceedings of their Committees at the next meeting of the Board.

In addition to regular Board meetings, the Board also holds a two day strategy meeting each year at which it considers the future direction of the business. These strategy sessions are attended by several senior executives who present on specialised agenda items. In September 2009, a Board meeting was held at the Inmarsat office in Washington, D.C. in the US, where the Board met with senior members of both the Inmarsat and Stratos management teams.

Non-Executive Directors have been appointed initially for three years and all Non-Executive Directors may not, unless agreed by the Board, remain in office for a period longer than six years, or two terms in office, whichever is the shorter. The diverse experience and backgrounds of the Non-Executive Directors ensures that they can debate with, and constructively challenge, management both in relation to the development of strategy and in relation to operational and financial performance. The key elements of the role and responsibilities of the Non-Executive Directors are to oversee:

- the strategy of the Group;
- the Group's performance;
- standards of conduct, compliance and control on the Board and in the Group generally; and
- remuneration of and succession planning for Executive Directors.

The Non-Executive Directors meet annually, without the Chairman and Chief Executive Officer in attendance, to assess Board balance and independence and to monitor the powers of individual Executive Directors. The Senior Independent Director chairs these meetings.

On joining the Board, new Directors are given a comprehensive, formal and tailored induction programme organised through the Company Secretary, including the provision of background material on the Company and briefings with senior management. Each Director's individual experience and background is taken into account in developing a programme tailored to his or her own requirements. Mrs Obuchowski, who joined the Board in May 2009, received a detailed induction programme with senior management from across the Group.

The Company is committed to the provision of continuing professional development training for its Directors and in 2009, the Board received presentations from the Company's external advisers and guest speakers on subjects appropriate to the Company's business and changes to legislation. The Company Secretary supplies all Directors with information on relevant legal and best practice developments.

All Directors are required by the Company's Articles of Association to be elected by shareholders at the first general meeting after their appointment. Appointments to the Board are made on merit and against objective criteria. At least one-third of the Directors must retire and, as appropriate, seek re-election by the shareholders at each annual general meeting.

Directors receive Board and Committee papers in advance of the relevant meetings. The Company Secretary is responsible to the Board for ensuring that Board procedures are followed, advising the Board, through the Chairman and Chief Executive Officer, on all corporate governance matters and minuting any unresolved concerns expressed by any Director. Were a Director to resign over an unresolved issue, the Chairman and Chief Executive Officer would bring the issue to the attention of the Board and for material issues, the Director would make the reasons for resignation public.

The Directors have access to the advice and services of the Company Secretary and all Directors are able to take independent advice in the furtherance of their duties if necessary. No requests for external professional advice were received during the year.

Board Committees

The main Board Committees of Inmarsat plc are the Audit Committee, the Remuneration Committee and the Nominations Committee.

The terms of reference explaining the roles of the Committees of Inmarsat plc (which are reviewed at meetings during the year) and the authority delegated to them by the Board are published on the Group's website at www.inmarsat.com. The Secretary to these Board Committees is the Company Secretary.

Audit Committee

John Rennocks (Chairman)
Sir Bryan Carsberg
Stephen Davidson
Janice Obuchowski (with effect from 5 May 2009)

Responsibilities include:

- Monitoring the adequacy and effectiveness of the operation of internal controls and risk management
- Reviewing the scope of the audit and management response thereto
- Overseeing the relationship with the external auditors

All members of the Audit Committee are independent, Non-Executive Directors and have significant, recent and relevant financial experience. The Board is confident that the collective experience of the Audit Committee members enables them, as a group, to act as an effective Audit Committee. By invitation, the meetings of the Audit Committee may be attended by the Chairman and Chief Executive Officer, Chief Financial Officer and the Head of Internal Audit. The Deloitte LLP audit engagement partner is present at all Audit Committee meetings to ensure full communication of matters relating to the audit. The Chairman of the Audit Committee meets regularly with the internal and external Auditors.

The Audit Committee has particular responsibility for monitoring the financial reporting process, the adequacy and effectiveness of the operation of internal controls and risk management and the integrity of the financial statements. This includes a review of significant issues and judgements, policies and disclosures. Its duties include keeping under review the scope and results of the audit and its cost effectiveness, consideration of management's response to any major external or internal audit recommendation and the independence and objectivity of the internal and external Auditors.

During the year to 31 December 2009, the Audit Committee reviewed and endorsed, prior to submission to the Board, half-year and full-year financial statements, interim management statements and results announcements and the quarterly financial reports for two US reporting subsidiaries. It considered internal audit reports and risk management updates, agreed external and internal audit plans, received updates on management responses to audit recommendations and approved the review of accounting policies.

Additionally, the Audit Committee reviewed the financial data and risk reports for Stratos for the quarterly and half yearly reporting periods. Stratos has its own Audit Committee, chaired by an independent Chairman, while it has outstanding bonds with reporting requirements.

The Audit Committee was responsible for approving the 20-F for the year ended 31 December 2008 which was filed with the US Securities and Exchange Commission in April 2009; this included an annual assessment and related report from management.

During 2009, preparations were made to comply with the annual assessment by management of the effectiveness of its internal controls over financial reporting to comply with s404 of the Sarbanes-Oxley Act 2002 ('SOX') for its US reporting subsidiaries. Following a successful debt restructuring in November 2009, the Company's US reporting companies filed voluntary forms in January 2010 to deregister from making filings with the Securities Exchange Commission in the US; this means the SOX reporting requirements are no longer required. However, the Audit Committee continues to ensure that adherence to the same rigorous standards of documenting and testing of controls occurs when reviewing and approving financial results.

The Company Secretary, as Chairman of the Disclosure Committee (the role of which is detailed on page 41), reported on matters that affected the quality and timely disclosure of financial and other material information to the Board, to the public markets and to shareholders. This enabled the Audit Committee to review and clarify the completeness of financial reporting disclosures prior to their release by the Board.

The Company has reviewed its relationship with its Auditors, Deloitte LLP, and concluded that there are sufficient controls and processes in place to ensure the required level of independence and the Company has no other reason to seek to re-tender the external audit role. The audit engagement partner rotates every five years and the present audit partner rotates off the audit in 2011.

The Board considers that, through the Audit Committee, it has an objective and professional relationship with the Auditors. In addition to their statutory duties, the Company's Auditors may also be employed where, as a result of their position as Auditors, they either must, or are best placed to, perform the work in question. A formal policy is in place in relation to the provision of non-audit services by the Auditors to ensure that there is adequate protection of their independence and objectivity. The policy identifies three categories of services: audit-related services, which the Company's Auditors provide (such as interim and full year reporting); prohibited services, which the Company's Auditors may never provide (such as corporate finance consulting or advisory services); and potential services, which the Company's Auditors may in certain circumstances provide, subject to procurement procedures and fee constraints (such as tax advisory services and due diligence). The Auditors regularly confirm their independence to the Committee.

During the year, specific approval had been given by the Audit Committee for the Auditors to perform non-audit services. Auditor objectivity and independence is safeguarded through a variety of mechanisms. Fees charged by the Auditors in respect of non-audit services require the prior approval of the Audit Committee, except where the fee does not exceed more than 5% of the total revenues paid to the Auditors in that financial year. The Audit Committee has agreed that the Company could commit to fees in relation to tax advisory and tax compliance work from the Auditors, in aggregate, of up to 20% of the total audit fee each year, with up to £50,000 for any one project, without the need to seek approval for individual projects. A breakdown of the fees paid to the Auditors during the year is set out in note 6 to the consolidated financial statements.

Remuneration Committee

Stephen Davidson (Chairman)
Sir Bryan Carsberg
Admiral James Ellis Jr (Rtd)
Kathleen Flaherty

Responsibilities include:

- Determining policy on remuneration including annual bonuses
- Setting and monitoring achievement of the objectives for the Executive Directors
- The grant of share options and share awards under the short and long-term incentive plans

The Remuneration Committee comprises solely independent, Non-Executive Directors. The Remuneration Committee, on behalf of the Board, meets as and when necessary to review and approve, as appropriate, the remuneration of the Executive Directors and senior management and major remuneration plans for the Group. The Remuneration Committee appraises the Chairman and Chief Executive Officer against his written objectives. Similarly, the Chairman and Chief Executive Officer appraises the other Executive Director and makes recommendations to the Remuneration Committee relating to bonus achievement. The Remuneration Committee approves the setting of objectives for all of the Executive Directors and authorises their annual bonus payments for achievement of objectives.

The Remuneration Committee provides remuneration packages necessary and sufficient to attract, retain and motivate Executive Directors to run the Company successfully without motivating them to take excessive risk. The packages take into account available remuneration data and views from advisers. The Remuneration Committee is empowered to recommend the grant of share options under the existing share option plans and to make awards under the short and long-term incentive plans. The Remuneration Committee considers there to be an appropriate balance between fixed and variable remuneration and between short and long-term variable components of remuneration. The Remuneration Committee has also spent time considering the components of the long-term incentive plans in the face of the current uncertain economic times as they consider awards to be made in 2010. The Company's remuneration policy is intended to reward successful delivery against increasing returns for shareholders and to support the achievement of strategy.

During 2009, the Remuneration Committee made recommendations to the Board that:

- awards be made under the Performance Share Plan and Bonus Share Plan to certain members of senior management;
- following the agreement of Mr Sukawaty to remain as Chairman and Chief Executive Officer, revisions be made to the terms of the Chief Executive Officer Share Award; and
- a deferred share bonus award be made to the Chairman and Chief Executive Officer to incentivise him to achieve key financial, strategic and operational goals and to continue to align his interests with those of shareholders.

Additionally, the Committee approved the annual bonus award to Inmarsat staff and an award under the Share Incentive Plan ('SIP') to eligible Inmarsat staff, with an arrangement replicating the SIP as far as possible for eligible Inmarsat staff based overseas.

All of the decisions of the Remuneration Committee on remuneration matters in 2009 were reported to and endorsed by the Board.

Nominations Committee

Andrew Sukawaty (Chairman)
Stephen Davidson
Admiral James Ellis Jr (Rtd)
John Rennocks

Responsibilities include:

- Nominating candidates for appointment as Directors
- Recommendations in relation to the re-appointment of Non-Executive Directors at the conclusion of their term
- Review of succession planning

The Nominations Committee comprises a majority of independent, Non-Executive Directors. The Nominations Committee meets as and when necessary. The Nominations Committee has responsibility for nominating to the Board, candidates for appointment as Directors, bearing in mind the need for a broad representation of skills across the Board.

The Nominations Committee will also make recommendations to the Board concerning the re-appointment of any independent, Non-Executive Director by the Board at the conclusion of his or her specified term; the election and re-election of any Director by shareholders under the retirement provisions of the Company's Articles of Association; and changes to senior management, including Executive Directors. The Nominations Committee gives full consideration to succession planning in the course of its work, taking into account the challenges and opportunities facing the Company and what skills and expertise are needed on the Board and from senior management in the future.

During 2009, the Nominations Committee agreed which Directors would retire by rotation at the 2009 AGM, recommended the appointment of Janice Obuchowski and kept under review the combined Chairman and Chief Executive Officer roles. With Mr Butler's departure, the number of Executive Directors reduced to two. It remains the intention of the Nominations Committee not to recommend an increase in this number at the current time. The Chairman and Chief Executive Officer did not and will not chair the Nominations Committee when it is dealing with agenda items relating to the role of Chief Executive Officer.

In relation to the appointment of Mrs Obuchowski, the Nominations Committee took the decision that it did not need to conduct an external search or external verification by a consultancy. Mrs Obuchowski had significant experience as an independent, Non-Executive Director of Stratos (which became a wholly owned subsidiary of the Company) and this, plus her knowledge and direct exposure of US regulatory and government operations, made her a suitable complementary addition to the Board.

2009 Board and Committee meetings

During the year to 31 December 2009, the Board met eight times. This excludes ad hoc meetings held solely to deal with procedural matters. The following table shows the attendance of Directors at meetings of the Board and its main Committees:

	Board	Audit Committee	Remuneration Committee	Nominations Committee
Michael Butler (resigned 30 April 2009)	2/2	–	–	–
Sir Bryan Carsberg	8/8	5/5	5/5	3*
Stephen Davidson	8/8	5/5	5/5	4/4
Admiral James Ellis Jr (Rtd)	8/8	–	5/5	4/4
Kathleen Flaherty	8/8	–	5/5	3*
Rick Medlock	8/8	5*	–	–
Janice Obuchowski (appointed 5 May 2009)	5/6	3/3	1*	1*
John Rennocks	8/8	5/5	3*	4/4
Andrew Sukawaty	8/8	5*	3*	4/4

* Attendance by invitation only.

Note: The Company Secretary attended all Board and Committee meetings. The external auditor attends the Audit Committee meetings.

Except for one meeting, the full Board participated in every Board meeting and Committee members participated in every Committee meeting. In an instance where a Director is unable to attend Board or Committee meetings, any comments which he or she may have arising out of the papers to be considered at the meeting are relayed in advance to the relevant Chairman or the Company Secretary.

Directors attend several other meetings during the year and contribute in various ways outside the formal meeting schedule.

Performance evaluation

The effectiveness of the Board is an essential element of the Company's effective and efficient performance. During 2009, the Board and each of the Audit, Remuneration and Nominations Committees undertook performance evaluations. The main elements in the evaluation process were:

- individual Directors and Committee members completed separate evaluation questionnaires regarding the processes of the Board and its Committees, their effectiveness and where improvements could be considered. They also undertook a peer review in which they assessed their fellow Directors' performance;
- each of the Non-Executive Directors had a discussion with the Company Secretary;
- the results were compiled and analysed by the Company Secretary and circulated to the full Board; and
- the Board considered the results of the evaluation process as a specific item of business.

The evaluation process concluded that during the year, the Board and its main Committees had functioned efficiently and effectively with a good balance of the necessary skills required and that the individual Directors had also met the standards expected of them, with each making a significant contribution to the Company. The Non-Executive Directors remained highly supportive of the Directors and Executive Management teams and expressed their appreciation of the culture of openness and transparency within the Group.

The issues identified during the evaluation process related to the skill set of the Board and the need to keep this under review, ensuring strategy discussions remained regular agenda items as well as part of detailed strategy sessions and providing regular updates to the Board on actual performance compared to any business plans of Board-approved acquisitions or investments.

A performance evaluation of the Board will continue to be conducted annually and the process for such evaluation will be reviewed by the Board, considering each year how this will be undertaken.

The Nominations Committee confirmed to the Board that the contributions made by the Directors offering themselves for re-appointment at the 2010 AGM continued to benefit the Board and the Company should support their re-appointment.

Directors' remuneration

Details of the Company's remuneration policy and Directors' remuneration are contained in the Directors' Remuneration Report on pages 43 to 53.

Relations with shareholders

The Company recognises the importance of communicating with its shareholders to ensure that its strategy and performance is understood and that it remains accountable to shareholders. The Board as a whole is responsible for ensuring that a satisfactory dialogue with shareholders takes place, whilst the Chairman and Chief Executive Officer and Chief Financial Officer ensure that the views of shareholders are communicated to the Board as a whole. The Board ensures that the Group's strategic plans have been carefully reviewed in terms of their ability to deliver long-term shareholder value. An audited 2009 Annual Report will be made available to shareholders and all results are posted on the Company's website, as are presentations made in respect of the full year results.

The Company has undertaken regular investor road shows in the UK and overseas and presentations were also made after publication of the Preliminary Results in March 2009. Investor and analyst conference calls took place after the half year results were published in August 2009. There is an ongoing programme of dialogue and meetings between the Executive Directors and institutional investors, fund managers and analysts. At these meetings, a wide range of relevant issues including strategy, performance, management and governance are discussed within the constraints of information which has already been made public. The Board is aware that institutional shareholders may be in more regular contact with the Company than other shareholders, but care is exercised to ensure that any price-sensitive information is released to all shareholders, institutional and private, at the same time in accordance with the Financial Services Authority requirements.

The Senior Independent Director, John Rennocks, is available to shareholders if they have concerns which cannot be raised through the normal channels or such concerns have not been resolved. Mr Rennocks and Mr Davidson (Chairman of the Remuneration Committee) attended some institutional meetings during 2009. Arrangements can be made to meet with Mr Rennocks through the Company Secretary.

In the past, the Board has consulted with shareholders in connection with specific issues where it considers it appropriate and it would do so in the future as needed.

The Company understands that there may be shareholder concerns relating to the combined role of Chairman and Chief Executive Officer, which is why particular focus is given to ensure that governance is robust.

Shareholders are welcome at the Company's AGM where they will have an opportunity to meet the Board. The notice of the AGM is sent to all shareholders at least 20 working days before the meeting. The Chairmen of the Audit Committee and the Remuneration Committee, together with as many Directors as possible, will attend the 2010 AGM and be available to answer shareholders' questions. Voting may be by form of proxy, by poll, by a show of hands or a combination of all three. This year, facilities are being provided for CREST shareholders to lodge proxy appointments electronically. The voting results will be notified to the UK Listing Authority through a Regulatory Information Service immediately after the meeting and will be published on the Company's website.

The Board obtains feedback from its joint corporate brokers, JPMorgan Cazenove and Credit Suisse, on the views of institutional investors on a non-attributed and attributed basis. Any concerns of major shareholders would be communicated to the Board by the Chief Financial Officer. As a matter of routine, the Board receives regular reports on issues relating to share price, trading activity and details of movements in institutional investor shareholdings. The Board is also provided with current analyst opinions and forecasts.

Internal controls

The Board confirms that the procedures necessary to implement the 'Internal Control: Revised Guidance for Directors on the Combined Code' published by the Financial Reporting Council in October 2005 have been established and are reviewed on an ongoing basis. The Board acknowledges its responsibility for establishing and maintaining the Group's system of internal controls and it receives regular reports from management identifying, evaluating and managing the risks within the business. The system of internal controls is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss. Steps continue to be taken to embed internal control and risk management further into the operations of the business and to deal with areas of improvement which come to management's and the Board's attention.

The Company has an established Disclosure Committee with responsibility for reviewing and approving controls and procedures over the public disclosure of financial and related information and other procedures necessary to enable the Chairman and Chief Executive Officer and the Chief Financial Officer to provide their certifications in relation to publicly disclosed information.

The Board and the Audit Committee have carried out a review of the effectiveness of the system of internal controls during the year ended 31 December 2009 and for the period up to the date of approval of the consolidated financial statements contained in the Annual Report. The review covered all material controls, including financial, operational and compliance controls and risk management systems. The Board confirms that the actions it considers necessary have been or are being taken to remedy any significant failings or weaknesses identified from its review of the system of internal control. This has involved considering the matters reported to it and developing plans and programmes that it considers are reasonable in the circumstances. The Board also confirms that it has not been advised of material weaknesses in that part of the internal control system that relates to financial reporting.

The key elements of the Group's system of internal controls, which have been in place throughout the year under review and up to the date of this report, include:

Risk management: an overarching risk management policy is in place which sets out the tolerance for risk within the Group and how this is measured across identified macro and business risks. As required by the policy, management operates a risk management process to identify, evaluate and report significant risks within the business and to report to the Board on how those risks are being managed. Risks are highlighted through a number of different reviews and culminate in a risk register, monitored by Risk Committees in Inmarsat Global and Stratos, which identify the risk area, the probability of the risk occurring, the impact if it does occur and the actions being taken to manage the risk to the desired level. The risk registers for Inmarsat Global and Stratos are available monthly for review by senior management of both businesses and quarterly to the Board and to the Audit Committee.

Management structure: there is a clearly defined organisational structure throughout the Group with established lines of reporting and delegation of authority based on job responsibilities and experience. Within the businesses, senior management meetings occur each week to allow prompt discussion of relevant business issues. A process of self-certification is used where Directors and senior managers are required to detail and certify controls in operation to mitigate risk in key process areas. They also confirm annually, in writing, that risk management processes are in place and are operating effectively.

Financial reporting: monthly management accounts provide relevant, reliable, up-to-date financial and non-financial information to management and the Board. Annual plans, forecasts and performance targets allow management to monitor the key business and financial activities and the progress towards achieving the financial objectives. The annual budget is approved by the Board. The Group reports half-yearly based on a standardised reporting process. In addition, in line with the Transparency Directive, the Company publishes interim management statements.

Information systems: information systems are developed to support the Group's long-term objectives and are managed by a professionally staffed team. Appropriate policies and procedures are in place covering all significant areas of the business.

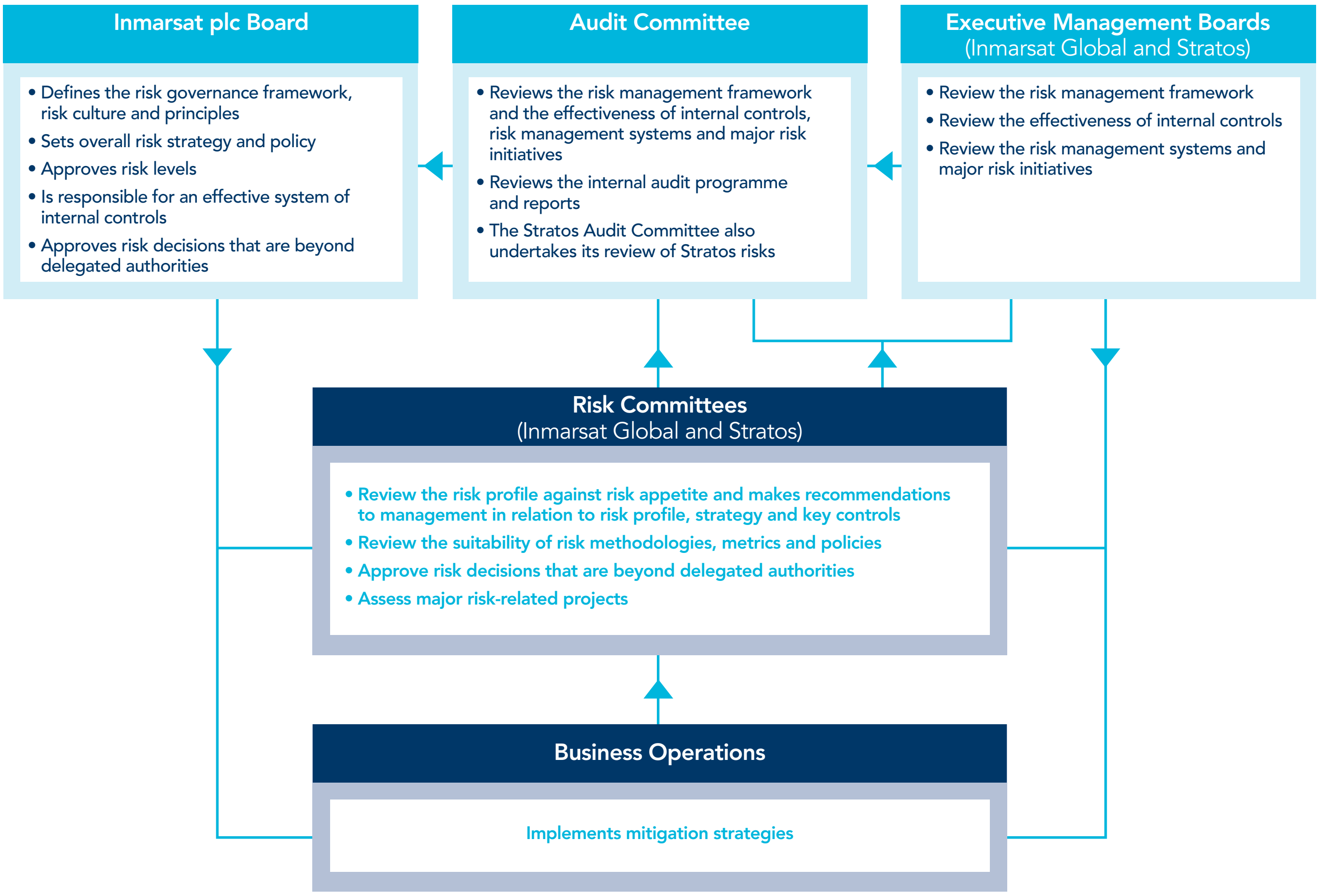
Contractual commitments: there are clearly defined policies and procedures for entering into contractual commitments. These include detailed requirements that must be completed prior to submitting proposals and/or tenders for work, both in respect of the commercial, control and risk management aspects of the obligations being entered into.

Monitoring of controls: the Audit Committee receives regular reports from the internal and external Auditors and assures itself that the internal control environment of the Group is operating effectively. There are formal policies and procedures in place to ensure the integrity and accuracy of the accounting records and to safeguard the Group's assets. Significant capital projects and acquisitions and disposals require Board approval. The Company has in place a formal procedure by which staff can, in confidence, raise concerns about possible improprieties in financial and other matters, including pensions administration – often referred to as 'whistleblowing' procedures. Arrangements are in place for proportionate and independent investigation and appropriate follow-up action and the results would be reported to the Audit Committee.

Going Concern

The Directors acknowledge the latest guidance on going concern. Despite the current volatility in financial markets and uncertain economic outlook, the Directors believe that the Group has a robust and resilient business model, strong free cash flow generation and is compliant with all its financial covenants. In making their assessment of going concern, the Directors considered the Board-approved budget, the fifteen month rolling forecast, the cash flow forecast and the most recent Long Range Financial Plan. In addition, the Directors considered the maturity profile of existing debt facilities, other liabilities as well as actual and forecast covenant calculations. Furthermore, the forecasts and covenant calculations were stress tested by applying a set of downside scenarios. After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, Inmarsat continues to adopt the going concern basis in preparing the consolidated financial statements.

Risk management process



In preparing this report, the Board has followed the requirements of the Combined Code ('the Code') published by the Financial Reporting Council in July 2003 and reissued in June 2008 and The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. This report complies with the Companies Act 2006 and the Listing Rules of the Financial Services Authority. Shareholders will be invited to vote to approve the Directors' Remuneration Report at the forthcoming AGM. Information provided in the Directors' Remuneration Report is unaudited, unless otherwise specified.

Composition of the Remuneration Committee

The Board has an established Remuneration Committee. The Remuneration Committee comprises Stephen Davidson (Chairman), Sir Bryan Carsberg, Admiral James Ellis Jr (Rtd) and Kathleen Flaherty, all of whom are considered to be independent and are all Non-Executive Directors of the Company. During the year, the Remuneration Committee met five times as set out on page 40.

Remuneration policy

The Group's policy on remuneration for the current year and, so far as is practicable, for subsequent years is set out below. However, the Remuneration Committee believes that it is important to keep the remuneration policy under review and to retain the flexibility to make adjustments in order to ensure that it continues to support the changing needs of the business. When determining remuneration policy, the Remuneration Committee takes into account all factors which it deems necessary, including environmental, social and government issues. The Remuneration Committee also looks to ensure that remuneration structures do not encourage excessive risk-taking within the organisation. Any changes in policy for subsequent years will be detailed in future reports on remuneration. Remuneration policy is designed to deliver rewards for improved financial performance and for increasing returns to shareholders by linking rewards to the achievement of financial and strategic goals by the Group.

The Group must ensure that its remuneration arrangements attract and retain people of the right calibre, likely to deliver success and to enhance shareholder value. Its overall approach is to attract, develop, motivate and retain talented people at all levels, by paying competitive salaries and benefits to all its staff and encouraging its staff to hold shares in the Company. The Remuneration Committee will balance its remuneration policy with the current global economic situation and its own business performance in 2009 and expectations for 2010 as it considers pay and share awards in 2010.

Pay levels for Executive Directors are set to take account of contribution, wage levels elsewhere in the Company and with reference to relevant market information. The Group seeks to reward its employees fairly and to give them the opportunity to increase their earnings by linking the payment of annual bonuses to achieving key business and individual performance targets. Outperformance of financial business targets can provide the opportunity for enhanced bonus payments to be made to staff.

The Group participates in appropriate market surveys and obtains comparator information on pay and benefit levels for all employees. This external information is taken into account, as well as comparison with peer groups across the Group's business, in making pay awards or benefit changes. This same information is also used when considering the pay and benefits of the Executive Directors.

Performance-related elements form a substantial part of the total remuneration package for the Executive Directors, and are designed to align their interests with those of shareholders. While the Executive Directors are rewarded on the basis of individual responsibility, competence and contribution, their salary increases also take into account pay awards made elsewhere in the business as well as external benchmarking. The Remuneration Committee is careful to give due attention to the principle that Executive Directors should not be paid more than is necessary to achieve the Company's objectives and create value for shareholders. There are two Executive Directors on the Board: Andrew Sukawaty (Chairman and Chief Executive Officer) and Rick Medlock (Chief Financial Officer).

The Board believes that share ownership at all levels is an effective way of encouraging employees' involvement in the development of the business and bringing together their interests and those of shareholders. A range of share plans have been operated during 2009, details of which are provided on pages 45 and 53.

Shareholding guidelines

In line with best practice and to bring Directors' and shareholders' interests further into line, Executive Directors and the Executive Management Board of Inmarsat Global are encouraged to maintain a holding of ordinary shares in the Company with a guideline value of five and one times salary respectively. The Executive Management Board of Inmarsat Global will be encouraged to build up an ordinary shareholding with a guideline value of one times salary over a four-year period. The Executive Directors both hold ordinary shares in excess of the five times salary guideline.

Fixed vs. variable pay

The Remuneration Committee believes that there is an appropriate balance between fixed and variable remuneration which have various stretching financial targets. The table below demonstrates the balance for the Executive Directors' annual total reward opportunity, reflecting the link between pay and performance:

Circa 30% FIXED	Circa 70% VARIABLE		
	Short-Term Incentive	**Medium-Term Incentive**	**Long-Term Incentive**
Objective: To reflect the competitive market salary level for the individual and their role	**Objective:** To incentivise the achievement of annual financial and operational goals	**Objective:** To link the delivery of short-term performance and medium-term shareholder value creation	**Objective:** To align executives with long-term shareholder value creation through the delivery of exceptional TSR and earnings performance and share price performance in respect of the CEO Share Award
Basic salary **Benefits (including pension)** Reflects market value of the position together with the skills/experience of the Director Annual review occurs	**Annual cash bonus:** Payable against achievement of annual financial and personal objectives Objectives reviewed annually	**Awards under Bonus Share Plan:** Awards made subject to achievement of agreed financial targets each year Awards vest over three years after performance conditions each year have been achieved **CEO Deferred Share Bonus Award:** Award vests in 2012 subject to 2010 performance conditions being met	**Awards under Performance Share Plan:** Awards made subject to the achievement of agreed financial (EBITDA growth) and non-market performance conditions (relative TSR performance) Awards vest after three years subject to performance conditions being achieved **CEO Share Award:** Award vests in 2012 subject to share price targets being met

The Remuneration Committee aims to ensure that remuneration arrangements continue to be in line with best practice and are in the interests of shareholders. During 2009 when our benchmarking and remuneration reviews were being undertaken, overall compensation levels across the workforce generally rank above the 50th percentile of broader sector survey data. This positioning is competitively placed even though in 2009 there was continued pressure on salary increases. The Remuneration Committee believes that this positioning is appropriate given the context of Inmarsat's sector and the competition for talent in this sector. This is an area which will be carefully reviewed when we undertake the exercise in 2010. Overall reward levels depend on the achievement of challenging corporate and individual performance targets, ensuring continued close alignment between reward and enhanced shareholder value.

The Remuneration Committee had to consider for the first time in 2009 the reward structures for both Inmarsat Global and Stratos to ensure that it understood the different characteristics and strategies of the two operating businesses, as well as the Group as a whole, and to ensure that executives from each business are rewarded fairly and appropriately.

Advisers

The Remuneration Committee is advised internally by Andrew Sukawaty (Chairman and Chief Executive Officer), Rick Medlock (Chief Financial Officer), Debbie Jones (Senior Vice President, Corporate Development whose responsibilities include human resources) and Alison Horrocks (Senior Vice President, Corporate Governance and Company Secretary). No member of management is present at a Remuneration Committee meeting where their own arrangements are being discussed. The Remuneration Committee also has access to external advice as required.

During 2009, external advice was received principally from Clifford Chance LLP (who are the Company's corporate legal advisers) and Deloitte LLP ('Deloitte') in respect of work relating to various of the employee and executive share plans. The Remuneration Committee has appointed Deloitte as its remuneration consultants. Deloitte are the Company's Auditors but have provided remuneration services in compliance with the terms of reference of the Audit Committee and the Ethical Standards of the Auditing Practices Board. During the year, external advice was also sought from Hewitt Associates regarding the valuation of share awards for accounting purposes.

The Company participated in various remuneration benchmarking surveys which use data from companies in different sectors, including high tech and telecommunications, provided by Insite Hi-Tech/Telecoms Survey, Computer Economics Survey, Remuneration Economics Survey and Watson Wyatt Hi-Tech/Telecoms Survey. The appropriateness of these surveys and whether they should be replaced by others is considered from time to time.

Non-Executive Directors' fees

Fees for Non-Executive Directors are determined annually by the Board as a whole, taking advice as appropriate and reflecting the time commitment in preparing and attending meetings, the responsibilities and duties of the position and the contribution that is expected of them. With effect from 1 July 2009, the Board approved an increase of 3% to the basic Non-Executive Directors' fee. Additional fees are payable for chairing committees and committee membership. The fees are not pensionable.

Non-Executive Directors' fees per annum as at 31 December 2009 were:

Basic fee	£44,886
Chairman of Audit Committee	£5,000
Chairman of Remuneration Committee	£7,500
Chairman of Nominations Committee	£5,000
Committee membership	£2,500
Deputy Chairman/SID (inclusive of Committee membership but excluding Audit Chairman fee)	£84,162

The Chairman and Chief Executive Officer who is Chairman of the Nominations Committee does not receive a fee for this position.

Admiral James Ellis Jr (Rtd) also receives a fee in respect of his directorship of Inmarsat Inc which is disclosed on page 50.

Non-Executive Directors do not participate in any annual bonus nor in the pension scheme, healthcare arrangements nor in any of the Company's incentive plans. The Company reimburses the reasonable expenses they incur in carrying out their duties as Directors.

Non-Executive Directors do not have service contracts but instead, have letters of appointment. Non-Executive Directors have been appointed initially for three years and all Non-Executive Directors may not, unless agreed by the Board, remain in office for a period longer than six years, or two terms in office, whichever is the shorter. The letters of appointment of the Non-Executive Directors are available for inspection at the Company's registered office during normal business hours and at the AGM (for 15 minutes prior to the meeting and during the meeting).

Aggregate remuneration paid to the Executive Staff

The aggregate remuneration (excluding income resulting from the vesting of share awards) of the Executive Staff (including Executive Directors and comprising eight individuals) for services in all capacities during the 2009 financial year was US$9.0m (2008: US$8.0m).

Executive Directors

Service agreements

Messrs Sukawaty and Medlock, being the two Executive Directors, both have service agreements dated 17 June 2005.

As announced on 13 March 2008, Michael Butler left the Company on 30 April 2009. As part of the mutually agreed departure terms, Mr Butler received a payment of £100,000 in lieu of awards under the Inmarsat 2005 Bonus Share Plan ('the 'BSP') and Inmarsat 2005 Performance Share Plan ('the 'PSP'). The Remuneration Committee also determined that Mr Butler was entitled to receive the two tranches of shares outstanding under the 2007 BSP award as the performance condition was fully achieved in 2007. His entitlement under the PSP award made in 2007 will vest in March 2010 subject to the performance conditions being achieved and his award will be scaled to reflect the period employed as a proportion of the vesting period, which will be over two thirds of the total period. Mr Butler received a pro rata annual bonus in May 2009 based on the Company's performance from 1 January 2009 to 30 April 2009 as the Remuneration Committee determined that key performance indicators in the results of Inmarsat Global provided a good indication that the bonus scheme would yield an award for the 2009 financial year.

The employment of Mr Sukawaty and Mr Medlock is for an indefinite period and continues until either party terminates it. Each individual and the Company may terminate the employment by giving not less than twelve months' written notice.

Mr Sukawaty's appointment may be terminated by the Company with immediate effect on payment of money in lieu of notice. This payment will be a sum equal to twelve months' basic salary and the value of all contractual benefits. If termination is without notice or payment in lieu of notice (other than for gross misconduct), Mr Sukawaty will be entitled to claim for loss of twelve months' basic salary, salary supplement, pension contributions, benefits and bonus (if any, and which would be subject to time apportionment and the Company assessing the performance indicators to determine if a bonus would likely fall due at the end of a financial year) by way of damages. Such damages would take account of 'mitigation' by Mr Sukawaty, save in certain circumstances. No payment in lieu of notice need be given in the event of gross misconduct. The Remuneration Committee believes that these termination arrangements are appropriate given Mr Sukawaty's valued service over the years.

In the event of early termination of Mr Medlock's contract, the Company has no right to make a payment in lieu of notice and Mr Medlock would be entitled to claim for loss of twelve months' basic salary, pension contributions, benefits and bonus (if any, and which would be subject to time apportionment and the Company assessing the performance indicators to determine if a bonus would likely fall due at the end of a financial year) by way of damages. No notice need be given, and no compensation would be payable, in the event of gross misconduct.

As and when new service agreements are entered into with Executive Directors in the future, the Company will include an obligation on Directors to mitigate any payments made for any loss of office.

Main elements of Executive Directors' remuneration

Fixed remuneration

Basic salary and benefits

Basic salary is set by the Remuneration Committee by taking into account the responsibilities, individual performance and experience of the Executive Directors and the remuneration awards being made across the Company's workforce, as well as the market practice for executives in a similar position. Basic salary is reviewed (but not necessarily increased) annually by the Remuneration Committee and adjustments will occur if necessary in relation to market practice and after a formal appraisal of performance. Salaries are next due to be reviewed in July 2010 and the Remuneration Committee will carefully consider the economic climate and the Company's year-to-date performance in addition to the above when determining what (if any) increases should be made.

As at 31 December 2009, the annual salaries for Mr Sukawaty and Mr Medlock were £598,000 (2008: £459,800) and £321,828 (2008: £279,850) respectively. From 1 January 2009, Mr Medlock's salary was increased to £321,828 per annum to reflect an increase in his operational responsibilities following the corporate restructuring which took place in 2009. Mr Sukawaty's annual salary has been below the median level in the benchmarking exercises carried out over the last few years. During the year, the Remuneration Committee reviewed the Chairman and Chief Executive Officer's base salary in order that it might better reflect the market salary for this role. With effect from 1 July 2009, the Remuneration Committee increased his salary to £598,000. Although the increased salary is now in place, the Remuneration Committee still believes that this figure is lower than the appropriate salary level for the position, particularly given the calibre and experience of Mr Sukawaty.

Benefits include Directors' and Officers' liability insurance, private medical insurance, permanent disability insurance, life assurance, and for one of the Executive Directors, cash payments in lieu of a company car. The benefits are non-pensionable.

Pensions

The Executive Directors are eligible to participate in the Company's defined contribution pension plan arrangements. Pensionable salary is limited to basic salary, excluding all bonuses and other benefits, up to a maximum scheme-specific cap. Mr Medlock is a member of the defined contribution pension plan for employees who will draw a UK pension; Mr Sukawaty is a member of the US 401k plan and also makes additional one-off employee contributions to the UK defined contribution pension plan. Mr Sukawaty is also entitled to an annual salary supplement in lieu of the employer pension contribution. The salary supplement is equal to 12.5% of the difference between Mr Sukawaty's basic salary and US Internal Revenue Service capped basic salary. The current employer contributions (subject to the HM Revenue & Customs and US Internal Revenue Service earnings cap as appropriate) are:

Andrew Sukawaty	12.5% salary
Rick Medlock	10% salary

Details of the pension arrangements are provided in note 27 to the consolidated financial statements. No Director is a member of the Company's defined benefit pension plan arrangements.

The Company's pension arrangements provided to UK-based executives were reviewed following the UK legislation relating to pensions introduced with effect from April 2006. If any increased tax liability for Executive Directors were to occur in the future because of such pension legislation changes, the Company would not reimburse such amount to Executive Directors nor to other members of staff affected.

The Company will not be responsible for reimbursing or paying any tax payments for the Executive Directors as a consequence of the forthcoming changes in the UK tax regime.

Variable remuneration

Annual cash bonus

The Executive Directors can earn a cash bonus upon achievement of challenging objectives linked to Group financial and operational performance. The financial performance targets represent 80% weighting and individual performance targets (which are specific and measurable and linked to operational performance) represent 20% weighting. These weightings will also be used for the financial year to 31 December 2010. The objectives for each of the Executive Directors are set by the Remuneration Committee at the start of each financial year.

For Mr Sukawaty, the target level of cash bonus is 75% of basic salary which may be increased subject to actual individual and corporate performance to a maximum of 125% of basic salary. For Mr Medlock, the target level of cash bonus is 50% of basic salary which may be increased subject to actual individual and corporate performance to a maximum of 100% of basic salary.

The Remuneration Committee approves the cash bonus payment for each of the Executive Directors, dependent upon the achievement of these financial and operational objectives. The Remuneration Committee concluded that the key performance measures used for the financial year to 31 December 2009 which were revenue and EBITDA growth and operating and capital expenditure containment (each for Inmarsat Global), remained appropriate key performance measures for the financial year to 31 December 2010 except that these would relate to the enlarged Group results including Stratos and any other operating subsidiary.

Each of the four corporate financial targets for 2009, which account for 80% of the annual cash bonus entitlement for each Executive Director, were outperformed. The Remuneration Committee assessed performance against individual objectives, which account for 20% of the annual cash bonus, and determined that these objectives had been met. In light of this performance, the Remuneration Committee decided that the following bonus payments be made in respect of the 2009 financial year:

	Bonus amount	Bonus as a % of salary
Andrew Sukawaty	£729,560	122%
Rick Medlock	£242,479	75%

These payments represent the strong financial and operational performance achieved during the year in the context of a challenging economic climate.

Bonuses are not pensionable.

Share incentives

No new share plans have been proposed since the following, which were approved by the Board prior to the Initial Public Offering ('IPO') in June 2005:

- Inmarsat 2005 Bonus Share Plan (the 'BSP')
- Inmarsat 2005 Performance Share Plan (the 'PSP')
- Inmarsat 2005 Restricted Share Scheme (the 'RSS')
- Inmarsat 2005 Executive Share Option Scheme (the 'Executive Scheme')

An overview of these plans is provided below with details of any share awards made under each plan to date.

The current intention remains that only the PSP and BSP will be operated on a regular basis, with the other schemes being operated in the future if and when the Remuneration Committee considers this to be appropriate (for example, recruitment and retention). The Remuneration Committee will review and approve, as appropriate, any future recommendation from management regarding the operation of and participation in the PSP and BSP. The Remuneration Committee determines that the level of share awards to be made for the subsequent year under the BSP and PSP would be determined by the Company's financial performance for the current year. For example, exceeding the financial targets would generally lead to a higher award to individuals than if the targets had only just been met, taking into account the economic situation and the Company's expected performance in the current year.

The Board also adopted the Inmarsat 2005 Sharesave Scheme ('the Sharesave Scheme'), the Inmarsat 2005 International Sharesave Scheme and the Inmarsat 2005 Share Incentive Plan ('the SIP') prior to the IPO. Details of these schemes are provided on pages 51 and 52. The Executive Directors are eligible to participate in the Sharesave Scheme and the SIP on the same terms as other employees, although they did not participate in the SIP awards made to employees in 2006 and 2007.

Inmarsat 2005 Bonus Share Plan ('the BSP')

The BSP provides the means whereby a bonus award of shares can be made in addition to a participant's cash bonus. Bonus share awards generally vest in three equal tranches on the first, second and third anniversaries of the year following the date of grant. The BSP also has the facility to enable participants to defer all or a portion of their cash bonus due into additional deferred shares. To date, the Remuneration Committee has not exercised this and therefore no part of the annual cash bonus payments have been delivered in the form of deferred shares.

The following awards under the BSP have been made to the Executive Directors and certain members of senior management:

Monetary award date	Share award date and number of shares awarded	Vesting dates
May and September 2005	March 2006 215,542 shares awarded	Fully vested in March 2007, 2008 and 2009
March, May and September 2007	March 2008 938,198 shares awarded	One tranche vested in March 2009; further vesting in March 2010 and 2011
March 2008	March 2009 807,630 shares awarded	Vesting in March 2010, 2011 and 2012
March 2009	March 2010 Number of shares to be awarded not yet known	Vesting in March 2011, 2012 and 2013
New award: March 2010	March 2011: subject to achievement of 2010 financial targets Number of shares to be awarded not yet known	Vesting in March 2012, 2013 and 2014 subject to performance conditions having been met

The levels of bonus share award that can be earned are equivalent to 200% of the maximum annual cash bonus which may be paid and in exceptional circumstances, equivalent to 300% of the maximum annual cash bonus. For the Chairman and Chief Executive Officer, the maximum annual cash bonus opportunity is 125% of basic salary and for the Chief Financial Officer, the maximum annual cash bonus opportunity is 100% of basic salary. The Remuneration Committee will use these limits carefully and does not intend automatically to make share awards at the higher level.

If a portion of a participant's cash bonus is deferred into shares under the BSP, a matching award up to the value of 50% of an individual's maximum bonus opportunity may also be made, which would vest after three years subject to the attainment of performance conditions determined by the Remuneration Committee. Matching awards have not been made under the BSP to date.

For the bonus share award, the Remuneration Committee sets the annual performance targets in respect of the financial year relating to the award. To date, these have been the same financial targets as those used for the annual cash bonus comprising four financial measures (excluding the individual objectives). These financial measures have been selected as they are considered to be key to driving annual operational performance. These performance elements are also being used for the basis of the 2009 BSP award based on the 2009 Financial Results for Inmarsat Global and for Stratos, as appropriate to each individual participant. Bonus share awards may normally be exercised according to a vesting schedule set by the Remuneration Committee. The Remuneration Committee can determine how dividends paid during the vesting period shall be awarded to participants. For the awards made to date, dividends accrue in the form of ordinary shares which are added to the original award of shares and vest in line with the relevant award.

Share awards under the BSP were made to the Executive Directors and certain members of senior management as noted in the table above and on page 52. The allocation of shares in respect of all awards from 2007 onwards was made based upon the mid-market closing price of the Company's ordinary shares following the announcement of the Preliminary Results for the relevant financial year. The annual performance targets have related to revenue, operating expenditure, capital expenditure and EBITDA for Inmarsat Global, and revenue and EBITDA for Stratos (for the 2009 BSP award). It is the Remuneration Committee's intention to continue to use revenue, operating expenditure, capital expenditure and EBITDA for the 2010 BSP targets, except based on the Group's performance rather than the performance of the operating businesses.

The BSP to the Executive Directors are detailed on page 52.

Inmarsat 2005 Performance Share Plan ('the PSP')

The PSP provides for the award of shares, which vest based on corporate performance measured over a three-year period. The PSP is intended for the participation of Executive Directors and certain members of senior management.

The maximum number of shares subject to an award to an individual in any financial year may be equal to 200% of annual basic salary as at the award date (other than in exceptional circumstances, such as on recruitment or retention where larger awards of up to 300% of annual basic salary may be made). It is not the intention of the Remuneration Committee automatically to make share awards up to the maximum levels.

The Remuneration Committee has the discretion to increase the size of a participant's award that vests to reflect the value of reinvested dividends that are paid during the performance period. This may be paid as either shares or the cash equivalent. The intention of the Remuneration Committee is to pay this in shares at the end of the three-year performance period.

The following awards under the PSP have been made to the Executive Directors and certain members of senior management:

AWARDS ALREADY VESTED:

Share award date, price and number of shares awarded	Award as percentage of salary	Vesting dates	Performance conditions: EBITDA	Performance conditions: TSR
May 2005: award price £2.45 785,980 shares awarded	60% to 100%	Fully vested in May 2008	**Actual performance:** 8.3% EBITDA growth achieved	**Actual performance:** 81st percentile for TSR achieved
September 2005: award price £3.24 21,889 shares awarded	50%	Fully vested in September 2008	**Actual performance:** 8.3% EBITDA growth achieved	**Actual performance:** 81st percentile for TSR achieved

AWARDS NOT YET VESTED:

Share award date, price and number of shares awarded	Award as percentage of salary	Vesting dates	Performance conditions: EBITDA	Performance conditions: TSR
March 2007: award price £3.95 120,764 shares awarded	60% to 100%	Vest in March 2010, subject to achievement of performance conditions	Target EBITDA growth 6-10%	TSR at least median to trigger any vesting and TSR must be upper quartile for maximum vesting
March 2008: award price £4.3875 319,445 shares awarded	90% to 150%	Vest in March 2011, subject to achievement of performance conditions	Target EBITDA growth 6-10%	TSR at least median to trigger any vesting and TSR must be upper quartile for maximum vesting
March 2009: award price £4.5675 374,663 shares awarded	75% to 100%	Vest in March 2012, subject to achievement of performance conditions	Target EBITDA growth 5-8%	TSR at least median to trigger any vesting and TSR must be upper quartile for maximum vesting
May 2009: award price £5.35 53,024 shares awarded	100%	Vest in March 2012, subject to achievement of performance conditions	Target EBITDA growth 5-8%	TSR at least median to trigger any vesting and TSR must be upper quartile for maximum vesting
New award: March 2010 Number of shares not yet known	75% to 100%	Vest in March 2013, subject to achievement of performance conditions	Target EBITDA growth 5-8%	TSR at least median to trigger any vesting and TSR must be upper quartile for maximum vesting

The performance targets applicable to the 2007, 2008 and 2009 awards will be determined by reference to the Company's relative TSR performance against companies within the FTSE 350 Index (excluding investment trusts) and its EBITDA performance at the end of the relevant three-year performance period. The Remuneration Committee believes that using TSR and EBITDA represents a good balance of external market performance and delivery of earnings both of which are key measures of success for the Company. In order for maximum vesting to occur, senior management need to deliver strong performance against both metrics which would represent increasing returns for shareholders.

For the performance targets to be met in full for the 2007 and 2008 awards, and 100% of the award to vest at the end of the three-year period, the Company's relative performance against the TSR must be in the upper quartile and have EBITDA growth at or above 10% per annum. If the relative TSR performance is below the median level or the EBITDA growth achieved is less than 6% per annum, none of the shares will vest. 30% of the award will vest for median TSR performance and EBITDA growth of 6% per annum target. There is pro rata vesting of shares between median TSR performance and a minimum EBITDA growth of 6% per annum target and upper quartile TSR performance and EBITDA growth of 10% per annum. The parameters of the performance measure should not be construed as providing any view on the future performance of the Company. The Remuneration Committee has agreed that it will adjust the EBITDA range from 6-10% to 5-8% per annum for the 2009 award (granted during the year) which it believes is comparably demanding for the combined Group. The chart below summarises the vesting opportunity for the 2009 award:

VESTING FRACTIONS		Annualised EBITDA growth			
		Below 5%	At 5%	5% to 8%	At or above 8%
Relative TSR performance	Upper Quartile		75%	Pro rata	100%
	Median to UQ	No vesting	Pro rata	Pro rata	Pro rata
	Median		30%	Pro rata	75%
	Below Median	No vesting	No vesting		

The Remuneration Committee believes that the constituents of the FTSE 350 Index (excluding investment trusts) represent the most appropriate comparator group against which to measure the Company's performance. The Remuneration Committee believes it is still appropriate to use this wider index as the performance condition for the award to be made in March 2010 rather than the FTSE 100 Index as the Company is still relatively new to the Index. Also, the Remuneration Committee does not believe that there is another suitable comparator group which can be used. Growth in EBITDA was selected to reflect the Company's primary driver of value and this also remains appropriate at the moment for future awards.

There are no provisions for the re-testing of performance under the PSP.

It is intended that future awards under the PSP will also be made with the next award scheduled to be made following the announcement of the Company's 2009 Financial Results in March 2010. This will be an award to Executive Directors and senior management. The vesting schedule, performance conditions and comparator group will be kept under review for future awards.

Details of the PSP awards to the Executive Directors are provided on page 53.

Inmarsat 2005 Restricted Share Scheme ('the RSS')

The RSS is intended for the participation of Executive Directors and certain members of senior management. The RSS provides for the award of shares to a participant, which will vest after three years subject to continued employment.

The RSS was not operated during the financial year to 31 December 2009. It is not currently anticipated that the RSS will be operated in the near term but the Board wishes to retain the flexibility to operate the RSS in the future if circumstances make it appropriate to do so.

Inmarsat 2005 Executive Share Option Scheme ('the Executive Scheme')

Under the Executive Scheme, participants may be granted market value options. The Executive Scheme has three parts:

- HM Revenue & Customs approved part which will have performance conditions which must be satisfied before the options become exercisable;
- an unapproved part which will also have performance conditions; and
- a part to be used to grant options on an all-employee basis, without performance conditions attached.

The Executive Scheme was not operated during the financial year to 31 December 2009. It is not currently anticipated that the Executive Scheme will be operated in the near term but the Board wishes to retain the flexibility to operate the Executive Scheme in the future if circumstances make it appropriate to do so.

Share awards made to the Chief Executive Officer

CEO Share Award

In September 2007, the Remuneration Committee made the Chief Executive Officer an exceptional award of one million incentive shares conditional upon the delivery of significant share price growth ('the CEO Share Award'). The mid-market closing share price on 27 September 2007 was £4.49 per share. On 1 October 2009, at the request of the Nominations Committee on behalf of the Board, the Chief Executive Officer agreed to extend his term as Chairman and Chief Executive Officer to 30 September 2011 and then remain in the role of Chairman for a period of not less than one year. The Remuneration Committee also agreed changes on the same date to the CEO Share Award to ensure that this award remains aligned with the timeframe of this renewed commitment. The share price targets for the award will remain the same. No shares will be earned unless, by 30 September 2012 (previously the term was to 30 September 2010), the share price reaches a minimum price of £5.50. For performance above this level, shares will be earned pro rata up to a share price of £7.25 at which the full award will be earned. A further award over 700,000 shares could be earned if, at the time that performance is assessed, the share price has reached £9.25. If the share price is below £7.25, none of the additional shares would be earned and between £7.25 and £9.25, shares would be earned pro rata up to a share price of £9.25.

The share price performance condition will be assessed on the basis of the average closing price of the shares of the Company over the last 60 days to 30 September 2012 (previously 20 trading days). Additional shares will accrue representing the value of dividends paid during the performance period on the number of shares that ultimately vest. Good leaver provisions would result in a scaled award pro rata for time and performance. In the event of a change of control of the Group, the award would be reduced taking account of time and performance against the original share price targets.

The Remuneration Committee anticipates that if an award of shares is made to the Chief Executive Officer, then the share price performance will have out-performed the FTSE 350 Index (excluding investment trusts). However, in the event that this is not the case, the Remuneration Committee retains the discretion to scale back the award of shares by up to 50% of the proposed share award.

The Inmarsat Employees' Share Ownership Plan Trust purchased 1 million shares on 26 November 2007 to be held against the satisfaction of the award. This has been funded through a loan from Inmarsat plc to the Trust.

The Chief Executive Officer will continue to participate in the other executive share plans (the BSP and PSP) and the level of the CEO Share Award was determined after deciding that his ongoing participation in those other share plans would continue.

CEO Deferred Share Bonus Award

An announcement was made on 16 December 2009 relating to a deferred share bonus award ('the CEO Deferred Share Bonus Award') of 125,000 shares to the Chief Executive Officer. The mid-market closing share price on 15 December 2009 was £6.59 per share. The shares will not normally vest until September 2012 to the extent that the performance condition of EBITDA growth related to the 2010 financial year has been satisfied. The Remuneration Committee agreed that this award should be made to the Chief Executive Officer to recognise his strong leadership of the business in recent years and to incentivise him to drive earnings growth. It is currently anticipated that a similar award will be granted to him in December 2010.

Fees retained for Non-Executive Directorships in other companies

As permitted under their service agreements, the Executive Directors hold positions in other companies as Non-Executive Directors. The fees relating to the 2009 financial year were as follows:

	Company in which non-executive directorship held	2009 Fee
Rick Medlock	Cheapflights Limited	£30,000
Andrew Sukawaty	Xyratex Limited (Nasdaq)	US$185,000
	Ziggo B.V.	€62,500

In January and March 2010 respectively, Mr Medlock was appointed as a non-executive director of Lovefilm International Limited and Orbis Holdings Limited.

Directors' remuneration

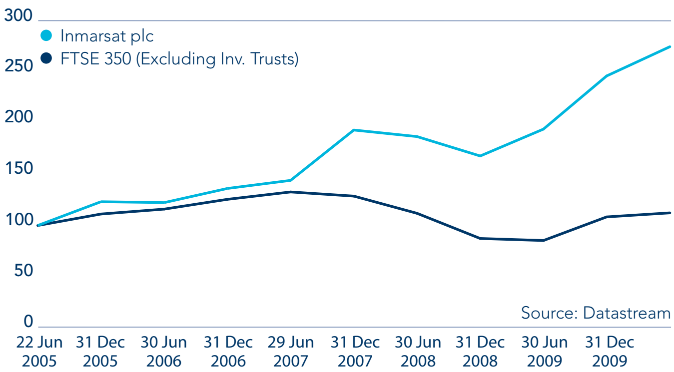
Audited information on the remuneration of each Director during the year is detailed below:

	Salaries/Fees		Bonus		Benefits		Total		Pension	
(£000)	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
Executive Directors										
Michael Butler (resigned on 30 April 2009)	**204**	311	**52**	230	**2**	6	**258**	547	**4**	12
Rick Medlock	**322**	274	**242**	211	**6**	6	**570**	491	**12**	12
Andrew Sukawaty	**529**	450	**730**	506	**24**	18	**1,283**	974	**66**	58
	1,055	1,035	**1,024**	947	**32**	30	**2,111**	2,012	**82**	82
Non-Executive Directors										
Sir Bryan Carsberg	**49**	48	**–**	–	**–**	–	**49**	48	**–**	–
Stephen Davidson	**57**	55	**–**	–	**–**	–	**57**	55	**–**	–
Admiral James Ellis Jr (Rtd)	**93**	89	**–**	–	**–**	–	**93**	89	**–**	–
Kathleen Flaherty	**47**	46	**–**	–	**–**	–	**47**	46	**–**	–
Janice Obuchowski (from 5 May 2009)	**31**	–	**–**	–	**–**	–	**31**	–	**–**	–
John Rennocks	**88**	86	**–**	–	**–**	–	**88**	86	**–**	–
	1,420	1,359	**1,024**	947	**32**	30	**2,476**	2,336	**82**	82

Notes:
1) £:US$ exchange rate used was £1=US$1.5 (2008: £1=US$1.919).
2) Salary for 2009 for Michael Butler includes £100,000 in lieu of awards under the BSP and PSP.
3) The pension for Andrew Sukawaty includes an annual salary supplement in lieu of employer pension contribution.
4) The fee for Admiral James Ellis Jr (Rtd) included a fee as a Director of Inmarsat Inc., a wholly-owned subsidiary in the US. As at 31 December 2009, this fee was US$84,386 per annum (2008: US$82,732 per annum).

Performance graph

The following graph shows the Company's performance, measured by total shareholder return delivered since the IPO in 2005, in comparison with the performance of the FTSE 350 Index (excluding investment trusts) also measured by total shareholder return. The Remuneration Committee currently believes that this Index is the most suitable benchmark for comparison purposes as an appropriate industry-specific index does not exist and the comparison against the FTSE 100 is not yet appropriate to use because of the Company's relatively recent inclusion. The Remuneration Committee will consider in the future whether a sufficient number of comparable companies exist to form an additional comparator group but as in previous years, do not believe that a suitable group exists at this time.



Employee share option plans

There are several all employee share plans in operation and a new award under the UK HM Revenue & Customs approved Share Incentive Plan (or equivalent for overseas employees) will be made to eligible employees in April 2010.

Awards under all of the Company's share plans (including the long-term incentive plans for Executive Directors and senior management) will normally be made only during the six weeks following the announcement of the results for any period and exceptionally at other times when the grant of awards will not be prohibited by the Model Code or the Company's own share dealing code.

In any ten-year period, the number of shares which may be issued or placed under option under any executive share plan established by the Company, may not exceed 5% of the issued ordinary share capital of the Company from time to time. In any ten-year period, the number of shares which may be issued or placed under option, under all employee share plans established by the Company, may not exceed 10% of the issued ordinary share capital of the Company from time to time.

Options and awards granted before the IPO are not counted towards the above limits. As at 31 December 2009, the dilution for share awards was within the above limits.

Inmarsat 2004 Staff Value Participation Plan ('the 2004 Plan')

In November 2004, the Company adopted the 2004 Plan. 280,800 A ordinary shares were available to be granted under the 2004 Plan to eligible Directors or employees of Inmarsat Global. All options under the 2004 Plan have now vested and are exercisable. Whenever options are exercised under the 2004 Plan, the holder must pay a de minimis charge of €1. The options expire ten years from the date of grant.

Following the exercise of options granted under the 2004 Plan, shares are transferred to the optionholders from the Inmarsat Employees' Share Ownership Plan Trust. No new shares are issued to satisfy the exercise of these options.

No Executive Director or member of the Executive Management Board at the date of grant participated in the 2004 Plan.

Inmarsat 2005 Sharesave Scheme ('the Sharesave Scheme')

The Sharesave Scheme is a HM Revenue & Customs approved scheme open to all eligible employees paying UK PAYE, including Executive Directors. The maximum that can be saved each month is £250 and savings plus interest may be used to acquire shares by exercising the related option at the end of the three-year savings contract.

The first grant under the Sharesave Scheme was made in July 2005 with an option grant price of £2.24 per ordinary share (a 20% discount to market value). All of the Executive Directors and certain members of senior management participated in the first invitation under the Sharesave Scheme. The first grant matured on 1 September 2008.

A second grant under the Sharesave Scheme was made in December 2008 with an option grant price of £3.06 per ordinary share (a 20% discount to market value). Two of the Executive Directors and all of the Executive Management Board participated in the second invitation under the Sharesave Scheme.

Inmarsat 2005 International Sharesave Plan

The International Sharesave Plan is open to eligible employees based overseas who do not pay UK PAYE. The International Sharesave Plan was established to replicate the UK approved Sharesave Scheme as closely as possible. Employees receive the gain on the growth in share price when they exercise their options and retain the savings they have made.

The first grant under the International Sharesave Plan was made in October 2005 and used the same grant price as the UK Sharesave Scheme. The first grant matured on 1 September 2008.

A second grant under the International Sharesave Plan was made in December 2008 and used the same grant price as the UK Sharesave Scheme.

Details of the outstanding options granted to employees as at 31 December 2008 are shown in note 25 to the consolidated financial statements.

Inmarsat 2005 Share Incentive Plan ('the SIP')

Awards under the SIP were made on 7 April 2006 and 10 April 2007. The SIP is a HM Revenue & Customs approved plan open to all eligible employees paying UK PAYE and operates in conjunction with a UK tax-resident trust which holds shares on behalf of participating employees. Under the SIP, the Company can award 'Free Shares' (up to a maximum value of £3,000) to employees. Employees can also acquire 'Partnership Shares' from their salary up to a maximum of £1,500 per annum and the Company will match this with up to two free 'Matching Shares' per 'Partnership Share' (equivalent to a maximum value of £3,000 per annum). The market values per ordinary share at the date of the 2006 and 2007 awards were £3.77 and £4.14 respectively.

Arrangements were put in place for eligible overseas employees to replicate the UK approved SIP as closely as possible. Additional arrangements were also put in place for the April 2006 award for employees to acquire shares over the capped amounts under the approved SIP. The same market value per ordinary share was used as for the approved SIP. Awards under these arrangements have been made using shares held by the Inmarsat Employees' Share Ownership Plan Trust.

No Executive Director applied to participate in the SIP or equivalent overseas arrangements when they were offered in 2006 and 2007.

A third award under the SIP has been approved by the Remuneration Committee and the Board and will be made in April 2010 to eligible staff employed at a given date. Similar arrangements to replicate the plan for eligible overseas staff will be put in place as previously.

Directors' share options and share awards

Audited information in respect of share options and share awards held by the Executive Directors of the Company during the year to 31 December 2009 is set out below. No other Director has received share options.

Inmarsat 2005 Sharesave Scheme

	Options held at 1 January 2009	Granted during the year	Exercised during the year	**Options held at 31 December 2009**	Exercise Price	Market price on Exercise	Date from which exercisable	Expiry Date
Rick Medlock	3,137	–	–	**3,137**	£3.06	–	February 2012	July 2012
Andrew Sukawaty	3,137	–	–	**3,137**	£3.06	–	February 2012	July 2012

Inmarsat 2005 Bonus Share Plan

	Share awards held at 1 January 2009	Vested during the year[2, 3]	**Share awards held at 31 December 2009**	Share awards held at 9 March 2010[5]	Share price at date of award	Vesting Date
Award made in March 2005[1]						
Michael Butler						
(resigned on 30 April 2009)	9,038	9,345	**–**	–	£3.83	–
Rick Medlock	9,038	9,345	**–**	–	£3.83	–
Andrew Sukawaty	19,555	20,220	**–**	–	£3.83	–
Award made in March 2007[4]						
Michael Butler						
(resigned on 30 April 2009)[6]	65,537	67,770	**–**	–	£4.58	–
Rick Medlock	58,503	20,165	**38,338**	41,779	£4.58	March 2010 & 2011
Andrew Sukawaty	66,248	22,835	**43,413**	47,310	£4.58	March 2010 & 2011
Award made in March 2008[7]						
Rick Medlock	87,516	–	**87,516**	90,659	£4.59	March 2010, 2011 & 2012
Andrew Sukawaty	95,860	–	**95,860**	99,303	£4.59	March 2010, 2011 & 2012

* Or date of resignation, if earlier.
1) The shares vested in three equal instalments in March 2007, 2008 and 2009.
2) The number of shares subject to the award increases by the number of shares that the Executive Director could have purchased with the value of dividends they would have received on their award, based on the share price on the ex-dividend date.
3) On 13 March 2009, shares vested at £4.70 per share. On 13 March 2009, Mr Butler and Mr Medlock sold their 31,935 and 29,510 vested shares respectively at a market price of £4.70 per share, representing monetary values of £150,094 and £138,586. On the same date, Mr Sukawaty sold sufficient of his 43,055 vested shares at a price of £4.70 per share to cover the tax and national insurance contributions due on the value of the shares and retained 25,357 shares. The market value of his vested shares was £202,197.
4) The shares vest in three equal instalments in March 2009, 2010 and 2011.
5) Following the 2009 Financial Results, the second tranche of the award made in 2007 and the first tranche of the award made in 2008 will vest. The number of shares vesting will include additional shares in respect of the value of reinvested dividends as noted in 2) above.
6) On 1 May 2009 following his departure from the business, Mr Butler sold the remaining 45,180 of his outstanding vested shares at a market price of £4.90 per share, representing a monetary value of £221,382.
7) The shares vest in three equal instalments in March 2010, 2011 and 2012.

The monetary value of the award made in March 2009 will be converted in full to ordinary shares following the announcement of the 2009 Financial Results. These shares will vest in three equal instalments in March 2011, 2012 and 2013. The monetary value of the award made in March 2009 was £459,800 and £321,828 for Messrs Sukawaty and Medlock respectively.

Inmarsat 2005 Performance Share Plan

	Share awards held at 1 January 2009	Awarded during the year	Vested during the year[1]	**Share awards held at 31 December 2009**	Share awards held at 9 March 2010	Share price at date of award	Vesting Date
Michael Butler (resigned on 30 April 2009)	37,974	–	–	**37,974**	29,624[2,3]	£3.95	10 March 2010
Rick Medlock	33,898	–	–	**33,898**	37,508[2]	£3.95	10 March 2010
	91,555	–	–	**91,555**	91,555	£4.39	March 2011
	–	70,460	–	**70,460**	70,460	£4.57	March 2012
Andrew Sukawaty	48,892	–	–	**48,892**	54,103[2]	£3.95	10 March 2010
	100,284	–	–	**100,284**	100,284	£4.39	March 2011
	–	100,667	–	**100,667**	100,667	£4.57	March 2012

1) The number of shares subject to the award increases by the number of shares that the Executive Director could have purchased with the value of dividends they would have received on their award, based on the share price on the ex-dividend date.
2) The award will vest in full after the announcement of the 2009 Preliminary Results. The performance conditions of the plan have been achieved at the upper levels to permit full vesting.
3) Mr Butler's award was scaled to reflect the period employed as a proportion of the vesting period.

Share Awards to the Chief Executive Officer

	Share awards held at 1 January 2009	Awarded during the year	Vested during the year	**Share awards held at 31 December 2009**	Share price at date of award	Vesting Date
CEO Share Award[1]						
Andrew Sukawaty	1,000,000	–	–	**1,000,000**	£4.49	30 September 2012
CEO Deferred Share Bonus Award						
Andrew Sukawaty	–	125,000	–	**125,000**	£6.59	30 September 2012

1) The award may be increased to 1.7 million shares subject to the achievement of certain performance conditions (see pages 49 and 50 for details).

The market price of the ordinary shares at 31 December 2009 was 692.0p and the range during the year was 390.0p to 694.0p.

The Remuneration Committee has generally granted share awards on the basis that on vesting, new shares will be issued to satisfy the awards. This has been the situation for share awards under the BSP, PSP, SIP and SAYE plans. Under the 2004 Plan and the International Sharesave Plan and equivalent SIP scheme, shares are held by an employee Trust, funded by loans from Inmarsat plc. The Trust will acquire shares in the market to satisfy additional share awards as appropriate, including the CEO Deferred Share Bonus Award. The Trust also now holds one million shares to satisfy the Chief Executive Officer Share Award, funded by a loan from Inmarsat plc, and will determine at a future date, whether to buy more shares to satisfy the award up to the full vesting amount; newly issued shares will not be issued to satisfy the Chief Executive Officer Share Award.

Directors' interests

Audited information in respect of the interests of the Directors of the Company in office at the end of the period and their interests in the share capital of the Company as at 9 March 2010 and of their connected persons are shown below.

Interest in ordinary shares of €0.0005 each	**As at 9 March 2010**	As at 31 December 2009	As at 31 December 2008
Executive Directors			
Rick Medlock	**459,663**	459,663	509,663
Andrew Sukawaty	**933,393**	933,393	1,108,036
Non-Executive Directors			
Sir Bryan Carsberg	**16,327**	16,327	16,327
Stephen Davidson	**16,327**	16,327	16,327
James Ellis Jr	**21,727**	21,727	21,727
Kathleen Flaherty	**2,043**	2,043	1,500
Janice Obuchowski	**–**	–	–
John Rennocks	**43,104**	43,104	43,104

Note: No right to subscribe for ordinary shares in the Company or any body corporate in the same group was granted to, or exercised by any Director or a member of a Director's immediate family during the financial year.

Approved by the Board

Stephen Davidson
Chairman, Remuneration Committee
9 March 2010

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the Directors to prepare such financial statements for each financial year. Under that law, the Directors are required to prepare Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and have also chosen to prepare the Parent Company financial statements under IFRSs as adopted by the European Union. Under company law, the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' responsibility statement

We confirm to the best of our knowledge:

1. the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and

2. the management report, which is incorporated into the Directors' Report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Andrew Sukawaty
Chairman and Chief Executive Officer
9 March 2010

Rick Medlock
Chief Financial Officer
9 March 2010

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INMARSAT PLC

We have audited the consolidated financial statements of Inmarsat plc for the year ended 31 December 2009 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity and the related notes 1 to 33. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ('IFRSs') as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the consolidated financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the consolidated financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's ('APB's') Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the consolidated financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2009 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the consolidated financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the Directors' statement contained within the Statement on Corporate Governance in relation to going concern; and
- the part of the Statement on Corporate Governance relating to the Company's compliance with the nine provisions of the Combined Code specified for our review.

Other matter

We have reported separately on the Parent Company financial statements of Inmarsat plc for the year ended 31 December 2009 and on the information in the Directors' Remuneration Report that is described as having been audited.

Panos Kakoullis (FCA)
Senior Statutory Auditor
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom
9 March 2010

CONSOLIDATED INCOME STATEMENT

(US$ in millions)	Note	2009	2008
Revenue		**1,038.1**	996.7
Employee benefit costs	7	**(190.0)**	(190.8)
Network and satellite operations costs		**(193.4)**	(192.5)
Other operating costs		**(82.4)**	(106.2)
Work performed by the Group and capitalised		**21.9**	24.0
EBITDA		**594.2**	531.2
Depreciation and amortisation	6	**(231.6)**	(214.7)
Gain on disposal of assets		**2.1**	–
Goodwill adjustment		**(8.8)**	–
Share of results of associates		**0.9**	0.7
Operating profit		**356.8**	317.2
Interest receivable and similar income	9	**1.7**	14.8
Interest payable and similar charges	9	**(161.6)**	(138.2)
Net interest payable	9	**(159.9)**	(123.4)
Profit before income tax		**196.9**	193.8
Income tax (expense)/credit	10	**(44.1)**	161.6
Profit for the year		**152.8**	355.4
Attributable to:			
Equity holders		**152.7**	355.3
Non-controlling interest		**0.1**	0.1
Earnings per share for profit attributable to the equity holders of the Company during the year (expressed in US$ per share)			
– Basic	26	**0.33**	0.78
– Diluted	26	**0.35**	0.77
Adjusted earnings per share (expressed in US$ per share)			
– Basic	26	**0.38**	0.30
– Diluted	26	**0.39**	0.32

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(US$ in millions)	Note	2009	2008
Profit for the year		**152.8**	355.4
Other comprehensive income			
Actuarial losses from pension and post-retirement healthcare benefits		**(21.4)**	(8.7)
Net gains/(losses) on cash flow hedges		**44.0**	(35.8)
Tax (charged)/credited directly to equity	10	**(5.4)**	13.4
Other comprehensive income/(loss) for the year, net of tax		**17.2**	(31.1)
Total comprehensive income for the year, net of tax		**170.0**	324.3
Attributable to:			
Equity holders		**169.9**	324.2
Non-controlling interest		**0.1**	0.1

CONSOLIDATED BALANCE SHEET

(US$ in millions)	Note	2009	2008
Assets			
Non-current assets			
Property, plant and equipment	13	**1,365.2**	1,433.3
Intangible assets	14	**1,020.0**	1,027.7
Investments	15	**31.0**	6.4
Other receivables	17	**1.5**	2.2
Derivative financial instruments	29	**12.0**	8.6
		2,429.7	2,478.2
Current assets			
Cash and cash equivalents	16	**226.8**	156.4
Trade and other receivables	17	**227.5**	251.3
Inventories	18	**9.5**	19.8
Derivative financial instruments	29	**12.1**	1.1
		475.9	428.6
Total assets		**2,905.6**	2,906.8
Liabilities			
Current liabilities			
Borrowings	19	**109.4**	204.4
Trade and other payables	20	**206.1**	195.8
Provisions	21	**0.9**	–
Current income tax liabilities	22	**34.0**	27.8
Derivative financial instruments	29	**14.1**	32.5
		364.5	460.5
Non-current liabilities			
Borrowings	19	**1,403.5**	1,370.2
Other payables	20	**27.6**	16.6
Provisions	21	**55.8**	35.8
Deferred income tax liabilities	22	**71.3**	52.5
Derivative financial instruments	29	**12.9**	37.5
		1,571.1	1,512.6
Total liabilities		**1,935.6**	1,973.1
Net assets		**970.0**	933.7
Shareholders' equity			
Ordinary shares	24	**0.3**	0.3
Share premium		**679.7**	679.6
Equity reserve		**56.9**	56.9
Other reserves		**15.4**	(25.2)
Retained earnings		**217.2**	220.6
Equity attributable to shareholders of the parent		**969.5**	932.2
Non-controlling interest		**0.5**	1.5
Total equity		**970.0**	933.7

The consolidated financial statements of the Group on pages 56 to 97 were approved by the Board of Directors on 9 March 2010 and were signed on its behalf by:

Andrew Sukawaty
Chairman and Chief Executive Officer

Rick Medlock
Chief Financial Officer

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CONSOLIDATED CASH FLOW STATEMENT

(US$ in millions)	Note	2009	2008
Cash flow from operating activities			
Cash generated from operations	23	**645.8**	528.0
Interest received		**0.9**	2.4
Income taxes paid		**(24.6)**	(3.6)
Net cash inflow from operating activities		**622.1**	526.8
Cash flow from investing activities			
Purchase of property, plant and equipment		**(116.3)**	(185.4)
Additions to capitalised development costs, including software		**(29.0)**	(26.2)
Work performed by the Group and capitalised		**(17.3)**	(23.4)
Acquisition of subsidiaries and other investments		**(16.0)**	(9.0)
Proceeds from disposal of property		**4.9**	0.8
Net cash used in investing activities		**(173.7)**	(243.2)
Cash flow from financing activities			
Dividends paid to shareholders	12	**(146.0)**	(130.2)
(Repayment)/drawdown of Previous Senior Credit Facility	19	**(390.0)**	70.0
Drawdown of Senior Credit Facility	19	**290.0**	–
Redemption of Senior Discount Notes	19	**(465.6)**	–
Redemption of Senior Notes due 2012	19	**(164.5)**	–
Gross issuance proceeds of Senior Notes due 2017	19	**645.2**	–
Arrangement costs of new borrowing facilities	19	**(23.8)**	–
Purchase of own debt securities, including discount	19	**(8.6)**	(109.6)
Interest paid on borrowings		**(110.5)**	(64.9)
Repayment of Stratos borrowings	19	**(2.6)**	(11.4)
Net proceeds from issue of ordinary shares		**0.1**	2.4
Other financing activities		**–**	(0.7)
Net cash used in financing activities		**(376.3)**	(244.4)
Foreign exchange adjustment		**(0.4)**	0.4
Net increase in cash and cash equivalents		**71.7**	39.6
Movement in cash and cash equivalents			
At beginning of year		**154.6**	115.0
Net increase in cash and cash equivalents		**71.7**	39.6
As reported on the Balance Sheet (net of bank overdrafts)	16	**226.3**	154.6
At end of year, comprising			
Cash at bank and in hand	16	**105.8**	108.5
Short-term deposits with original maturity of less than 3 months	16	**121.0**	47.9
Bank overdrafts	16	**(0.5)**	(1.8)
		226.3	154.6

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(US$ in millions)	Ordinary share capital	Share premium account	Equity reserve	Other reserves	Retained earnings	Non-controlling interest	Total
Balance at 1 January 2008 (audited)	0.3	677.1	56.9	(7.4)	5.1	1.4	733.4
Net fair value losses – cash flow hedges	–	–	–	(35.8)	–	–	(35.8)
Issue of share capital	–	2.5	–	–	–	–	2.5
Share options charge	–	–	–	8.1	–	–	8.1
Profit for the period	–	–	–	–	355.3	0.1	355.4
Dividends payable	–	–	–	–	(134.6)	–	(134.6)
Actuarial losses from pension and post-retirement healthcare benefits	–	–	–	–	(8.7)	–	(8.7)
Tax credited directly to equity	–	–	–	9.9	3.5	–	13.4
Balance at 31 December 2008 (audited)	0.3	679.6	56.9	(25.2)	220.6	1.5	933.7
Net fair value gains – cash flow hedges	**–**	**–**	**–**	**44.0**	**–**	**–**	**44.0**
Issue of share capital	**–**	**0.1**	**–**	**–**	**–**	**–**	**0.1**
Share options charge	**–**	**–**	**–**	**9.1**	**–**	**–**	**9.1**
Profit for the period	**–**	**–**	**–**	**–**	**152.7**	**0.1**	**152.8**
Dividends payable	**–**	**–**	**–**	**–**	**(141.8)**	**–**	**(141.8)**
Actuarial losses from pension and post-retirement healthcare benefits	**–**	**–**	**–**	**–**	**(21.4)**	**–**	**(21.4)**
Tax (charged)/credited directly to equity	**–**	**–**	**–**	**(12.5)**	**7.1**	**–**	**(5.4)**
Additional investment in associates	**–**	**–**	**–**	**–**	**–**	**(0.1)**	**(0.1)**
Purchase of non-controlling interest	**–**	**–**	**–**	**–**	**–**	**(1.0)**	**(1.0)**
Balance at 31 December 2009 (audited)	**0.3**	**679.7**	**56.9**	**15.4**	**217.2**	**0.5**	**970.0**

1. General information

Inmarsat plc ('the Company' or together with its subsidiaries, 'the Group') is a company incorporated in Great Britain and domiciled in England and Wales. The address of its registered office is 99 City Road, London, EC1Y 1AX, United Kingdom. The nature of the Group's operations and its principal activities are set out in note 5.

The Company's ticker symbol on the London Stock Exchange is ISAT (LSE: ISAT).

2. Principal accounting policies

Basis of preparation

The principal accounting policies adopted in the preparation of the consolidated financial statements for the years ended 31 December 2009 and 2008 ('the consolidated financial statements') are set out below.

The text below describes how, in preparing the financial statements, the Directors have applied International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU') and the assumptions and estimates they have made in applying the standards and interpretations and the policies adopted in the 2009 financial statements.

These financial statements have been prepared in accordance with IFRS and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention except for the revaluation of certain financial assets and financial liabilities, as described later in these accounting policies.

The Group has a robust and resilient business model, strong free cash flow generation and is compliant with all covenants. As a consequence and despite the continuing uncertain economic climate, the Directors believe that the Group is well placed to manage its business risks successfully. After considering current financial projections and facilities available and after making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, Inmarsat plc continues to adopt the going concern basis in preparing the consolidated financial statements.

The Group's business activities, together with factors likely to affect its future development, performance and position are set out in the Chairman and Chief Executive Officer's Business Review and the Chief Financial Officer's Review on pages 4 to 25. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Chief Financial Officer's Review on pages 14 to 25. In addition, note 3 and 29 to the financial statements includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities, and its exposure to credit risk and liquidity risk.

Basis of accounting

The preparation of the consolidated financial statements in conformity with IFRS requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the Balance Sheet dates and the reported amounts of revenue and expenses during the reported period. Although these estimates are based on management's best estimate of the amount, event or actions, the actual results ultimately may differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

Accounting policies adopted in preparing these consolidated financial statements have been selected in accordance with IFRS.

In the current year the Group adopted amendments to IAS 1, 'Presentation of Financial Statements'. The amendments require the presentation of an entity's transactions with owners in a separate primary statement, the 'Statement of Changes in Equity'. Previously the Group had the choice of whether to present transactions with owners in a primary statement or in the notes to the accounts. In addition, the amendments require the presentation of a Statement of Comprehensive Income. Previously the Group presented a Statement of Recognised Income and Expense, which is now no longer required.

In the current year the Group adopted IFRS 8, 'Operating Segments'. IFRS 8 is a disclosure standard that has resulted in a re-designation of the Group's reportable segments (see note 5).

In the current year the Group applied the principles of IFRS 3 (as revised), 'Business Combinations', in respect of the expensing of acquisition costs in relation to the Segovia Inc. ('Segovia') transaction which completed on 12 January 2010 (see note 33). The Standard is effective for financial years beginning on or after 1 July 2009. For Inmarsat this applies to business combinations for which the acquisition date is on or after 1 January 2010 and is therefore applicable to the Segovia transaction. Whilst IFRS 3 (as revised) has not been adopted for transactions completed prior to 31 December 2009, management are of the opinion that the early adoption of IFRS 3 (as revised) in the current year, in relation to the Segovia transaction, is appropriate. As a consequence, in the year ended 31 December 2009, we recognised US$3.9m of transaction costs associated with the acquisition of Segovia as an expense in the Income Statement.

In the prior year, the Group adopted IFRIC 14, 'IAS19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction'. IFRIC 14 provides guidance on the implications of pension scheme minimum funding requirements and the criteria under which reductions in future contributions should be regarded as available. Adoption of IFRIC 14 has no impact on these consolidated financial statements.

On 1 January 2008, the Group adopted IAS 23 (as revised), 'Borrowing Costs', in advance of its effective date, which is for annual reporting periods beginning on or after 1 January 2009. The impact of the adoption of IAS 23 (as revised) is the compulsory capitalisation of interest and finance costs associated with assets that take a substantial period of time to get ready for intended use. As a result, during 2009 US$4.4m of interest was capitalised (2008: US$0.9m) (see note 9).

In addition, the following standards and interpretations, as adopted by the EU, are effective for the first time in the current financial year and have been adopted by the Group with no significant impact on its consolidated results or financial position:

- IFRS 1 (as amended)/IAS 27 (as amended) – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (effective for financial years beginning on or after 1 January 2009).
- IFRS 2 (as amended) – Share-based Payment: Vesting Conditions and Cancellations (effective for financial years beginning on or after 1 January 2009).
- IFRS 7 (as amended) – Improving Disclosures about Financial Instruments (effective for financial years beginning on or after 1 January 2009).
- IAS 32 (as amended)/IAS 1 (as amended) – Puttable Financial Instruments and Obligations Arising on Liquidation (effective for financial years beginning on or after 1 January 2009).
- IFRIC 13 – Customer Loyalty Programmes (effective for financial years beginning on or after 1 July 2008).
- IFRIC 15 – Agreements for the Construction of Real Estate (effective for financial years beginning on or after 1 January 2009).
- IFRIC 16 – Hedges of Net Investments in a Foreign Operation (effective for financial years beginning on or after 1 October 2008).
- IFRIC 18 – Transfers of Assets from Customers (effective for transfers received on or after 1 July 2009).
- Amendments resulting from the May 2008 Annual Improvements to IFRSs (effective for financial years beginning on or after 1 January 2009).

At the date of approval of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements, were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

- IFRS 2 (as amended) – Share-based Payment – Amendments relating to group cash-settled share-based payments transactions (effective for financial years beginning on or after 1 January 2010).
- IFRS 9 – Financial Instruments – Classification and Measurement (effective for financial years beginning on or after 1 January 2013).
- IAS 24 (as revised) – Related Party Disclosures – Revised Definition of related parties (effective for financial years beginning on or after 1 January 2011).
- IAS 27 (as amended) – Consolidated and Separate Financial Statements (effective for financial years beginning on or after 1 July 2009).
- IAS 32 (as amended) – Amendments relating to classification of rights issues (effective for financial years beginning on or after 1 February 2010).
- IAS 39 (as amended) – Financial Instruments: Recognition and Measurement (effective for financial years beginning on or after 1 July 2009).
- IFRIC 14 (as amended) – IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective for financial years beginning on or after 1 January 2011).
- IFRIC 17 – Distribution of Non-cash Assets to Owners (effective for financial years beginning on or after 1 July 2009).
- IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments (effective for financial years beginning on or after 1 July 2010).
- Amendments resulting from the April 2009 Annual Improvements to IFRSs (effective for financial years beginning on or after 1 January 2010).

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group.

Basis of consolidation

The consolidated financial statements include the accounts of the Company and its domestic and overseas subsidiary undertakings. All intercompany transactions and balances with subsidiary undertakings have been eliminated on consolidation.

Subsidiary undertakings include all entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than 50% of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The results of subsidiary undertakings established or acquired during the period are included in the consolidated profit and loss account from the date of establishment or acquisition of control. The results of subsidiary undertakings disposed of during the period are included until the date of disposal.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intragroup transactions, balances, income and expenses are eliminated on consolidation.

On the acquisition of a company or business, fair values reflecting conditions at the date of acquisition are attributed to the identifiable separable assets, liabilities and contingent liabilities acquired.

Where the fair value of the consideration paid exceeds the fair value of the identifiable separable assets, liabilities and contingent liabilities acquired, the difference is treated as purchased goodwill.

For transactions completed on or before 31 December 2009 fees and similar incremental costs incurred directly in making the acquisition are included in the cost of the acquisition and capitalised. Internal costs, and other expenses that cannot be directly attributed to the acquisition, are charged to the Income Statement.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the original combination.

Consolidation of Stratos Global Corporation

As in the previous year, the consolidated results for the Group include the financial results of Stratos Global Corporation ('Stratos'). Although we completed the acquisition of CIP UK Holdings Limited ('CIP UK') and therefore indirectly Stratos on 15 April 2009 ('Stratos acquisition'), we have been consolidating the results of CIP UK and its subsidiaries (together 'CIP') since 11 December 2007, the date on which we acquired an option over the entire share capital of CIP UK. We accounted for the combination using the purchase method of accounting in accordance with IFRS 3, 'Business Combinations'. The final fair value allocation of assets and liabilities was completed for the year ended 31 December 2008.

Where we refer to Inmarsat Global we include Inmarsat plc and all of its subsidiaries excluding Stratos.

Foreign currency translation

a) Functional and presentation currency

The functional currency of the Company and all of the Group's subsidiaries and the presentation currency of the Group is the US dollar, as the majority of operational transactions are denominated in US dollars.

The exchange rate between US dollars and Pounds Sterling as at 31 December 2009 was US$1.61/£1.00 (2008: US$1.44/£1.00). The average rate between US dollar and Pounds Sterling for 2009 was US$1.56/£1.00 (2008: US$1.86/£1.00). The hedged rate between US dollar and Pounds Sterling for 2009 for Inmarsat Global was US$1.92/£1.00 (2008: US$2.01/£1.00).

b) Transactions and balances

Transactions not denominated in the functional currency of the respective subsidiary undertakings of the Group during the year have been translated using the spot rates of exchange ruling at the dates of the transactions. Differences on exchange arising on the settlement of the transactions denominated in currencies other than the respective functional currency are recognised in the Income Statement.

Monetary assets and liabilities not denominated in the functional currency of the respective subsidiary undertaking of the Group have been translated at the spot rates of exchange ruling at the end of each month. Differences on exchange arising from the translation of monetary assets and liabilities denominated in currencies other than the respective functional currency are recognised in equity to the extent that the foreign exchange exposure is hedged while the remaining differences are recognised in the Income Statement.

Financial instruments and hedging activities

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the relevant instrument and derecognised when it ceases to be a party to such provisions. Financial instruments are initially measured at fair value. Subsequent measurement depends on the designation of the instrument. Non-derivative financial assets are classified as accounts receivable, short-term deposits or cash and cash equivalents. They are stated at amortised cost using the effective-interest method, subject to reduction for allowances for estimated irrecoverable amounts. For interest-bearing assets, their carrying value includes accrued interest receivable. Cash and cash equivalents include cash in hand and bank time deposits, together with other short-term highly liquid investments. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts, which are included as current borrowings in liabilities on the Balance Sheet. Non-derivative financial liabilities are all classified as other liabilities and stated at amortised cost using the effective interest method. For borrowings, their carrying value includes accrued interest payable, as well as unamortised issue costs.

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational and financing activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting under IAS 39 are accounted for as trading instruments. Derivatives are initially recognised and measured at fair value on the date a derivative contract is entered into and subsequently measured at fair value. The gain or loss on remeasurement is taken to the Income Statement except where the derivative is a designated cash flow hedging instrument.

In order to qualify for hedge accounting, the Group is required to document in advance the relationship between the item being hedged and the hedging instrument. The Group is also required to demonstrate that the hedge will be highly effective on an ongoing basis. This effectiveness testing is reperformed at each period end to ensure that the hedge remains highly effective.

Gains or losses on cash flow hedges that are regarded as highly effective are recognised in equity. Where the forecast transaction results in a financial asset or liability, gains or losses previously recognised in equity are reclassified to the Income Statement in the same period as the asset or liability impacts income. If the forecasted transaction or commitment results in future income or expenditure, gains or losses deferred in equity are transferred to the Income Statement in the same period as the underlying income or expenditure. The ineffective portions of the gain or loss on the hedging instrument are recognised immediately in the Income Statement.

Where a hedge no longer meets the effectiveness criteria, any gains or losses deferred in equity are only transferred to the Income Statement when the committed or forecasted transaction is recognised in the Income Statement. However, where the Group has applied cash flow hedge accounting for a forecasted or committed transaction that is no longer expected to occur, then the cumulative gain or loss that has been recorded in equity is transferred to the Income Statement. When a hedging instrument expires or is sold, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Income Statement.

Revenue recognition

Mobile satellite communications services revenue results from utilisation charges that are recognised as revenue over the period in which the services are provided. Deferred income attributable to mobile satellite communications services or subscription fees represents the unearned balances remaining from amounts received from customers pursuant to prepaid contracts. Mobile satellite communications services lease revenues are recorded on a straight-line basis over the term of the contract concerned, which is typically between one and twelve months, unless another systematic basis is deemed more appropriate.

The Group's revenues are stated net of volume discounts. The seasonality of volume discounts has been removed following the implementation the new distribution agreements on 15 April 2009. Historically, volume discounts increased over the course of the financial year as specific revenue thresholds were achieved by distribution partners resulting in lower prices.

Revenue also includes income from services contracts, rental income, conference facilities and income from the sale of terminals and other communication equipment. Revenue from service contracts, rental income and conference facilities is recognised as the service is provided. Sales of terminals and other communication equipment are recognised when the risks and rewards of ownership are transferred to the purchaser.

Appropriate allowances for estimated irrecoverable amounts are recognised against revenue when there is objective evidence that trade receivables are impaired. Larger accounts are specifically reviewed to assess a customer's ability to make payments.

Employee benefits

Wages, salaries, social security contributions, accumulating annual leave, bonuses and non-monetary benefits are accrued in the year in which the associated services are performed by the employees of the Group.

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it has demonstrably committed to either terminate the employment of current employees or to provide termination benefits, as a result of an offer made to encourage voluntary redundancy.

The Group recognises liabilities relating to defined benefit pension plans and post-retirement healthcare benefits in respect of employees in the UK and overseas. The Group's net obligations in respect of defined benefit pension plans and post-retirement healthcare benefits are calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The calculation is performed by a qualified actuary using the projected unit credit method.

All actuarial gains and losses that arise in calculating the present value of the defined benefit obligation and the fair value of plan assets are immediately recognised in the Statement of Recognised Income and Expense.

The Group operates a number of defined contribution pension schemes in its principal locations. Pension costs for the defined contribution schemes are charged to the Income Statement when the related employee service is rendered.

The Group issues equity-settled share options and awards to employees. Equity-settled share option awards are measured at fair value at the date of the grant. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax

Deferred income tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary deductible differences or tax loss carry forwards can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Research and development

Research expenditure is expensed when incurred. Development expenditure is expensed when incurred unless it meets criteria for capitalisation. Development costs are only capitalised once a business case has been demonstrated as to the technical feasibility and commercial viability. Capitalised development costs are amortised on a straight-line basis over their expected useful economic life.

Property, plant and equipment

Space segment assets

Space segment assets comprise satellite construction, launch and other associated costs. Expenditure charged to space segment projects includes invoiced progress payments, amounts accrued appropriate to the stage of completion of contract milestone payments, external consultancy costs and direct internal costs. Internal costs, comprising primarily staff costs, are only capitalised when they are directly attributable to the construction of an asset. Progress payments are determined on milestones achieved to date together with agreed cost escalation indices. Deferred satellite payments represent the net present value of future payments dependent on the future performance of each satellite and are recognised in space segment assets when the satellite becomes operational. The associated liability is stated at its net present value and included within liabilities. These space segment assets are depreciated over the life of the satellites from the date they become operational and are placed into service. As of 1 January 2008, on adoption of IAS 23 (as revised), 'Borrowing Costs', borrowing costs attributable to the construction of assets which take a substantial period of time to get ready for intended use ('qualifying assets') are added to the costs of those assets. Prior to 1 January 2008 borrowing costs for the construction of assets were not capitalised.

Assets in course of construction

Assets in course of construction relate to the Alphasat satellite, the S-Band project, GSPS services and BGAN services. These assets will be transferred to space segment assets and depreciated over the life of the satellites once they become operational and placed into service.

No depreciation has been charged on these assets.

Other fixed assets

Other fixed assets are stated at historical cost less accumulated depreciation.

Depreciation

Depreciation is calculated to write off the historical cost less residual values, if any, of fixed assets, except land, on a straight-line basis over the expected useful lives of the assets concerned. The Group selects its depreciation rates and residual values carefully and reviews them annually to take account of any changes in circumstances. When setting useful economic lives, the principal factors the Group takes into account are the expected rate of technological developments, expected market requirements for the equipment and the intensity at which the assets are expected to be used. The lives assigned to significant tangible fixed assets are:

Space segment	5–15 years
Fixtures and fittings, and services-related equipment	5–15 years
Buildings	20 years
Other fixed assets	3–5 years

Asset retirement obligations

The fair value of legal obligations associated with the retirement of tangible property, plant and equipment is recognised in the financial statements in the period in which the liability is incurred. Upon initial recognition of a liability for an asset retirement obligation, a corresponding asset retirement cost is added to the carrying amount of the related asset, which is subsequently amortised to income over the remaining useful life of the asset. Following the initial recognition of an asset retirement obligation, the carrying amount of the liability is increased for the passage of time by applying an interest method of allocation to the liability with a corresponding accretion cost reflected in operating expenses.

Revisions to either the timing or the amount of the original estimate of undiscounted cash flows are recognised each period as an adjustment to the carrying amount of the asset retirement obligation and the related property, plant and equipment.

Government grants

Government grants have been received in relation to the purchase and construction of certain assets. Government grants are deducted from the cost of the relevant assets to arrive at carrying amount. The grants are therefore recognised as income over the lives of the assets by way of a reduced depreciation charge.

Gains and losses on disposals of tangible and intangible assets

Gains and losses on disposals are determined by comparing net proceeds with the carrying amount. These are included in the Income Statement.

Intangible assets

Intangible assets comprise goodwill, patents, trademarks, software, terminal development costs, spectrum rights, customer relationships and intellectual property. The amortisation period and the amortisation method for intangible assets with a finite useful life are reviewed each financial year.

(a) Goodwill

Goodwill represents the excess of consideration paid on the acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired at the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units ('CGUs') for the purpose of impairment testing.

(b) Patents and trademarks

Patents and trademarks are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over their estimated useful lives which are 7 years and between 10 and 20 years, respectively.

(c) Software development costs

Development costs directly relating to the development of new services are capitalised as intangible assets. Costs are capitalised once a business case has been demonstrated as to technical feasibility and commercial viability. Such costs are amortised over the estimated sales life of the services.

(d) Terminal development costs

The Group capitalises development costs associated with the development of user terminals. For BGAN services terminal development costs are amortised using the straight-line method over their estimated useful lives which is between 5 and 10 years.

(e) Spectrum rights

Spectrum rights are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method. Spectrum rights acquired as a result of the ACeS collaboration in September 2006 are amortised over a remaining useful life of 5.3 years. Spectrum rights acquired as a result of the Stratos acquisition are amortised over their useful lives of 3 to 10 years.

(f) Customer relationships

Customer relationships acquired in connection with the Stratos acquisition are carried at cost less accumulated amortisation and are being amortised over the expected period of benefit of 12 years using the straight-line method.

(g) Intellectual property

Intellectual property is carried at cost less accumulated amortisation and is now fully amortised.

Impairment of non-financial assets

Assets that are subject to amortisation and depreciation are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be fully recoverable. The impairment review comprises a comparison of the carrying amount of the fixed asset or goodwill with its recoverable amount, which is the higher of fair value less costs to sell and value in use. Fair value less costs to sell is calculated by reference to the amount at which the asset could be disposed of. Value in use is calculated by discounting the expected future cash flows obtainable as a result of the asset's continued use, including those resulting from its ultimate disposal, at a market-based discount rate on a pre-tax basis.

An impairment loss is recognised in the Income Statement whenever the carrying amount of an asset exceeds its recoverable amount. The carrying amount will only be increased where an impairment loss recognised in a previous period for an asset other than goodwill either no longer exists or has decreased, up to the amount that it would have been had the original impairment not occurred. Any impairment to goodwill recognised in a previous period is not reversed.

For the purpose of conducting impairment reviews, CGUs are identified as groups of assets, liabilities and associated goodwill that generate cash flows that are largely independent of other cash flow streams. The assets and liabilities include those directly involved in generating the cash flows and an appropriate proportion of corporate assets. For the purposes of impairment review space segment assets are treated as one CGU.

Investments

Investments in equity instruments that do not have quoted market prices in active markets are recorded at cost. Investments are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be fully recoverable.

Leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases by the lessee. Rentals payable under operating leases are charged to the Income Statement on a straight-line basis over the term of the lease.

Interest and finance costs

Interest is recognised in the Income Statement using the effective interest rate method.

Transaction and arrangement costs of borrowings are capitalised as part of the carrying amount of the borrowings and amortised over the life of the debt.

The accretion of the discount on the principal on the Senior Discount Notes and Convertible Bonds is accounted for as an interest expense.

As of 1 January 2008, on adoption of IAS 23 (as revised), 'Borrowing Costs', borrowing costs attributable to the construction of assets which take a substantial period of time to get ready for intended use ('qualifying assets') are added to the costs of those assets.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the average cost method.

Cash and cash equivalents

Cash and cash equivalents, measured at fair value, includes cash in hand, deposits held on call with banks and other short-term highly-liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings as current liabilities on the Balance Sheet.

Provisions

Provisions, other than in respect of pension and post-retirement healthcare benefits, are recognised when the Group has a legal or constructive obligation to transfer economic benefits arising from past events and the amount of the obligation can be estimated reliably. Provisions are not recognised unless the outflow of economic benefits to settle the obligation is more likely than not to occur.

Borrowings

Borrowings are initially recognised as proceeds received, net of transaction and arrangement costs incurred. Borrowings are subsequently stated at amortised cost. Transaction and arrangement costs of borrowings and the difference between the proceeds and the redemption value are recognised in the Income Statement over the life of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the Balance Sheet date.

Convertible Bonds

Convertible bonds that can be converted into share capital at the option of the holder are considered and accounted for as compound financial instruments, consisting of a separate liability component and an equity component in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible debt instrument. The embedded call and put options, since they are closely linked to the underlying instrument, are valued and recognised as part of the liability. The total liability is recognised as a liability on an amortised cost basis until extinguished on conversion or maturity of the bond. The equity component initially brought to account is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole and represents the option for the holder to convert the bond into equity of the company. This conversion option is recognised and included directly in equity and is not subsequently remeasured. Issue costs are apportioned between the liability and equity components based on their respective carrying amounts at the date of issue.

On conversion, the liability is reclassified to equity and no gain or loss is recognised in the profit or loss. Where the convertible borrowing is redeemed early or repurchased in a way that does not alter the original conversion privileges, the consideration paid is allocated to the liability and equity components. The consideration relating to the equity component is recognised in equity and the amount of gain or loss relating to the liability element is recognised in the profit or loss.

The finance costs recognised in respect of the convertible borrowings includes the accretion of the liability component to the amount that will be payable on redemption.

Earnings before interest, tax, depreciation and amortisation ('EBITDA')
EBITDA is a non GAAP performance measure used by analysts and investors, and is defined as profit before income tax, net interest payable, depreciation and amortisation and share of results of associates.

3. Financial risk management

Financial risk factors
The Group's operations and significant debt financing expose it to a variety of financial risks that include the effects of changes in debt market prices, foreign currency exchange rates, credit risks, liquidity risks and interest rates. The Group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Group by using forward exchange contracts to limit exposure to foreign currency risk and interest rate swaps to reduce the impact of fluctuating interest rates on its floating rate long-term debt.

The Board of Directors has delegated to a sub-committee, the Treasury Review Committee, the responsibility for setting the risk management policies applied by the Group. The policies are implemented by the treasury department which receives regular reports from the operating companies to enable prompt identification of financial risks so that appropriate actions may be taken. The treasury department has a policy and procedures manual that sets out specific guidelines for managing foreign exchange risk, interest rate risk and credit risk (see note 29). The management of the Group does not hold or issue derivative financial instruments for speculative or trading purposes.

(a) Market risk
(i) Foreign exchange risk
The functional currency of Inmarsat plc is US dollars. The Group generates the majority of its revenue in US dollars. The vast majority of capital expenditure is denominated in US dollars. Approximately 60% of Inmarsat Global's operating costs are denominated in Sterling. Stratos operate internationally, resulting in approximately 10% to 15% of revenue and expenditure being denominated in currencies other than in US dollar. The Group's exposures therefore need to be carefully managed to avoid variability in future cash flows and earnings caused by volatile foreign exchange rates.

The Group's long-term borrowings are denominated in US dollars, as disclosed in note 19, which is therefore not subject to risks associated with fluctuating foreign currency rates of exchange.

The foreign currency hedging policy of the Group is to economically hedge a minimum of 50% of anticipated foreign currency exposure in operating expenses for the next 12 months and up to a maximum of 100% for the next three years on a rolling basis.

As at 31 December 2009 it is estimated that:

- A hypothetical 1% inflation of the hedged US dollar/Sterling exchange rate (US$1.92/£1.00 to US$1.94/£1.00) would have decreased the 2009 profit before tax by approximately US$1.3m (2008: US$1.3m).
- A hypothetical 1% inflation of the US dollar/Sterling foreign currency spot rate at 31 December 2009, would have reduced the 2009 profit before tax by approximately US$0.2m (2008: reduced by US$0.1m), primarily as a result of the translation of Sterling denominated monetary assets and liabilities. This analysis includes only outstanding foreign currency denominated monetary items and adjusts the translation of these items at the period end for a 1% change in foreign currency rates.
- A hypothetical 1% inflation in the US dollar/Sterling and a 1% deflation in the US dollar/Euro foreign currency spot rates at 31 December 2009, would have impacted equity by US$1.2m and US$1.6m, respectively (2008: US$1.3m and US$1.6m, respectively) primarily as a result of the changes in fair value of derivative instruments designated as cash flow hedges.

Management believes that a 1% sensitivity rate provides a reasonable basis upon which to assess expected changes in foreign exchange rates.

(ii) Price risk
The Group is not exposed to significant equity securities price risk or commodity price risk.

(b) Interest rate risk
Given the Group has no significant interest-bearing assets, income and operating cash flows are substantially independent of changes in market interest rates. Interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk.

The policy of the Group is to ensure certainty of the interest charge by fixing interest rates on 60 – 100% of forecast net debt for the next two years on a rolling basis. The Senior Notes due 2017, the Convertible Bonds and the Stratos Senior Unsecured Notes are at fixed rates.

The Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Under the interest rate swaps, the Group agrees with other parties to exchange, at specific intervals (primarily quarterly), the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional amounts.

As at 31 December 2009, if interest rates on net borrowings changed by 1%, with all other variables held constant, the Group's profit after tax for the year would have been impacted by US$0.2m (2008: US$3.0m). This is primarily due to the Group's exposure to interest rates on its variable rate borrowings and cash and cash equivalents. The sensitivity analysis has been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the balance sheet date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at each balance sheet date was outstanding for the whole year. Management believes that a 1% sensitivity rate provides a reasonable basis upon which to assess expected changes in interest rates.

(c) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Financial instruments that potentially subject the Group to a concentration of credit risk consist of cash and cash equivalents, short-term deposits, trade receivables and derivative financial instruments. The credit risk on liquid funds (cash and cash equivalents and short-term deposits) and derivative financial instruments is limited because the counterparties are highly rated financial institutions.

The maximum exposure to credit risk is:

(US$ in millions)	Note	2009	2008
Cash and cash equivalents	16	**226.8**	156.4
Trade receivables	17	**166.8**	175.8
Derivative financial instruments	29	**24.1**	9.7
Total credit risk		**417.7**	341.9

The Group's average age of trade receivables as at 31 December 2009 was approximately 59 days (as at 31 December 2008: 64 days). No interest is charged on trade receivables until the receivables become overdue for payment. Thereafter, interest may be charged at varying rates depending on the terms of the individual agreements. The Group has credit evaluation, approval and monitoring processes intended to mitigate potential credit risks, and utilises both internal and third party collections processes for overdue accounts. The Group maintains provisions for potential credit losses that are assessed on an ongoing basis. As at 31 December 2009 the Group had provided US$12.9m for uncollectability of trade receivables and revenue adjustments (2008: US$13.9m).

For 2009, one (2008: one) distribution partner comprised approximately 23.5% (2008: 23.1%) of the Group's total revenues. This same customer comprised 37.8% (2008: 40.3%) of the Group's trade receivables balance as at 31 December 2009. No other customer accounted for 10% or more of the Group's revenue and accounts receivable at 31 December 2009.

The following table sets out the Group's trade receivable balance by maturity:

(US$ in millions)	Note	2009	2008
Current		**129.7**	150.8
Between 1 and 30 days overdue		**32.1**	16.4
Between 31 and 120 days overdue		**4.2**	7.1
Over 120 days overdue		**0.8**	1.5
Total trade receivables	17	**166.8**	175.8

(d) Liquidity risk

The Group is exposed to liquidity risk with respect to its contractual obligations and financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and short-term deposits and the availability of funding through an adequate amount of committed credit facilities.

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group maintains a long-term Revolving Credit Facility of US$300.0m that is designed to ensure it has sufficient available funds for operations. Drawings on this facility were US$90.0m as at 31 December 2009 (2008: US$140.0m under the Previous Senior Credit facility). In addition, a Revolving Operating Facility of US$10.0m is also available to Stratos to ensure it has sufficient funds available for operations. This facility was undrawn as at 31 December 2009 and 2008.

4. Critical accounting estimates and judgements in applying accounting policies

The preparation of the consolidated financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the Balance Sheet dates and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates. The more significant estimates are discussed below:

(a) Estimated impairment of goodwill

The Group annually undertakes tests to determine whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2. The carrying amounts of goodwill and intangible assets are given in note 14.

For the purpose of testing for impairment, goodwill is specifically allocated to CGUs. Four CGUs have been identified, being Inmarsat MSS, Stratos MSS, Stratos Broadband and 'Other'. It has been determined that goodwill that arose on the acquisition of Inmarsat Ventures Limited represented goodwill of the Inmarsat MSS CGU only. Goodwill that arose on the acquisition of Stratos has been allocated to the Stratos MSS and Stratos Broadband CGUs. Therefore, goodwill has been tested for impairment on the Inmarsat MSS, Stratos MSS and Stratos Broadband CGUs only. As at 31 December 2009, the carrying amount of goodwill allocated to the Inmarsat MSS, Stratos MSS and Broadband CGUs was US$406.2m, US$241.4m and US$21.1m, respectively (as at 31 December 2008: US$406.2m, US$241.5m and US$29.8m, respectively).

Goodwill is tested by comparing the carrying amount of the CGU with its value in use. The value in use calculation utilises an estimate of the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value. The key assumptions used in calculating the value in use are as follows:

- discount rate – the pre-tax rate used to discount the operating profit projections in respect of the Group in 2009 was 10.5% (2008: 10.5%) and;
- operating profit projections are derived from recently approved five-year forecasts and have assumed terminal growth rates for the Group for 2009 of 2.5-3.0% (2008: 3.0%).

Using the value in use as a measure, no impairment to the carrying value of goodwill was recognised. In the opinion of the Directors, there have been no changes in the business strategy that would result in the carrying value of goodwill exceeding its recoverable amount. For the Stratos MSS CGU the discount rate would need to increase to 11.37%, before the carrying value would exceed the value in use and result in an impairment charge being recognised in the Income Statement.

(b) Pension arrangements and post-retirement healthcare benefits assumptions

Inmarsat Global has applied a rate of return on assets of 7.77% p.a. (2008: 7.77% p.a.) which represents the expected return on asset holdings in the future. The discount rate used to calculate the pension and post-retirement healthcare benefits liabilities was 5.50% (2008: 6.10%) (see note 27).

(c) Income tax

The Group's income tax balance is the sum of the total current and deferred tax balances. The calculation of this, and of the Group's potential liabilities or assets, necessarily involves a degree of estimation and judgement in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority, or, as appropriate, through a formal legal process. Issues can, and often do, take a number of years to resolve. The amounts recognised or disclosed are derived from the Group's best estimation and judgement. However, the inherent uncertainty regarding the outcome of these means eventual realisation could differ from the accounting estimates and therefore impact the Group's results and cash flows.

5. Segmental information

The Group has adopted IFRS 8, 'Operating Segments'. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Group's Executive Management Board to allocate resources and assess performance.

In the Condensed Consolidated Interim Financial Results for the half year ended 30 June 2009, management identified three main segments, namely Inmarsat MSS, Stratos MSS and Broadband. Since the completion of the Stratos acquisition in April 2009 and the release of the interim results, the Executive Management have refined the way in which they manage the Group. Information reported to the Executive Management for the purposes of resource allocation and assessment of segment performance is more specifically focused on the individual performance of each of the divisions within the Group, namely Inmarsat Global and Stratos. The Group's reportable segments are therefore as follows:

- Inmarsat Global MSS – the supply of internally generated airtime, equipment and services to distribution partners and end-users of mobile satellite communications by the Inmarsat business.
- Stratos – the supply of advanced mobile and fixed-site remote telecommunications services, the provision of customised turnkey remote telecommunications solutions, value-added services, equipment and engineering services to end-users.
- 'Other' – principally comprises income from technical support to other operators, the provision of conference facilities and leasing surplus office space to external organisations. 'Other' also includes Group borrowings and the related interest expense.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 2. Segment profit represents the profit earned by each segment without allocation of investment revenue, finance costs, income tax expense and in certain segments, corporate costs. Comparative amounts for 2008 have been re-presented.

Primary reporting format – business segments

	2009				
(US$ in millions)	**Inmarsat MSS**	**Stratos**	**Other**	**Eliminations**	**Total**
Revenue[(a)]					
External sales	**389.1**	**639.1**	**9.9**	**–**	**1,038.1**
Inter-segment	**295.8**	**5.0**	**–**	**(300.8)**	**–**
Total revenue[(b)]	**684.9**	**644.1**	**9.9**	**(300.8)**	**1,038.1**
Segment result (operating profit)	**314.2**	**43.0**	**1.4**	**(1.8)**	**356.8**
Net interest charged to the Income Statement	**–**	**–**	**(159.9)**	**–**	**(159.9)**
Profit before income tax					**196.9**
Income tax expense					**(44.1)**
Profit for the year					**152.8**
Segment assets	**1,974.0**	**777.5**	**226.8**	**(72.7)**	**2,905.6**
Segment liabilities	**(265.8)**	**(128.7)**	**(1,615.7)**	**74.6**	**(1,935.6)**
Capital expenditure[(c)]	**(142.2)**	**(24.0)**	**–**	**0.4**	**(165.8)**
Investment in subsidiary[(d)]	**23.5**	**–**	**–**	**–**	**23.5**
Depreciation	**(160.2)**	**(23.7)**	**–**	**–**	**(183.9)**
Amortisation of intangible assets	**(19.7)**	**(28.0)**	**–**	**–**	**(47.7)**

(a) Revenue from the sale of user terminals is classified as either Inmarsat MSS or Stratos revenue for the purpose of segment reporting, depending on the nature of the terminal.
(b) Stratos MSS services accounted for US$553.0m and Stratos Broadband services US$91.1m of total revenue generated from the Stratos segment.
(c) Capital expenditure stated using accruals basis.
(d) Relates to 19% stake in SkyWave Mobile Communications acquired in the year (see note 15).

	2008 (re-presented)				
(US$ in millions)	Inmarsat MSS	Stratos	Other	Eliminations	Total
Revenue[(a)]					
External sales	354.8	631.7	10.2	–	996.7
Inter-segment	269.7	6.3	–	(276.0)	–
Total revenue[(b)]	624.5	638.0	10.2	(276.0)	996.7
Segment result (operating profit)	262.2	51.3	2.4	1.3	317.2
Net interest charged to the Income Statement	–	–	(123.4)	–	(123.4)
Profit before income tax					193.8
Income tax credit					161.6
Profit for the year					355.4
Segment assets	2,033.8	813.6	156.5	(97.1)	2,906.8
Segment liabilities	(236.8)	(167.4)	(1,654.9)	86.0	(1,973.1)
Capital expenditure[(c)]	(203.8)	(24.4)	–	0.5	(227.7)
Depreciation	(144.5)	(22.3)	–	–	(166.8)
Amortisation of intangible assets	(22.5)	(25.4)	–	–	(47.9)

(a) Revenue from the sale of user terminals is classified as either Inmarsat MSS or Stratos revenue for the purpose of segment reporting, depending on the nature of the terminal.
(b) Stratos MSS services accounted for US$532.8m and Stratos Broadband services US$105.2m of total revenue generated from the Stratos segment.
(c) Capital expenditure stated using accruals basis.

Secondary reporting format – geographical segments
The Group mainly operates in the geographic areas as included in the table below. The home country of the Group is the United Kingdom with its head office and central operations located in London.

Revenues are allocated to countries based on the billing address of the customer. For Inmarsat Global this is the distribution partner who receives the invoice for the service and for Stratos this is the billing address of the customer for whom the service is provided.

Assets and capital expenditure are allocated based on the physical location of the assets.

	2009		2008	
(US$ in millions)	Revenue	Non-current Segment Assets[b]	Revenue	Non-current Segment Assets[b]
Europe	**515.9**	**1,368.2**	430.4	1,330.4
North America	**259.4**	**175.4**	297.2	179.2
Asia and Pacific	**202.4**	**32.0**	201.2	33.7
Rest of the world	**60.4**	**–**	67.9	–
Unallocated[a]	**–**	**842.1**	–	926.3
	1,038.1	**2,417.7**	996.7	2,469.6

(a) Unallocated items relate to satellites which are in orbit.
(b) In line with IFRS 8, 'Operating Segments', non-current segment assets exclude derivative financial instruments.

6. Profit before income tax

Costs are presented by the nature of the expense to the Group. Network and satellite operations costs comprise costs to third parties for network service contracts, operating lease rentals and services. A further breakdown of employee benefit costs is given in note 7 below.

Profit before income tax is stated after charging the following items:

(US$ in millions)	Note	2009	2008
Depreciation of property, plant and equipment:			
– Owned assets	13	**183.9**	166.8
Amortisation of intangible assets	14	**47.7**	47.9
Operating lease rentals			
– Land and buildings		**17.5**	17.5
– Services equipment, fixtures and fittings		**0.2**	0.5
– Space segment		**18.9**	20.4

The analysis of the Auditors' remuneration is as follows:

(US$ in millions)	2009	2008
Fees payable to the Company's Auditor for the audit of the Company's annual accounts	**0.2**	0.2
Fees payable to the Company's Auditor for other services to the Group:		
– The audit of the Company's subsidiaries, pursuant to legislation	**1.0**	0.4
Total audit fees	**1.2**	0.6
– Other services, pursuant to legislation	**0.1**	0.2
– Tax services	**1.6**	0.3
– Services relating to recruitment and remuneration	**0.1**	–
– Services relating to corporate finance transactions	**0.5**	0.3
Total non-audit services	**2.3**	0.8

(a) In addition, total audit fees payable to other auditors in respect of the audit of the consolidated financial statements was US$9,944 (2008: US$12,273).
(b) In addition to the fees disclosed above, Inmarsat Global's pension plan incurred audit fees from our auditors of US$27,106 (2008: US$27,140) for the 2009 financial year
(c) As of 31 July 2009 Stratos changed their auditors to Deloitte. In 2009 Stratos incurred audit fees from other auditors of US$35,202, relating to the quarterly reviews in the first half of 2009. In 2008, Stratos incurred fees from other auditors for quarterly reviews and the audit of the annual accounts and subsidiaries of US$1,020,418.
(d) At 31 December 2009 Inmarsat Global had contractually committed to $0.3m of tax services to be completed in the 2010 financial year.

7. Employee benefit costs (including the Executive Directors)

(US$ in millions)	Note	2009	2008
Wages and salaries		**158.0**	158.1
Social security costs		**12.5**	15.0
Share options charge (including employers' national insurance contribution)	25	**10.8**	9.4
Defined contribution pension plan costs		**6.7**	5.7
Defined benefit pension plan costs[a]	27	**1.2**	1.8
Post-retirement healthcare plan costs[a]	27	**0.8**	0.8
Total employee benefit costs		**190.0**	190.8

(a) Defined benefit pension plan costs and post-retirement healthcare plan costs for 2009 and 2008 reflect the service cost (see note 27).

Employee numbers

The average monthly number of people (including the Executive Directors) employed during the year by category of employment:

	2009			2008		
	Inmarsat Global	**Stratos**	**Group**	Inmarsat Global	Stratos	Group
Operations	**181**	**341**	**522**	175	341	516
Sales and marketing	**87**	**132**	**219**	79	150	229
Development and engineering	**79**	**49**	**128**	87	62	149
Administration	**137**	**238**	**375**	127	212	339
	484	**760**	**1,244**	468	765	1,233

8. Executive and Non-Executive Directors' remuneration

(US$ thousands)	2009	2008
Aggregate emoluments	**4,754**	4,700
Company contributions to defined contribution pension schemes	**157**	165
	4,911	4,865

The Directors' Remuneration Report contains full disclosure of Directors' remuneration on 50. One Director (2008: two) is accruing benefits under the Group's defined contribution pension plan. One Director is a member of the US 401k Plan (2008: one).

Key management

The Executive Directors and the Executive Staff (comprising the Chief Executive Officer and his direct reports) are the key management of the business.

9. Net interest payable

(US$ in millions)	2009	2008
Interest on Senior Notes and credit facilities	**25.2**	28.3
Interest on Senior Discount Notes	**44.1**	44.0
Interest on Convertible Bond	**23.7**	22.1
Interest on Stratos borrowings	**18.8**	31.6
Pension and post-retirement liability finance costs	**4.2**	–
Interest rate swaps	**11.2**	4.8
Unwinding of discount on deferred satellite liabilities	**3.0**	2.8
Amortisation of debt issue costs[a]	**14.8**	4.5
Redemption premium on Senior Notes and Senior Discount Notes	**19.7**	–
Other interest	**1.3**	1.0
Interest payable and similar charges	**166.0**	139.1
Less: Amounts included in the cost of qualifying assets[b]	**(4.4)**	(0.9)
Total interest payable and similar charges	**161.6**	138.2
Bank interest receivable and other interest[c]	**1.6**	3.1
Net discount on purchase of Stratos' Senior Unsecured Notes	**0.1**	2.4
Pension and post-retirement liability finance gains	**–**	9.3
Total interest receivable and similar income	**1.7**	14.8
Net interest payable	**159.9**	123.4

(a) Includes US$9.6m of unamortised debt issue costs which were written off in relation to the cancellation of the Previous Senior Credit Facility and redemption of the Senior Notes due 2012 and Senior Discount Notes, during 2009 (see note 19).
(b) Borrowing costs included in the cost of qualifying assets during the year are calculated by applying a capitalisation rate to expenditure on such assets. The average interest capitalisation rate for the year was 8.63%.
(c) Includes US$0.5m of unamortised premium which was recorded on the redemption of the Senior Notes due 2012 (see note 19).

10. Income tax

Income tax (expense)/credit recognised in the Income Statement:

(US$ in millions)	2009	2008
Current tax expense:		
Current year	**(30.4)**	(9.4)
Adjustments in respect of prior periods		
– Recognition of finance lease and operating leaseback[a]	**–**	6.8
– Reduction of Jersey Corporation Tax rate to 0%	**–**	0.4
– Other	**(0.5)**	(2.5)
Total current tax expense	**(30.9)**	(4.7)
Deferred tax (expense)/credit:		
Origination and reversal of temporary differences		
– Recognition of finance lease and operating leaseback[a]	**–**	211.8
– Other temporary differences[b]	**(14.7)**	(47.4)
Adjustment due to difference in foreign exchange rate	**–**	2.7
Adjustments in respect of prior periods	**1.5**	(0.8)
Total deferred tax (expense)/credit	**(13.2)**	166.3
Total income tax (expense)/credit	**(44.1)**	161.6

(a) The current tax and deferred tax credits in 2008 relate to a finance lease and operating leaseback transaction that was entered into in 2007. We recorded the tax benefit as we consider it likely that we will receive the benefit.
(b) Includes a tax credit in 2009 of US$8.8m arising from the recognition of a deferred tax asset relating to unutilised capital allowances in Stratos' UK entities. These unutilised allowances were not recognised as separate identifiable assets as part of the accounting for the purchase of Stratos. We believe that the Group will be able to utilise these capital allowances in offsetting future taxable profits of the Group's UK entities.

Reconciliation of effective tax rate:

(US$ in millions)	2009	2008
Profit before tax	**196.9**	193.8
Income tax at 28% (2008: 28.5%)	**(55.1)**	(55.2)
Differences in overseas tax rates	**0.9**	(4.8)
Adjustments in respect of prior periods		
– Recognition of finance lease and operating leaseback	**–**	6.8
– Reduction of Jersey Corporation Tax rate to 0%	**–**	0.4
– Other	**0.9**	(3.4)
Effect of the reduction in the Corporation Tax rate from 30% to 28% on:		
– current year movement in deferred tax	**–**	1.0
Impact of finance lease and operating leaseback on deferred tax	**–**	211.8
Benefit of current year non-capital losses not recognised	**2.3**	(1.3)
Other non-deductible expenses/non taxable income[a]	**6.9**	6.3
Total income tax (expense)/credit	**(44.1)**	161.6

(a) Includes the tax credit discussed in note (b) above.

Tax (charged)/credited to equity:

(US$ in millions)	2009	2008
Current tax credit on share options	**0.2**	1.7
Deferred tax credit/(charge) on share options	**1.6**	(0.4)
Deferred tax (charge)/credit relating to gains on cash flow hedges	**(12.5)**	9.9
Deferred tax credit on actuarial gains and losses from pension and post-retirement healthcare benefits	**5.3**	2.2
Total tax (charged)/credited to equity	**(5.4)**	13.4

11. Net foreign exchange gains

(US$ in millions)	2009	2008
Pension and post-retirement liability (note 27)	**2.8**	(10.2)
Other operating costs	**(8.6)**	(0.1)
Total foreign exchange gains	**(5.8)**	(10.3)

12. Dividends

The dividends paid in 2009 were US$58.4m (12.73 cents (US$) per ordinary share) and US$83.4m (18.20 cents (US$) per ordinary share) for the 2009 interim dividend and the 2008 final dividend, respectively. Dividends paid in 2008 were US$55.5m (12.13 cents (US$) per ordinary share) and US$79.1m (17.33 cents (US$) per ordinary share) for the 2008 interim dividend and the 2007 final dividend, respectively. A second interim dividend for the 2009 financial year of 20.63 cents (US$) per ordinary share, amounting to a total dividend of US$94.8m, will be paid in lieu of a final dividend. The second interim dividend will be paid on 1 April 2010 to ordinary shareholders on the register of members at the close of business on 19 March 2010. In accordance with IAS 37, these financial statements do not reflect this final dividend payable.

(US$ in cents)	2009	2008
Interim dividend paid per ordinary share	12.73	12.13
Second interim dividend per ordinary share	20.63	18.20
Total dividend per ordinary share	**33.36**	30.33

13. Property, plant and equipment

(US$ in millions)	Freehold land and Buildings	Services, equipment, fixtures and fittings	Space segment	Assets in the course of Construction	Total
Cost at 1 January 2008	11.5	160.8	1,493.4	230.2	1,895.9
Additions	0.5	24.0	23.0	162.7	210.2
Acquisitions	–	(4.4)	–	–	(4.4)
Transfers	–	0.4	0.2	(0.6)	–
Cost at 31 December 2008	12.0	180.8	1,516.6	392.3	2,101.7
Additions	**0.4**	**24.8**	**41.5**	**58.2**	**124.9**
Disposals	**–**	**(0.6)**	**–**	**–**	**(0.6)**
Transfers[a]	**–**	**(4.6)**	**347.5**	**(352.4)**	**(9.5)**
Cost at 31 December 2009	**12.4**	**200.4**	**1,905.6**	**98.1**	**2,216.5**
Accumulated depreciation at 1 January 2008	(2.7)	(66.1)	(433.3)	–	(502.1)
Charge for the year	(0.8)	(29.6)	(136.4)	–	(166.8)
Disposals	–	0.5	–	–	0.5
Accumulated depreciation at 31 December 2008	(3.5)	(95.2)	(569.7)	–	(668.4)
Charge for the year	**(0.8)**	**(21.8)**	**(161.3)**	**–**	**(183.9)**
Disposals	**–**	**0.1**	**–**	**–**	**0.1**
Transfers[a]	**–**	**0.9**	**–**	**–**	**0.9**
Accumulated depreciation at 31 December 2009	**(4.3)**	**(116.0)**	**(731.0)**	**–**	**(851.3)**
Net book amount at 31 December 2008	8.5	85.6	946.9	392.3	1,433.3
Net book amount at 31 December 2009	**8.1**	**84.4**	**1,174.6**	**98.1**	**1,365.2**

(a) During 2009, assets with a net book value of US$8.6m were transferred from tangible to intangible (software).

The space segment asset lives range from 10 to 15 years with the exception of R-BGAN assets which were five years. The first, second and third of the Inmarsat-4 satellites were placed in service during the 2005, 2006 and 2009 financial years respectively and are being depreciated over 15 years. As at 31 December 2008 the costs associated with the Inmarsat-4 F3 satellite remained in assets under construction. No depreciation was recognised in 2008 in respect of the Inmarsat-4 F3 satellite. The R-BGAN service was terminated on 31 December 2008, therefore all associated assets had been fully depreciated by the end of 2008.

At 31 December 2009 and 2008, freehold land and buildings for Inmarsat Global were carried at cost less accumulated depreciation (US$nil). Had the freehold land and buildings been revalued on a market basis, their carrying amount at 31 December 2009 would have been US$4.8m (based on the 31 December 2009 exchange rate between the US dollar and Pounds Sterling of US$1.61/£1.00) (2008: US$5.9m). The Directors determined the market valuation.

14. Intangible assets

(US$ in millions)	Note	Goodwill	Trademarks	Software	Patents	Terminal development costs	Customer relationships	Spectrum Rights	Intellectual property	Total
Cost at 1 January 2008		677.5	35.8	79.0	14.0	75.7	233.2	3.6	0.7	1,119.5
Additions		–	–	9.1	–	7.7	–	–	–	16.8
Cost at 31 December 2008		677.5	35.8	88.1	14.0	83.4	233.2	3.6	0.7	1,136.3
Additions		**–**	**–**	**15.5**	**–**	**23.5**	**–**	**2.1**	**–**	**41.1**
Disposals		**–**	**–**	**–**	**–**	**–**	**(1.0)**	**–**	**–**	**(1.0)**
Transfers[a]		**–**	**–**	**9.5**	**–**	**–**	**–**	**–**	**–**	**9.5**
Other changes[b]		**(8.8)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(8.8)**
Cost at 31 December 2009		**668.7**	**35.8**	**113.1**	**14.0**	**106.9**	**232.2**	**5.7**	**0.7**	**1,177.1**
Accumulated amortisation at 1 January 2008		–	(4.0)	(29.9)	(8.1)	(16.7)	(1.1)	(0.5)	(0.4)	(60.7)
Charge for the year		–	(2.7)	(15.7)	(2.0)	(6.9)	(19.6)	(0.7)	(0.3)	(47.9)
Accumulated amortisation at 31 December 2008		–	(6.7)	(45.6)	(10.1)	(23.6)	(20.7)	(1.2)	(0.7)	(108.6)
Charge for the year		**–**	**(2.7)**	**(15.3)**	**(2.0)**	**(7.5)**	**(19.4)**	**(0.8)**	**–**	**(47.7)**
Disposals		**–**	**–**	**–**	**–**	**–**	**0.1**	**–**	**–**	**0.1**
Transfers[a]		**–**	**–**	**(0.9)**	**–**	**–**	**–**	**–**	**–**	**(0.9)**
Accumulated amortisation at 31 December 2009		**–**	**(9.4)**	**(61.8)**	**(12.1)**	**(31.1)**	**(40.0)**	**(2.0)**	**(0.7)**	**(157.1)**
Net book amount at 31 December 2008		677.5	29.1	42.5	3.9	59.8	212.5	2.4	–	1,027.7
Net book amount at 31 December 2009		**668.7**	**26.4**	**51.3**	**1.9**	**75.8**	**192.2**	**3.7**	**–**	**1,020.0**

(a) During 2009, assets with a net book value of US$8.6m were transferred to software from tangible assets.
(b) During 2009, we recorded a US$8.8m adjustment to the carrying amount of goodwill following the recognition of a deferred tax asset relating to unutilised capital allowances arising in Stratos' UK entities. Although these unutilised capital allowances were acquired as part of the acquisition of Stratos, in line with IFRS 3 'Business Combinations (2004)', they were not recognised as an identifiable asset in determining goodwill that resulted from that acquisition. We now believe that the Group will be able to utilise these capital allowances in offsetting future taxable profits of the Group's UK entities and have therefore accounted for the benefit as an adjustment to goodwill in line with IAS 12, 'Income Taxes'.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses (see note 4(a)).

Trademarks and patents are being amortised on a straight-line basis over their estimated useful lives. The estimated useful lives of trademarks are between 10 and 20 years. The estimated useful life of patents is 7 years.

The software capitalised relates to the Group's BGAN billing system and other internally developed operational systems and purchased software and is being amortised on a straight-line basis over its estimated useful life of 5 to 7 years. Internally developed technology acquired as a result of the acquisition of Stratos is being amortised on a straight-line basis over its estimated useful life of 5 years. All other software is amortised on a straight-line basis, over 3 to 5 years.

User terminal development costs directly relating to the development of the user terminals for the BGAN services are capitalised as intangible fixed assets. The R-BGAN service was terminated on 31 December 2008, therefore all R-BGAN user terminal costs had been fully depreciated by 31 December 2008. R-BGAN costs were being amortised over the estimated sales life of the services which was 5 years. BGAN costs are being amortised over the estimated sales life of the services which is 5 to 10 years.

Customer relationships acquired in connection with Stratos are being amortised over the expected period of benefit of 12 years using the straight-line method.

Spectrum rights relate to the acquisition of ACeS and Stratos. Spectrum rights acquired as a result of the ACeS collaboration are being amortised on a straight-line basis over the remaining useful lives of 5.3 years. Spectrum rights acquired as a result of the acquisition of Stratos are being amortised over their useful lives of 3 to 10 years.

Intellectual property relates to the acquisition of ACeS and is now fully amortised.

15. Investments

(US$ in millions)	As at 31 December 2009	As at 31 December 2008
Investments held at cost:		
SkyWave	23.5	–
Total investments held at cost	23.5	–
Interest in associates:		
Navarino	6.8	6.5
JSAT Mobile	0.7	(0.1)
Total interest in associates	7.5	6.4
Total investments	31.0	6.4

In July 2009, we acquired a stake of approximately 19% in the privately held SkyWave Mobile Communications ('SkyWave') for an initial cash consideration of US$10.0m and deferred consideration of US$11.5m consisting of deferred airtime credits. The ownership in SkyWave has been recorded at cost, including capitalised transaction costs.

The Group, through Stratos, owns a 49% ownership interest in Navarino Telecom SA and NTS Maritime Limited (together, 'Navarino'). Cash dividends received for the year ended 31 December 2009 totalled US$0.8m (2008: US$1.2m).

During 2008 Stratos acquired a 26.67% interest in JSAT Mobile Communications Inc and the interest has been treated as an associate using the equity method of accounting. The aggregated assets, liabilities, revenue and profit of associates are deemed to be immaterial for reporting purposes.

16. Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held on call with banks, other short-term highly-liquid investments with original maturities of three months or less, and for the purposes of the Cash Flow Statement also includes bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Balance Sheet.

(US$ in millions)	As at 31 December 2009	As at 31 December 2008
Cash at bank and in hand	105.8	108.5
Short-term deposits with original maturity of less than three months	121.0	47.9
	226.8	156.4

Cash and cash equivalents include the following for the purposes of the Cash Flow Statement:

(US$ in millions)	As at 31 December 2009	As at 31 December 2008
Cash and cash equivalents	226.8	156.4
Bank overdrafts (note 19)	(0.5)	(1.8)
	226.3	154.6

17. Trade and other receivables

(US$ in millions)	As at 31 December 2009	As at 31 December 2008
Current:		
Trade receivables	166.8	175.8
Other receivables	9.4	13.2
Other prepayments and accrued income	51.3	62.3
	227.5	251.3

(US$ in millions)	As at 31 December 2009	As at 31 December 2008
Non-current:		
Other prepayments and accrued income	1.5	2.2
	1.5	2.2

The Directors consider the carrying value of trade and other receivables to approximate to their fair value.

18. Inventories

(US$ in millions)	As at 31 December 2009	As at 31 December 2008
Finished goods	**9.5**	19.8
	9.5	19.8

The Directors consider the carrying value of inventories to approximate to their fair value.

19. Borrowings

(US$ in millions)	Effective interest rate %	As at 31 December 2009	As at 31 December 2008
Current:			
Bank overdrafts	1.8	**0.5**	1.8
Deferred satellite payments[a]	7.0	**9.3**	10.2
Senior Credit Facility[b]	7.45	**90.0**	–
Previous Senior Credit Facility[c]		**–**	190.0
Stratos Senior Credit Facility[h]	2.75	**9.6**	2.3
Stratos Mortgage obligation[i]		**–**	0.1
Total current borrowings		**109.4**	204.4
Non-current:			
Deferred satellite payments[a]	7.0	**38.1**	31.2
Senior Credit Facility[b]	7.45	**189.4**	–
Previous Senior Credit Facility[c]		**–**	199.4
Senior Notes due 2017[d]	7.375	**637.5**	–
– Issuance discount		**(4.8)**	–
Senior Discount Notes[e]	10.375	**–**	443.8
Senior Notes due 2012[f]	7.625	**–**	158.2
– Premium on Senior Notes due 2012[f]		**–**	0.7
Convertible Bond[g]	9.88	**261.3**	242.0
– Accretion of principal		**2.3**	2.1
Stratos Senior Credit Facility[h]	2.75	**197.3**	205.8
Stratos Mortgage obligation[i]		**–**	0.2
Stratos Senior Unsecured Notes[j]	9.875	**82.4**	86.8
Total non-current borrowings		**1,403.5**	1,370.2
Total borrowings		**1,512.9**	1,574.6

(a) Deferred satellite payments represent amounts payable to satellite manufacturers which become payable annually depending on the continued successful performance of the satellite. The gross amounts of the deferred satellite payments have been discounted to net present value at 7%.

(b) On 6 November 2009, we drew down on our US$500.0m Senior Credit Facility. The new facility consists of a US$200.0m Term Loan and a US$300.0m Revolving Credit Facility (of which we have initially drawn US$90.0m). The new Senior Credit Facility will mature in May 2012 and has substantially similar terms and conditions as the Previous Senior Credit Facility. Advances under the new Senior Credit Facility will bear interest equal to LIBOR, plus an applicable margin of between 2.00% and 3.00% determined by reference to the ratio of total net debt to EBITDA.

(c) On 6 November 2009 we pre-paid and cancelled the outstanding amount under the Previous Senior Credit Facility of US$315.0m and wrote-off unamortised costs in relation to the facility of US$0.3m.

(d) On 12 November 2009, our wholly-owned subsidiary company Inmarsat Finance plc issued US$650.0m aggregate principal amount of 7.375% Senior Notes due 1 December 2017 ('Senior Notes Due 2017'). The aggregate gross proceeds were US$645.2m, net of US$4.8m issuance discount. We capitalised US$12.5m of issuance costs in relation to the issue of the Senior Notes due 2017.

(e) On 11 December 2009 we redeemed the entire principal amount of US$450.0m outstanding under Inmarsat Finance II plc's 10.375% Senior Discount Notes. At the redemption date we wrote off US$5.1m of unamortised costs in relation to the Senior Discount Notes.

(f) On 11 December 2009 we redeemed the entire principal amount of US$160.4m outstanding under Inmarsat Finance plc's 7.625% Senior Notes due 2012. At the redemption date we wrote-off US$4.2m of unamortised costs and US$0.5m in respect of the capitalised premium, in relation to the Senior Notes due 2012.

(g) On 16 November 2007, we issued US$287.7m in principal amount of 1.75% convertible bonds due 2017 (the 'Bonds'). The Bonds are convertible into ordinary shares of the Company and have a 1.75% per annum coupon payable semi-annually and a yield to maturity of 4.50%. The Bonds have an initial conversion premium of 32.5% over the reference share price of £4.6193 representing approximately 5% of the Company's current issued share capital. The initial conversion price is US$12.694 and the total number of common shares to be issued if all Bonds are converted is 22.7 million shares. The Company will have an option to call the Bonds after 7 years at their accreted principal amount under certain circumstances. In addition, the holder of each Bond will have the right to require the Issuer to redeem such Bond at its accreted principal amount at years 5 and 7.

The net proceeds received from the issue of the convertible bond was split into a liability component of US$224.3m and an equity component of US$56.9m. The equity component represents the fair value of the option to convert the liability into equity of the Group, as follows:

(US$ in millions)	
Fair value of convertible bonds issued	287.7
Cost of issue	(6.5)
Net proceeds	281.2
Equity component[(1)]	(56.9)
Liability component at date of issue[(2)]	224.3
Cumulative interest charged to 31 December 2008	24.7
Cumulative amortisation of debt issue costs to 31 December 2008	0.7
Cumulative coupon interest accrued to 31 December 2008	(5.6)
Liability component at 31 December 2008	244.1
Interest charged	**23.6**
Amortisation of debt issue costs	**0.9**
Coupon interest accrued	**(5.0)**
Liability component at 31 December 2009	**263.6**

(1) Net of capitalised issue costs of US$1.3m.
(2) Net of capitalised issue costs of US$5.2m.

The interest charged for the year is calculated by applying an effective interest rate of 9.88% to the liability component. The total interest charge is split between the coupon interest charge of US$5.0m and accreted interest of US$18.6m. The coupon interest is paid semi-annually in May and November each year until maturity. Similarly, the bonds accrete semi-annually in May and November each year until maturity.

(h) On 13 February 2006, Stratos entered into a credit agreement, the Senior Credit Facilities, which consists of a five year US$10.0m Revolving Operating Facility and a six year Term B Facility of US$225.0m. The Term B Facility is repayable in annual principal payments of US$2.3m with the balance due at maturity in February 2012 and bears interest at LIBOR plus an applicable margin, which is currently 250 basis points per annum (2007: 275) based on Stratos' leverage ratio. An improvement in the ratio in 2008 to beyond 3.5:1 resulted in a reduction of the margin rate to 250 basis points, as defined by the credit agreement. The applicable LIBOR rate at 31 December 2009 was 0.25% (2008: 1.46%). In addition to scheduled repayments, if leverage ratios exceed certain thresholds, specified proceeds from new debt and equity issuances as well as a stated percentage of excess cash flows, as defined in the credit agreement, are to be applied to the indebtedness outstanding under the facilities. During the year Stratos reduced the amount of The Revolving Operating Facility, which has a term of five years and matures in February 2011, from US$25.0m to US$10.0m. The Revolving Operating Facility is available to Stratos in Canadian or US dollars and bears interest at varying base rates plus 100 – 225 basis points per annum, based on Stratos' leverage ratio as set out in the credit agreement. As at 31 December 2009 and 2008, no amounts were drawn on the Revolving Operating Facility. If any amounts had been drawn on the Revolving Operating Facility, as at 31 December 2009, the applicable interest rate would have been LIBOR plus 185 basis points (2008: LIBOR plus 185 basis points). The US$10.0m Revolving Operating Facility at 31 December 2009 is subject to an annual commitment fee of 40 basis points (2008: 40 basis points). This rate is subject to change based on Stratos' leverage ratio as set out in the credit agreement.

(i) On 8 April 2009, Stratos settled its remaining mortgage obligation of US$0.3m.

(j) Stratos' Senior Unsecured Notes were issued in February 2006. The notes are due at maturity on 15 February 2013 and bear interest at a rate of 9.875% per annum, payable semi-annually in arrears on 15 February and 15 August each year. During 2009, Inmarsat Finance III Limited ('Inmarsat III') purchased US$5.5m (2008: US$57.7m) of the aggregate principal amount of the notes. Inmarsat III received a discount of US$0.1m (2008: US$2.9m) and paid prepaid interest of US$0.1m (2008: US$1.3m) which was later received back from the trustee (Bank of New York). At any time before 15 February 2009, Stratos had an option to redeem up to 35% of the aggregate principal amount of the Notes within 60 days of an equity offering, with the net proceeds of such offering, at a redemption price of 109.875% of the principal amount thereof, plus accrued and unpaid interest, provided that immediately after giving effect to such redemption, at least 65% of the original principal amount of the notes remain outstanding. Stratos did not exercise this option.

As collateral for Stratos' Revolving Operating Facility and Stratos' Term B Facility discussed in (h) above, Stratos has provided a first priority perfected security interest over all of the assets of Stratos and its subsidiaries, with the exception of Plenexis Gesellschaft Für Satelliten – Kommunikation mbH and its subsidiaries, Stratos Communications (Australia) Pty Limited and Stratos Global (Japan) KK. Concurrent with the acquisition of Xantic B.V. ('Xantic'), Stratos supplemented the collateral securing the credit facilities with a first priority perfected security interest on its equity interest in Xantic. As additional security, all of the subsidiaries of Stratos other than Plenexis and its subsidiaries, Xantic and its subsidiaries, Stratos Communications (Australia) Pty Limited and Stratos Global (Japan) KK, have guaranteed obligations under the senior credit facilities.

These balances are shown net of unamortised deferred finance costs, which have been allocated as follows:

(US$ in millions)	As at 31 December 2009 Amount	Deferred finance cost	Net balance	As at 31 December 2008 Amount	Deferred finance cost	Net balance
Senior Credit Facility	**290.0**	**(10.6)**	**279.4**	–	–	–
Previous Senior Credit Facility	**–**	**–**	**–**	390.0	(0.6)	389.4
Senior Notes due 2017	**650.0**	**(12.5)**	**637.5**	–	–	–
– Issuance discount	**(4.8)**	**–**	**(4.8)**	–	–	–
Senior Discount Notes	**–**	**–**	**–**	450.0	(6.2)	443.8
Senior Notes due 2012	**–**	**–**	**–**	163.7	(5.5)	158.2
– Premium on Senior Notes due 2012	**–**	**–**	**–**	0.7	–	0.7
Deferred satellite payments	**47.4**	**–**	**47.4**	41.4	–	41.4
Convertible Bonds	**264.9**	**(3.6)**	**261.3**	246.4	(4.4)	242.0
– Accretion of interest on the principal	**2.3**	**–**	**2.3**	2.1	–	2.1
Bank overdrafts	**0.5**	**–**	**0.5**	1.8	–	1.8
Stratos Senior Credit Facilities	**209.2**	**(2.3)**	**206.9**	211.5	(3.4)	208.1
Stratos Mortgage obligation	**–**	**–**	**–**	0.3	–	0.3
Stratos Senior Unsecured Notes	**86.8**	**(4.4)**	**82.4**	92.3	(5.5)	86.8
Total Borrowings	**1,546.3**	**(33.4)**	**1,512.9**	1,600.2	(25.6)	1,574.6

The maturity of non-current borrowings is as follows:

(US$ in millions)	2009	2008
Between one and two years	**50.1**	202.8
Between two and five years	**702.4**	1,160.1
After five years	**651.0**	7.3
	1,403.5	1,370.2

The borrowings of the Group are mostly at fixed rates. The Senior Notes due 2017, Convertible Bonds and the Stratos Senior Unsecured Notes are all at fixed rates.

The Group has a US$300.0m Revolving Credit Facility that has no restrictions and as at 31 December 2009 was drawn down by US$90.0m (2008: US$140.0m drawn down under the revolving portion of the Previous Senior Credit Facility).

Stratos has in place a US$10.0m Revolving Operating Facility which was undrawn as at 31 December 2009 and 2008.

The Directors consider the carrying value of borrowings, other than the Senior Notes due 2017, Convertible Bonds and the Stratos Senior Unsecured Notes to approximate to their fair value (see note 29).

The effective interest rates at the balance sheet dates were as follows:

Effective interest rate %	2009	2008
Bank overdrafts	**1.8**	2.0
Senior Credit Facility	**7.45**	–
Previous Senior Credit Facility	**–**	4.59
Senior Notes due 2017	**7.375**	–
Senior Discount Notes	**–**	10.375
Senior Notes due 2012	**–**	7.625
Deferred satellite payments	**7.0**	7.0
Convertible Bonds	**9.88**	9.88
Stratos Senior Credit Facilities	**2.75**	3.96
Stratos Mortgage obligation	**–**	7.03
Stratos Senior Unsecured Notes	**9.875**	9.875

20. Trade and other payables

(US$ in millions)	As at 31 December 2009	As at 31 December 2008
Current:		
Trade payables	**96.4**	104.2
ACeS deferred consideration	**2.9**	2.4
SkyWave deferred consideration (note 15)	**2.3**	–
Other taxation and social security payables	**2.9**	2.7
Other creditors	**24.1**	30.7
Accruals and deferred income[a]	**77.5**	55.8
	206.1	195.8

(a) As at 31 December 2009, includes US$31.3m of deferred income relating to a payment received from SkyTerra Communications, Inc. in connection with an agreement for L-band operations in North America.

(US$ in millions)	As at 31 December 2009	As at 31 December 2008
Non-current:		
ACeS deferred consideration	**–**	2.7
SkyWave deferred consideration (note 15)	**9.7**	–
Other payables	**17.9**	13.9
	27.6	16.6

The Directors consider the carrying value of trade and other payables to approximate to their fair value.

21. Provisions

(US$ in millions)	Other provision	Asset retirement obligations	Total
Current:			
As at 1 January 2008	0.1	–	0.1
Utilised in current year	(0.1)	–	(0.1)
As at 31 December 2008	–	–	–
Charged to provision in respect of current year	1.8	–	1.8
Utilised in current year	(1.3)	–	(1.3)
Asset retirement obligation transferred from non-current liability	–	0.4	0.4
As at 31 December 2009	**0.5**	**0.4**	**0.9**

(US$ in millions)	Post-retirement healthcare benefits	Pension	Asset retirement obligations	Other	Total
Non-current:					
As at 1 January 2008	22.3	14.5	3.5	1.1	41.4
(Credited)/charged to Income Statement	(4.8)	(1.9)	0.2	0.3	(6.2)
Charged directly to Comprehensive Income in respect of current year	2.6	6.1	–	–	8.7
Contributions paid	–	(5.7)	–	–	(5.7)
Utilised in current year	(0.3)	(1.3)	(0.3)	(0.5)	(2.4)
As at 31 December 2008	**19.8**	**11.7**	**3.4**	**0.9**	**35.8**
Charged to Income Statement in respect of current year	4.4	1.8	0.3	0.2	6.7
Charged directly to Comprehensive Income in respect of current year	**9.3**	**12.1**	**–**	**–**	**21.4**
Contributions paid	**–**	**(6.4)**	**–**	**–**	**(6.4)**
Utilised in current year	**(0.3)**	**–**	**(0.1)**	**(0.6)**	**(1.0)**
Revision in estimated cash flows and timing of settlement	**–**	**–**	**(0.3)**	**–**	**(0.3)**
Transfer to current liability	**–**	**–**	**(0.4)**	**–**	**(0.4)**
As at 31 December 2009	**33.2**	**19.2**	**2.9**	**0.5**	**55.8**

During 2009, the Group made an additional cash contribution of US$3.6m (2008: US$3.8m) to reduce the pension deficit. Following the actuarial valuation of the Inmarsat Pension Plan ('the Plan') as at 31 December 2008 (see note 27), the trustee and the Company have agreed that additional contributions will be paid to the Plan. It was agreed that £2.2m would be paid in November 2009 and £2.2m annually thereafter, up to and including November 2015.

Asset retirement obligations have been recognised in respect of the expected costs of removal of equipment from leased premises by Stratos.

Other provisions in 2009 and 2008 relate to a legally required provision for eventual severance payments to employees based overseas, other provisions in 2008 also include a provision acquired on acquisition of Stratos, which has been fully utilised in 2009.

22. Current and deferred income tax assets and liabilities

The current income tax liability of US$34.0m (2008: US$27.8m) represents the income tax payable in respect of current and prior periods less amounts paid.

Recognised deferred income tax assets and liabilities

The movements in deferred income tax assets and liabilities (prior to the offsetting of balances within the same jurisdiction as permitted by IAS 12) during the year are shown below.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

	As at 31 December 2009			As at 31 December 2008		
(US$ in millions)	Assets	Liabilities	Net	Assets	Liabilities	Net
Property, plant and equipment and intangible assets	**(2.6)**	**103.6**	**101.0**	(19.3)	109.5	90.2
Other	**(10.5)**	**3.8**	**(6.7)**	(27.8)	7.8	(20.0)
Pension asset	**(12.7)**	**–**	**(12.7)**	(6.7)	–	(6.7)
Share options	**(5.5)**	**–**	**(5.5)**	(2.9)	–	(2.9)
Loss carry forwards	**(11.7)**	**–**	**(11.7)**	(34.1)	–	(34.1)
Valuation allowances	**–**	**6.9**	**6.9**	–	26.0	26.0
Net deferred income tax liabilities	**(43.0)**	**114.3**	**71.3**	(90.8)	143.3	52.5

Movement in temporary differences during the year:

(US$ in millions)	As at 1 January 2009	Recognised in income	Recognised in equity	As at 31 December 2009
Property, plant and equipment and intangible assets	**90.2**	**10.8**	**–**	**101.0**
Other	**(20.0)**	**0.8**	**12.5**	**(6.7)**
Pension asset	**(6.7)**	**(0.7)**	**(5.3)**	**(12.7)**
Share options	**(2.9)**	**(1.0)**	**(1.6)**	**(5.5)**
Loss carry forwards	**(34.1)**	**22.4**	**–**	**(11.7)**
Valuation allowances	**26.0**	**(19.1)**	**–**	**6.9**
Total	**52.5**	**13.2**	**5.6**	**71.3**

	As at 1 January 2008	Recognised in income	Recognised in equity	As at 31 December 2008
Property, plant and equipment and intangible assets	264.5	(174.3)	–	90.2
Other	(10.0)	(0.1)	(9.9)	(20.0)
Pension asset	(8.7)	4.2	(2.2)	(6.7)
Share options	(3.3)	–	0.4	(2.9)
Loss carry forwards	(47.6)	13.5	–	(34.1)
Valuation allowances	35.6	(9.6)	–	26.0
Total	230.5	(166.3)	(11.7)	52.5

23. Cash generated from operations

Reconciliation of operating profit to net cash inflow from operating activities.

(US$ in millions)	2009	2008
Profit for the year	**152.8**	355.4
Adjustments for:		
Depreciation and amortisation	**231.6**	214.7
Income tax charge/(credit)	**44.1**	(161.6)
Interest payable	**161.6**	138.2
Interest receivable	**(1.7)**	(14.8)
Non-cash employee benefit costs	**23.2**	21.4
Forward exchange contracts	**(8.5)**	9.5
Share of results of associates, net of dividends received	**(0.1)**	0.4
Gain on disposal of fixed assets	**(2.1)**	–
Goodwill adjustment	**8.8**	–
Non-cash foreign exchange movements	**0.6**	–
Changes in net working capital:		
Decrease/(increase) in trade and other receivables	**23.6**	(9.6)
Decrease/(increase) in inventories	**10.2**	(4.0)
Increase/(decrease) in trade and other payables	**5.9**	(16.8)
Decrease in provisions	**(4.2)**	(4.8)
Cash generated from operations	**645.8**	528.0

24. Share capital

(US$ in millions)	As at 31 December 2009	As at 31 December 2008
Authorised:		
1,166,610,560 ordinary shares of €0.0005 each (2008: 1,166,610,560)	**0.7**	0.7
	0.7	0.7
Allotted, issued and fully paid:		
459,554,882 ordinary shares of €0.0005 each (2008: 459,048,648)	**0.3**	0.3
	0.3	0.3

During the year ended 31 December 2009, a total of 506,234 (2008: 1,561,765) ordinary shares of €0.0005 each were allotted and issued by the Company under its employee share schemes.

At the Annual General Meeting held on 6 May 2008, shareholders approved that the 11,669,472 Euro deferred shares of €0.01 each and the 50,000 Sterling deferred shares of £1.00 each in the authorised share capital of the Company be cancelled and that the authorised share capital be diminished by €116,694.72 and £50,000 accordingly.

25. Employee share options and awards

In November 2004, the Company adopted the Staff Value Participation Plan (the '2004 Plan'). 219,020 A ordinary shares were granted under the 2004 Plan to eligible Directors or employees of the Group. A second grant of options over 7,140 A ordinary shares was made under the 2004 Plan to employees in January 2005. As part of the IPO in 2005, the A ordinary shares were converted following a 1 for 20 share split into ordinary shares. A third grant of options over 1,175,240 ordinary shares of €0.0005 each was approved in May 2005 under the 2004 Plan and granted to employees in June 2005. Both subsequent grants were made on equivalent terms to the initial grant in November 2004.

All options granted under the 2004 Plan and held by optionholders have now vested and are exercisable. Whenever options are exercised under the 2004 Plan, the holder must pay a de minimis charge of €1 for each tranche of options exercised. The options expire 10 years from the date of grant. Following the exercise of options granted under the 2004 Plan, shares are transferred to the optionholders from the Inmarsat Employees' Share Ownership Plan Trust ('the Trust') (resident in Guernsey). No new shares have been issued to satisfy the exercise of these options.

A summary of share activity within the Trust as at 31 December 2009 is as follows:

	Shares available for grant	Options outstanding	Weighted average exercise price per option
Balance at 1 January 2008	1,040,904	311,692	£3.64
Forfeited	180	(180)	
Exercised	–	(122,551)	£4.74
Exercise re International Sharesave Plan	(28,926)	–	
Market purchase of shares (30 October 2008)	10,000	–	
Balance at 31 December 2008	1,022,158	188,961	£3.75
Exercised	–	(25,787)	£5.64
Exercise re International Sharesave Plan	(1,922)	–	
Adjustment	(4,942)	–	
Balance at 31 December 2009	**1,015,294**	**163,174**	**£3.67**
Exercisable at 31 December 2009	**–**	**163,174**	
Exercise Price per tranche	**–**	**€1.00**	

The weighted average of the remaining contractual life for the 2004 Plan at 31 December 2009 is 5 years.

In line with IFRS 2, Share-Based Payment, the Group recognised US$10.8m and US$9.4m respectively in total share compensation costs across all its share plans for the 2009 and 2008 financial years. Total share-based compensation costs are recognised over the vesting period of the options and share awards ranging from one to four years.

Prior to the Company being publicly quoted, the exercise price of the options over the A ordinary shares of the Company issued under the 2004 Plan was de minimis in nature and post the IPO remains de minimis in nature, accordingly the fair value of each option is equivalent to the fair value of the underlying share at the date of the grant. This fair value of US$12.50 per share (before any adjustment for the share split in June 2005) was estimated with the assistance of independent advisers, who calculated a range of potential values using analysis of comparable quoted shares, discounted cash flows and comparable transactions. The fair value within this range was then selected by the Directors using the independent analysis which had been prepared.

For the options granted under the 2004 Plan in June 2005 (before the share split), the fair value was estimated by the Directors to be US$30.00 per share. The US$30.00 was calculated using a similar methodology to the independent advisers as the Directors of the Company continued to believe that the 'discounted trading multiple' approach was the most appropriate.

The Company also operates a Bonus Share Plan ('BSP'). The following awards under the BSP have been made to the Executive Directors and certain members of senior management:

- during 2006, awards of shares were made relating to monetary awards determined in May 2005 and September 2005. These awards have now all vested;
- during 2008, awards of shares were made relating to monetary awards determined in March, May and September 2007. These awards vested and will vest (subject to continued employment) in three equal tranches following the announcement of the Preliminary Results for each of the financial years 2008, 2009 and 2010; and
- during 2009, awards of shares were made relating to a monetary award determined in March 2008. These awards will vest in three equal tranches following the announcement of the Preliminary Results for each of the financial years 2010, 2011 and 2012.
- during 2010, awards of shares will be made relating to monetary awards determined in March and May 2009. These awards will vest in three equal tranches following the announcement of the Preliminary Results for each of the financial years 2011, 2012 and 2013.

Awards are made in the form of a conditional allocation of shares. The performance conditions attached to the BSP are non-market based performance conditions. Dividends will accrue and be added as additional shares upon vesting. Details of the operation of the BSP can be found in the Directors' Remuneration Report.

The rules of the BSP provide that the Remuneration Committee has the discretion to satisfy the awards using cash instead of shares. It is the intention, however, of the Company to satisfy the awards using newly-issued shares.

As the BSP provides free share awards with no market based performance conditions attached, and which carry an entitlement to dividends paid in cash or shares during the vesting period, the fair value of the awards is the value of the grant. This is due to the fact that regardless of the market price at the time the award of shares is made, the total value of shares to be awarded will not change.

The Company also operates a Performance Share Plan ('PSP') under which the first share award was made on 31 May 2005 in the form of a conditional allocation of shares. The number of shares subject to the share award was determined by reference to the price at which the shares were offered for sale upon the listing of the Company on the London Stock Exchange in June 2005 of £2.45 per share. Participants are entitled to receive the value of any dividends that are paid during the vesting period in the form of cash or additional shares. In March 2008, 100% of these shares vested.

Additional share awards under the PSP were made in September 2005, March 2007, March 2008, March 2009 and May 2009 with the reference price in determining the number of shares of £3.24, £3.95, £4.39, £4.57 and £5.35 respectively (market value of shares on the date of grant).

The PSP shares will not normally be transferred to participants until the third anniversary of the award date. The transfer of shares is dependent upon the performance conditions being satisfied over the three consecutive financial years starting in the financial year the award date falls. The rules of the PSP provide that the Remuneration Committee has the discretion to satisfy the awards using cash instead of shares. It is the intention, however, of the Company to satisfy the awards using newly-issued shares at the end of the relevant three year period unless a participant leaves and is entitled under the Rules to receive a proportionate award and the performance condition has been met. Details of the operation of the PSP can be found in the Directors' Remuneration Report.

The performance conditions for the PSP is based on the Group's Total Shareholder Return ('TSR') relative to constituents of the FTSE 350 Index (excluding investment trusts) and a non-market based condition, based on EBITDA measured over a three year period. The vesting schedule for PSP awards is structured so that the shape of the vesting schedule is determined by both TSR and EBITDA performance. The market based performance condition has been incorporated into the valuation. The fair value of the allocation and the assumptions used in the calculation are as follows:

	Performance Share Plan					
Grant date	31 May 2005	29 September 2005	29 March 2007	19 March 2008	20 March 2009	14 May 2009
Grant price	£2.45	£3.24	£3.95	£4.39	£4.57	£5.35
Exercise price	nil	nil	nil	nil	nil	nil
Bad leaver rate	0%	0%	0%	0%	0%	0%
Vesting period	3years	3 years	3 years	3 years	3 years	3 years
Expected correlation between any pair of shares in PSP comparator group	12%	10%	n/a	n/a	n/a	n/a
Volatility	36%	34%	27%	28.5%	34.9%	36.2%
Fair value per share option	£1.34	£2.20	£2.15	£2.40	£3.21	£3.30

Both the BSP and PSP share awards expire 10 years after date of grant. The weighted average of the remaining contractual life for both the BSP and PSP share awards at 31 December 2009 is 8.0 and 7.1 years respectively.

In September 2007 the Remuneration Committee made the Chief Executive Officer an exceptional award of one million incentive shares conditional upon the delivery of significant share price growth. The mid-market closing share price on 27 September 2007 was £4.49 per share. On 1 October 2009, at the request of the Nominations Committee on behalf of the Inmarsat plc Board of Directors, the Chief Executive Officer agreed to extend his term as Chairman and Chief Executive Officer to 30 September 2011 and then remain in the role of Chairman for a period of not less than one year. The Remuneration Committee also agreed changes on the same date to the existing CEO Award. No shares will be earned unless, by 30 September 2012 (previously the term was to 30 September 2010), the share price reaches a minimum price of £5.50. For performance above this level, shares will be earned pro rata up to a share price of £7.25 at which the full award will be earned. A further award over 700,000 shares could be earned if, at the time that performance is assessed, the share price has reached £9.25. If the share price is below £7.25, none of the additional shares would be earned and if between £7.25 and £9.25, shares would be earned pro rata up to a share price of £9.25.

The share price performance condition will be assessed on the basis of the average closing price of Inmarsat shares over the last 60 days (previously 20 trading days) of the performance period. Additional shares will accrue representing the value of dividends paid during the performance period on the number of shares that ultimately vest.

The Remuneration Committee anticipates that if an award of shares is made to Mr Sukawaty, then the share price performance will have out-performed the FTSE 350 Index (excluding investment trusts). However, in the event that this is not the case, the Remuneration Committee retains the discretion to scale back the award of shares by up to 50% of the proposed share award.

The Trust purchased one million shares on 26 November 2007 to hold against the satisfaction of the award. This has been funded through a loan from Inmarsat plc to the Trust.

An announcement was made on 16 December 2009 relating to a deferred share bonus award of 125,000 shares to the Chief Executive Officer. The mid-market closing share price on 15 December 2009 was £6.59 per share. The shares will generally vest in September 2012 to the extent that the performance condition of EBITDA growth related to the 2010 financial year has been satisfied.

	CEO Award	CEO Deferred Share Bonus Award
Grant date	28 September 2007	16 December 2009
Grant price	£4.49	£6.59
Exercise price	nil	nil
Bad leaver rate	0%	0%
Vesting period	3 years	3 years
Expected correlation between any pair of shares in PSP comparator group	n/a	n/a
Volatility	28%	n/a
Fair value per share option	£2.65	n/a

The Company also operates a UK Sharesave Scheme. The Sharesave Scheme is an HM Revenue & Customs approved scheme open to all UK PAYE-paying permanent employees. The maximum that can be saved each month by an employee is £250 and savings plus interest may be used to acquire shares by exercising the related option at the end of the three-year savings contract. Options are exercisable for a period of up to six months following the end of the three year savings contract and under certain circumstances if an employee leaves the Inmarsat group. No dividends are accumulated on options during the vesting period. Newly issued shares will be used to satisfy the options.

The first grant under the Sharesave Scheme was made in July 2005 with an option grant price of £2.24 per ordinary share (a 20% discount to market value of the shares on the first invitation date (23 June 2005)). The first grant matured on 1 September 2008.

A second grant under the Sharesave Scheme was made in December 2008 with an option price of £3.06 per ordinary share (a 20% discount to the average market value of the shares in the week prior to the invitation date (17-21 November 2008)).

The Company also operates an International Sharesave Plan which mirrors the operation of the UK Sharesave Scheme as closely as possible. However, instead of receiving a share option, participants receive the spread between the share price at the date of exercise and the grant price, delivered (at the Company's discretion) in cash or shares. It is the Company's intention to satisfy the awards using shares only – some of which are held by the Trust and some of which will be newly-issued.

The first grant under the International Sharesave Plan was made in October 2005 with an option grant price of £2.24 per ordinary share. The first grant matured on 1 September 2008.

A second grant under the International Sharesave Plan was made in December 2008 with an option price of £3.06 per ordinary share.

Options under the UK Sharesave Scheme and International Sharesave Plan expire after a maximum of 3.5 years following the initial savings payments having been made. The weighted average of the remaining contractual life for the second grant of the UK Sharesave Scheme and International Sharesave Plan at 31 December 2009 is 2.5 years for each plan.

Options under the UK Sharesave Scheme and International Sharesave Plan have been valued using the Black-Scholes model with the following assumptions:

	Sharesave Scheme (UK)	Sharesave Scheme (UK)	Sharesave Plan (International)	Sharesave Plan (International)
Grant date	21 July 2005	15 December 2008	19 October 2005	15 December 2008
Market price at date of Grant	£3.14	£4.44	£2.80	£4.44
Exercise price	£2.24	£3.06	£2.24	£3.06
Bad leaver rate	5%pa	3%pa	5%pa	3%pa
Vesting period	3 years	3 years	3 years	3 years
Volatility	35%	33.2%	34%	33.2%
Dividend yield assumption	3.6%	3.36%	2.8%	3.36%
Risk free interest rate	4.25%	2.46%	4.25%	2.46%
Fair value per option	£1.10	£1.50	£0.90	£1.50

The historical volatility is based on the constituents of the FTSE 350 Telecoms Service Index, which was measured over three years to each of the grant dates. The volatility assumption used for each of the awards is based on median volatility for the constituents of the sector.

Awards under the UK Share Incentive Plan ('SIP') were made on 7 April 2006 and 10 April 2007. The SIP is an HM Revenue & Customs approved plan open to all UK PAYE employees and operates in conjunction with a UK tax-resident trust which holds shares on behalf of participating employees. Under the SIP, the Company can award 'Free Shares' (up to a maximum value of £3,000) to employees. Employees can also acquire 'Partnership Shares' from their salary up to a maximum of £1,500 per annum and the Company will match this with up to two free 'Matching Shares' per 'Partnership Share' (equivalent to a maximum value of £3,000 per annum). The market value per ordinary share at the date of the awards was £3.77 (2006) and £4.14 (2007).

Arrangements were put in place for eligible overseas employees to replicate both awards under the SIP as closely as possible. Additional arrangements were put in place for employees to acquire shares over the capped amounts in relation to the SIP award in 2006. On 7 April 2006, in aggregate 57,872 ordinary shares of €0.0005 each were awarded to eligible employees from the Trust in respect of the award to overseas employees and the additional award to certain employees. On 10 April 2007, 15,926 ordinary shares of €0.0005 each were awarded to eligible overseas employees to replicate the SIP award. The same market values per ordinary share were used as for the SIP for each award.

No Executive Director or member of Executive Staff applied to participate in the SIP or equivalent overseas arrangements.

A summary of share awards and option activity as at 31 December 2009 (excluding the 2004 Plan which is noted previously) is as follows:

	SIP (UK)	SIP (Intl and Unapproved)	BSP	CEO Share Plans[(a)]	PSP	Sharesave (UK)	Sharesave (International)	Total
Balance at 31 December 2008	549,907	58,122	969,238	1,000,000	440,209	888,523	170,331	4,076,330
Granted/Allocated	–	–	807,630	125,000	427,687	–	–	1,360,317
Lapsed	–	–	–	–	–	(31,467)	(4,705)	(36,172)
Exercised	–	–	–	–	–	(57,895)	(6,766)	(64,661)
Transferred/Sold	(44,543)	(46,112)	(415,357)	–	–	–	–	(506,012)
Balance at 31 December 2009	**505,364**	**12,010**	**1,361,511**	**1,125,000**	**867,896**	**799,161**	**158,860**	**4,829,802**
Exercisable at 31 December 2009	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Exercise Price per share	**n/a**	**n/a**	**nil**	**nil**	**nil**	**(b)**	**(c)**	**n/a**

(a) The CEO Share Plans comprises (i) the CEO Award of 1 million shares, where as described previously, a further award over 700,000 shares could be earned if the share price has reached £9.25 per share; and (ii) the CEO Deferred Share Bonus Award of 125,000 shares.
(b) The first grant under the UK Sharesave scheme in 2005 had an exercise price of £2.24.
The second grant under the UK Sharesave scheme in 2008 has an exercise price of £3.06.
(c) The first grant under the International Sharesave plan in 2005 had an exercise price of £2.24.
The second grant under the International Sharesave plan in 2008 has an exercise price of £3.06.

26. Earnings per share and adjusted earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding those held in the employee share trust, which are treated as cancelled, and after taking account of the restructuring of the existing share capital.

	2009	2008
Profit attributable to equity holders of the Company (US$ in millions)	**152.7**	355.3
Weighted average number of ordinary shares in issue (number)	**459,189,778**	457,852,525
Basic earnings per share (US$ per share)	**0.33**	0.78

Diluted earnings per share

Diluted earnings per share is calculated by adjusting the profit attributable to equity holders for the interest on the Convertible Bonds (net of tax) and by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Currently the underlying shares in relation to our Convertible Bonds outstanding and the Share options in relation to employee share plans are the only categories of dilutive potential ordinary shares. For the Convertible Bonds the weighted average of the maximum number of ordinary shares, assuming full conversion, is included in the calculation of the weighted average number of shares. For employee share options a calculation is performed to determine the number of shares that could have been acquired at fair value (determined as the average annual market price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options and value of related future employee services.

	2009	2008
Profit attributable to equity holders of the Company (US$ in millions)	**152.7**	355.3
Adjustments for:		
– Interest on Convertible Bonds, net of tax	**17.1**	15.9
Profit attributable to equity holders of the Company for diluted earnings per share number (US$ in millions)	**169.8**	371.2
Weighted average number of ordinary shares in issue (number)	**459,189,778**	457,852,525
Adjustments for:		
– Share options (number)	**4,096,264**	3,161,817
– Convertible Bonds (number)	**22,664,251**	22,664,251
Weighted average number of ordinary shares for diluted earnings per share (number)	**485,950,293**	483,678,593
Diluted earnings per share (US$ per share)	**0.35**	0.77

Adjusted earnings per share

The basic and diluted earnings per share for the year ended 31 December 2009 were adjusted to exclude the one-off costs of US$28.8m (US$20.7m net of tax) in relation to the re-financing (see note 9), the goodwill adjustment of US$8.8m and the associated tax credit of US$8.8m (see notes 10 and 14).

The basic and diluted earnings per share for the year ended 31 December 2008 were adjusted to exclude the tax credit of US$218.6m associated with the finance lease and operating leaseback transaction. Earnings per share adjusted to exclude the tax credit on the finance lease and operating leaseback transaction (see note 10).

Adjusted basic earnings per share	2009	2008
Profit attributable to equity holders of the Company (US$ in millions)	**152.7**	355.3
Adjustments for:		
– One-off re-financing costs, net of tax (US$ in millions)	**20.7**	–
– Goodwill adjustment (US$ in millions)	**8.8**	–
– Tax credit relating to Goodwill adjustment (US$ in millions)	**(8.8)**	–
– 2008 tax credit (US$ in millions)	**–**	(218.6)
Adjusted profit attributable to equity holders of the Company (US$ in millions)	**173.4**	136.7
Weighted average number of ordinary shares in issue (number)	**459,189,778**	457,852,525
Adjusted basic earnings per share (US$ per share)	**0.38**	0.30

Adjusted diluted earnings per share	2009	2008
Profit attributable to equity holders of the Company for diluted earnings per share number (US$ in millions)	**169.8**	371.2
Adjustments for:		
– One-off re-financing costs, net of tax (US$ in millions)	**20.7**	–
– Goodwill adjustment (US$ in millions)	**8.8**	–
– Tax credit relating to Goodwill adjustment (US$ in millions)	**(8.8)**	–
– 2008 tax credit (US$ in millions)	**–**	(218.6)
Adjusted profit attributable to equity holders of the Company for diluted earnings per share number (US$ in millions)	**190.5**	152.6
Weighted average number of ordinary shares in issue (number)	**459,189,778**	457,852,525
Adjustments for:		
– Share options (number)	**4,096,264**	3,161,817
– Convertible Bonds (number)	**22,664,251**	22,664,251
Weighted average number of ordinary shares for diluted earnings per share (number)	**485,950,293**	483,678,593
Adjusted diluted earnings per share (US$ per share)	**0.39**	0.32

27. Pension arrangements and post-retirement healthcare benefits

Inmarsat Global provides both pension fund arrangements and post-retirement medical benefits for its employees.

Inmarsat Global operates pension schemes in each of its principal locations. The UK scheme has two plans: a defined benefit scheme, which is closed to new employees, and a defined contribution plan. The defined benefit scheme is funded and its assets are held in a separate fund administered by a corporate trustee.

The defined benefit plan was valued using the projected unit credit method with the formal valuation undertaken by professionally qualified and independent actuaries, Watson Wyatt Limited, as at 31 December 2008. The actuarial valuation of the liabilities of the scheme at that date, net of assets, was US$17.3m. The results of the valuation have been updated for any material transactions and material changes in circumstances (including changes in market prices and interest rates) up to 31 December 2009. The results of this updated valuation as at 31 December 2009, for the purposes of the additional disclosures required by IAS 19, are set out below.

The post-retirement healthcare benefits are the provision of healthcare to retired employees (and their dependants) who were employed before 1 January 1998. Employees who have 10 years of service at the age of 58 and retire are eligible to participate in the post-retirement healthcare benefit plans. The plan is self-funded and there are no plan assets from which the costs are paid. The cost of providing retiree healthcare is actuarially determined and accrued over the service period of the active employee group. Membership of this plan is multi-national, although most staff are currently employed in the UK.

The obligation under these plans was determined by the application of the terms of medical plans, together with relevant actuarial assumptions and healthcare cost trend rates. The long-term rate of medical expense inflation used in the actuarial calculations is 4.0% per annum in excess of the rate of general price inflation of 3.85% (2008: 4.0% in excess of 3.15%). The discount rate used in determining the accumulated post-retirement benefit obligation was 5.5% at 31 December 2009 (2008: 6.1%).

Both the defined benefit pension plan and the post-retirement healthcare benefits plan are denominated in Pounds Sterling and are subject to fluctuations in the exchange rate between US Dollars and Pounds Sterling.

Stratos provides pension fund arrangements for its employees and operates schemes in each of its principal locations.

The majority of Stratos' employees are covered by defined contribution pension plans. Stratos also operates defined benefit pension plans, including an unfunded early retirement plan for the employees of its subsidiary Xantic B.V., which is denominated in Euros and is subject to fluctuations in the exchange rate between the US Dollars and the Euro.

The defined benefit plan was valued using the projected unit credit method with the formal valuation undertaken by professionally qualified and independent actuaries TKP Pension B.V. (Netherlands) as at 31 December 2009.

The principal actuarial assumptions used to calculate Inmarsat Global's pension and post-retirement healthcare benefits liabilities under IAS 19 are:

	As at 31 December 2009	As at 31 December 2008
Discount rate	**5.50%**	6.10%
Expected return on plan assets	**7.77%**	7.77%
Future salary increases	**5.60%**	5.15%
Medical cost trend rate	**7.85%**	7.15%
Future pension increases	**3.85%**	3.15%

The principal actuarial assumptions used to calculate Stratos' pension benefit liabilities under IAS 19 as at 31 December 2009 are:

	As at 31 December 2009	As at 31 December 2008
Discount rate	**1.70-3.80%**	3.60-4.80%
Future salary increases	**1.50-2.00%**	2.00-3.78%
Future pension increases	**0.00-1.80%**	1.40-2.10%

The mortality assumption has been updated to reflect experience and expected changes in future improvements in life expectancy. The average life expectancy assumptions for Inmarsat Global's pension and post-retirement healthcare benefits liabilities are as follows:

	2009 Number of years	2008 Number of years
Male current age 65	**87.4**	86.2
Female current age 65	**90.3**	89.5

For 2009, mortality has been assumed to follow the SAPS Series 1 Normal Health tables, with long cohort improvements from 2003 based on year of birth, subject to minimum funding improvements of 1% per annum. For 2008, mortality was assumed to follow the standard tables PA92C2006 with the improvement allowance of 0.25% replaced with medium cohort improvements.

The assets held in respect of the Inmarsat Global's defined benefit scheme and the expected rates of return were:

	As at 31 December 2009		
	Long-term rate of return expected %	**Value (US$ in millions)**	**Percentage of total plan assets %**
Equities	**8.15%**	**46.8**	**86.99%**
Cash	**4.75%**	**–**	**–**
Bonds	**5.00%**	**5.3**	**9.85%**
Other	**6.30%**	**1.7**	**3.16%**
Fair value of scheme assets		**53.8**	

	As at 31 December 2008		
	Long-term rate of return expected %	Value (US$ in millions)	Percentage of total plan assets %
Equities	8.15	29.5	84.29
Cash	3.95	–	–
Bonds	5.40	4.2	12.00
Other	6.80	1.3	3.71
Fair value of scheme assets		35.0	

Amounts recognised in the Balance Sheet are:

(US$ in millions)	**As at 31 December 2009**	As at 31 December 2008
Present value of Inmarsat Global's funded defined benefit obligations (pension)	**(68.6)**	(41.9)
Present value of Inmarsat Global's unfunded defined benefit obligations (post-retirement healthcare)	**(33.2)**	(19.8)
Present value of Stratos unfunded defined benefit obligations (pension)	**(4.4)**	(4.8)
Fair value of Inmarsat Global's defined benefit assets	**53.8**	35.0
Net defined benefit liability recognised in the Balance Sheet	**(52.4)**	(31.5)

Analysis of the movement in the present value of the defined benefit obligations is as follows:

(US$ in millions)	Inmarsat Global Defined benefit pension plan	Stratos Defined benefit pension plan	Post-retirement medical benefits
At 1 January 2008	58.2	7.9	22.3
Current service cost	1.6	0.2	0.8
Interest cost	3.4	0.2	1.3
Actuarial (gain)/loss	(6.3)	(2.3)	2.6
Foreign exchange (gain)/loss	(15.6)	0.1	(6.9)
Benefits paid	(0.5)	(1.3)	(0.3)
Contributions by pension participants	1.1	–	–
At 31 December 2008	41.9	4.8	19.8
Current service cost	**1.1**	**0.1**	**0.8**
Interest cost	**3.4**	**0.1**	**1.6**
Actuarial loss	**17.4**	**0.5**	**9.3**
Foreign exchange loss/(gain)	**4.0**	**(0.1)**	**2.0**
Benefits paid	**(0.2)**	**(1.0)**	**(0.3)**
Contributions by pension participants	**1.0**	**–**	**–**
At 31 December 2009	**68.6**	**4.4**	**33.2**

Analysis of the movement in the fair value of Inmarsat Global's assets of the defined benefit section of the UK Scheme is as follows:

(US$ in millions)	2009	2008
At 1 January	35.0	51.6
Expected return on plan assets	3.7	4.0
Actuarial gain/(loss)	5.8	(14.7)
Contributions by employer	5.4	5.7
Contributions by pension participants	1.0	1.1
Benefits paid	(0.2)	(0.5)
Foreign exchange gain/(loss)	3.1	(12.2)
At 31 December	**53.8**	35.0

Amounts recognised in the Income Statement in respect of the plans are as follows:

	2009			2008		
(US$ in millions)	Inmarsat Global Defined benefit pension plan	Stratos Defined benefit pension plan	Post-retirement healthcare benefits	Inmarsat Global Defined benefit pension plan	Stratos Defined benefit pension plan	Post-retirement healthcare benefits
Current service cost	1.1	0.1	0.8	1.6	0.2	0.8
Interest cost	3.4	0.1	1.6	3.4	0.2	1.3
Expected return on pension assets	(3.7)	–	–	(4.0)	–	–
Foreign exchange loss/(gain)	0.9	(0.1)	2.0	(3.4)	0.1	(6.9)
	1.7	0.1	4.4	(2.4)	0.5	(4.8)
Actual return on plan assets gain/(loss)	10.5	–	–	(9.5)	–	–

Current services costs for 2009 are included within employee benefit costs (note 7). The net financing costs together with foreign exchange losses are included within interest payable (note 9).

Amounts recognised in the Statement of Comprehensive Income in respect of the plans are as follows:

	2009			2008		
(US$ in millions)	Inmarsat Global Defined benefit pension plan	Stratos Defined benefit pension plan	Post-retirement healthcare benefits	Inmarsat Global Defined benefit pension plan	Stratos Defined benefit pension plan	Post-retirement healthcare benefits
Net actuarial losses/(gains)	11.6	0.5	9.3	8.4	(2.3)	2.6

History of experience gains and losses:

	2009		
(US$ in millions)	**Inmarsat Global Defined benefit pension plan**	**Stratos Defined benefit pension plan**	**Post-retirement healthcare benefits**
Present value of defined benefit obligations (US$ in millions)	(68.6)	(4.4)	(33.2)
Fair value of plan assets (US$ in millions)	53.8	–	–
Deficit in plans (US$ in millions)	(14.8)	(4.4)	(33.2)
Experience (losses)/gains on plan liabilities (US$ in millions)	(0.3)	0.5	0.1
Percentage of plan liabilities	(0.4%)	11.4%	0.3%
Experience losses on plan assets (US$ in millions)	5.8	–	–
Percentage of plan assets	10.8%	–	–

	2008			2007		
(US$ in millions)	Inmarsat Global Defined benefit pension plan	Stratos Defined benefit pension plan	Post-retirement healthcare benefits	Inmarsat Global Defined benefit pension plan	Stratos Defined benefit pension plan	Post-retirement healthcare benefits
Present value of defined benefit obligations (US$ in millions)	(41.9)	(4.8)	(19.8)	(58.2)	(7.9)	(22.3)
Fair value of plan assets (US$ in millions)	35.0	–	–	51.6	–	–
Deficit in plans (US$ in millions)	(6.9)	(4.8)	(19.8)	(6.6)	(7.9)	(22.3)
Experience gains/(losses) on plan liabilities (US$ in millions)	–	0.2	(7.1)	–	–	0.3
Percentage of plan liabilities	0.0%	4.3%	(35.9%)	0.0%	0.0%	1.3%
Experience gains on plan assets (US$ in millions)	(14.7)	–	–	(0.3)	–	–
Percentage of plan assets	(42.0%)	–	–	(0.6%)	–	–

	2006		2005	
	Inmarsat Global Defined benefit pension plan	Post-retirement healthcare benefits	Inmarsat Global Defined benefit pension plan	Post-retirement healthcare benefits
Present value of defined benefit obligations (US$ in millions)	(56.3)	(22.0)	(46.6)	(18.5)
Fair value of plan assets (US$ in millions)	41.1	–	27.9	–
Deficit in plans (US$ in millions)	(15.2)	(22.0)	(18.7)	(18.5)
Experience gains/(losses) on plan liabilities (US$ in millions)	3.4	0.3	–	(0.7)
Percentage of plan liabilities	6.0%	1.4%	0.1%	(3.9%)
Experience (losses)/gains on plan assets (US$ in millions)	(0.2)	–	3.9	–
Percentage of plan assets	(0.5%)	–	14.0%	–

The estimated contributions expected to be paid into the Inmarsat Global defined benefit pension plan during 2010 are US$4.7m (2009: actual US$5.4m).

The estimated contributions expected to be paid into the Stratos defined benefit pension plan during 2010 are US$1.1m.

The healthcare cost trend rate assumption for Inmarsat Global's post-retirement healthcare benefits has a significant effect on the amounts recognised in the Income Statement in respect of the post-retirement medical benefits. Increasing the assumed healthcare cost trend rate by one percentage point would have increased the post-retirement medical benefit obligation as of 31 December 2009 by US$9.5m (2008: US$5.2m) and the aggregate of the service cost and interest cost by US$0.7m (2008: US$0.7m). Decreasing the assumed healthcare cost trend rate by one percentage point would have reduced the post-retirement medical benefit obligation as of 31 December 2009 by US$7.0m (2008: US$3.9m), and the aggregate of the service cost and interest cost by US$0.5m (2008: US$0.5m).

28. Operating lease commitments

The Group's future aggregate minimum lease payments under non-cancellable operating leases are as follows:

(US$ in millions)	**As at 31 December 2009**	As at 31 December 2008
Within one year	**22.8**	20.0
Within two to five years	**57.3**	49.4
After five years	**106.9**	105.5
	187.0	174.9

Operating lease commitments relate to leased office space, primarily of the Group's head office located at 99 City Road, London, and various non-cancellable network service contracts and maintenance contracts, which have varying terms.

At 31 December 2009, the Group, in addition to the above operating lease commitments is contracted to pay warranty costs of US$0.5 over the next year (as at 31 December 2008: US$nil over the next year).

Operating lease commitments at 31 December 2009 include US$21.7m (2008: US$18.7m) of commitments made by Stratos.

The total of future sub-lease payments expected to be received under non-cancellable sub leases at 31 December 2009 relating to the above head office lease is US$1.1m over one year (as at 31 December 2008: US$2.7m over two years).

The Group has various agreements deriving revenue from designated leased capacity charges. These amounts are recorded as revenue on a straight-line basis over the respective lease terms. The Group's future aggregate minimum lease payments under non-cancellable operating leases expected to be received (including Inmarsat Global and Stratos but excluding intragroup amounts) are as follows:

(US$ in millions)	**As at 31 December 2009**	As at 31 December 2008
Within one year	**58.6**	69.5
Within two to five years	**1.2**	0.6
	59.8	70.1

29. Financial instruments

Treasury management and strategy

The Group's treasury activities are managed by its corporate finance department under the direction of a Treasury Review Committee whose chairman is the Chief Financial Officer, and are consistent with Board-approved treasury policies and guidelines. The overriding objective of treasury activities is to manage financial risk.

Key features of treasury management include:

- ensuring that the Group is in a position to fund its obligations in appropriate currencies as they fall due;
- maintaining adequate undrawn borrowing facilities;
- economically hedging both contracted and anticipated foreign currency cash flows on a minimum 12 months rolling basis with the option of covering exposures up to a maximum of three years forward;
- interest rate hedging; and
- maximising return on short-term investments.

Treasury activities are only transacted with counterparties who are approved relationship banks.

Treasury foreign exchange policy is implemented primarily through the use of forward purchases of foreign currencies. The treasury department is, however, authorised to use purchased options, futures and other derivative instruments, but only to the extent that such instruments form part of the hedging policy so as to establish a known rate of exchange.

Having arranged the purchase of foreign currency in line with the anticipated requirement for that currency over each financial year, an average rate of exchange is calculated from the agreed currency deals. This average rate is applied as per requirements of IAS 21. The policy is designed to minimise the impact of currency gains and losses in the Income Statement; gains and losses will arise to the extent that the level of actual payments in the period are different from those that were forecast.

Capital risk management

The Group's objective when managing its capital is to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group continually evaluates sources of capital and may repurchase, refinance, exchange or retire current or future borrowings and/or debt securities from time to time in private or open-market transactions, or by any other means permitted by the terms and conditions of borrowing facilities and debt securities. Additionally, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The capital structure of the Group consists of debt, which includes borrowings (see note 19), cash and cash equivalents (see note 16) and equity attributable to equity holders of the parent (see note 24), comprising ordinary share capital, share premium, other reserves, equity reserve and retained earnings.

The Group's overall strategy remains unchanged from 2008.

Financial instruments by category

The following table sets out the categorisation of financial assets and liabilities in terms of IAS 39:

	As at 31 December 2009			As at 31 December 2008		
(US$ in millions)	Loans and receivables	Derivatives used for hedging	Total	Loans and receivables	Derivatives used for hedging	Total
Assets as per Balance Sheet						
Trade and other receivables	**227.5**	**–**	**227.5**	251.3	–	251.3
Cash and cash equivalents	**226.8**	**–**	**226.8**	156.4	–	156.4
Derivative financial instruments	**–**	**24.1**	**24.1**	–	9.7	9.7
	454.3	**24.1**	**478.4**	407.7	9.7	417.4

	As at 31 December 2009			As at 31 December 2008		
(US$ in millions)	Derivatives used for hedging	Other financial Liabilities	Total	Derivatives used for hedging	Other financial liabilities	Total
Liabilities as per Balance Sheet						
Borrowings	**–**	**1,512.9**	**1,512.9**	–	1,574.6	1,574.6
Trade and other payables[(a)]	**–**	**129.2**	**129.2**	–	123.2	123.2
Derivative financial instruments	**27.0**	**–**	**27.0**	70.0	–	70.0
	27.0	**1,642.1**	**1,669.1**	70.0	1,697.8	1,767.8

(a) Consists of trade payables, ACeS deferred consideration, SkyWave deferred consideration and other payables (see note 20).

The table below analyses the Group's financial liabilities and net-settled derivative financial instruments into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying values as the impact of discounting is not significant.

	As at 31 December 2009				
(US$ in millions)	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Borrowings[(a)]	**109.4**	**59.4**	**720.4**	**647.1**	**1,536.3**
Derivative financial instruments	**14.1**	**7.8**	**5.1**	**–**	**27.0**
Trade and other payables	**101.6**	**10.4**	**3.7**	**13.5**	**129.2**
	225.1	**77.6**	**729.2**	**660.6**	**1,692.5**

(a) Excludes interest obligations on the Senior Notes due 2017, Senior Credit Facility, Convertible Bond, Stratos Senior Credit facility and Stratos Senior Unsecured Notes of US$83.7m due less than 1 year, US$83.7m due 1-2 years, US$172.6m due 3-5 years and US$139.8m due over 5 years. Includes interest obligations on the Revolving Credit Facility assuming the current balance is held to maturity in May 2012. The above interest obligations do not take into account the impact of interest rate swaps and assume no changes in floating interest rates from the year end.

	As at 31 December 2008				
(US$ in millions)	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Borrowings[(a)]	204.4	209.8	1,178.7	7.3	1,600.2
Derivative financial instruments	32.5	2.0	35.5	–	70.0
Trade and other payables	106.6	4.6	0.4	11.6	123.2
	343.5	216.4	1, 214.6	18.9	1,793.4

(a) Excludes interest obligations on the Senior Notes due 2012, Senior Discount Notes, Senior Credit Facility, Convertible Bond, Stratos Senior Credit facility and Stratos Senior Unsecured Notes of US$113.0m due less than 1 year, US$107.5m due 1-2 years; and US$181.2m due 3-5 years. Includes interest obligations on the Previous Revolving Credit Facility assuming the current balance is held to maturity in May 2010. The above interest obligations do not take into account the impact of interest rate swaps and assume no changes in floating interest rates from the year end.

Net fair values of derivative financial instruments

The Group's derivative financial instruments as at 31 December 2009 consist of forward foreign currency contracts and interest rate swaps. The interest rate swaps and approximately 90% of forward foreign currency contracts (2008: 90%) are designated cash flow hedges.

The net fair values at the Balance Sheet date were:

(US$ in millions)	As at 31 December 2009	As at 31 December 2008
Contracts with positive fair values:		
Forward foreign currency contracts – designated cash flow hedges	**23.7**	9.7
Forward foreign currency contracts – undesignated	**0.4**	–
Contracts with negative fair values:		
Forward foreign currency contracts – designated cash flow hedges	**(1.3)**	(31.6)
Forward foreign currency contracts – undesignated	**–**	(2.8)
Total forward exchange currency contracts	**22.8**	(24.7)
Interest rate swap – designated cash flow hedge	**(25.7)**	(35.6)
Total net fair value	**(2.9)**	(60.3)
Less non-current portion		
Forward foreign currency contracts – designated cash flow hedges	**12.0**	6.6
Forward foreign currency contracts – undesignated	**–**	–
Interest rate swap – designated cash flow hedge	**(12.9)**	(35.5)
Current portion	**(2.0)**	(31.4)

The full value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and, as a current asset or liability if the maturity of the hedged item is less than 12 months.

The fair value of foreign exchange contracts are based upon the difference between the contract amount at the current forward rate at each period end and the contract amount at the contract rate, discounted at a variable risk free rate at the period end.

The fair value of the interest rate swaps performed by management were based upon a valuation provided by the counterparty. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

Forward foreign exchange

The following table sets out the face value and fair value of forward foreign exchange contracts outstanding for the Group as at 31 December 2009 and 2008:

	As at 31 December 2009				
Outstanding forward foreign exchange contracts (in millions)	Face value	Maturing within 1 year	Maturing between 1 and 2 years	Maturing between 2 and 5 years	Fair value (US$)
GBP contracts	£79.3	£70.3	£9.0	–	8.3
Euro contracts	€129.60	€40.50	€45.20	€43.90	14.9
Canadian Dollar contracts	$19.20	$19.20	–	–	(0.4)
					22.8

	As at 31 December 2008				
Outstanding forward foreign exchange contracts (in millions)	Face value	Maturing within 1 year	Maturing between 1 and 2 years	Maturing between 2 and 5 years	Fair value (US$)
GBP contracts	£94.6	£67.6	£27.0	–	(32.3)
Euro contracts	€145.1	€29.2	€26.8	€89.1	8.2
Canadian Dollar contracts	$17.0	$17.0	–	–	(0.6)
					(24.7)

Interest rate swap

The following table details the notional principal amounts and remaining terms of interest rate swap contracts outstanding for the Group as at 31 December 2009:

	Average contracted fixed interest rate		Notional principal amount		Fair value	
Outstanding floating for fixed contracts	2009 %	2008 %	2009 (US$ in millions)	2008 (US$ in millions)	2009 (US$ in millions)	2008 (US$ in millions)
Less than 1 year	–	3.95%	–	75.0	(12.8)	(0.1)
1 to 2 years	4.50%	–	100.0	–	(7.8)	–
2 to 5 years	4.93%	4.79%	200.0	300.0	(5.1)	(35.5)
5 years +	–	–	–	–	–	–
			300.0	375.0	(25.7)	(35.6)

Under the interest rate swaps the Group receives quarterly floating interest (three-month USD LIBOR) to offset floating interest payable. Gains or losses will reverse in the Income Statement when the swaps expire. In 2009, the Group recognised a credit of US$0.6m (2008: a charge of US$1.4m) directly in the Income Statement as a result of ineffectiveness arising on designated interest rate swaps.

Non-derivative financial assets and financial liabilities

Non-derivative financial assets consist of cash at bank, short-term and long-term investments, trade debtors and other debtors.

Non-derivative financial liabilities consist of bank overdrafts, deferred satellite payments, Senior Credit Facilities, Senior Discount Notes, Senior Notes, Convertible Bonds, Stratos Senior Credit Facilities, Stratos Mortgage Obligation, Stratos Capital Lease Obligation, Stratos Senior Unsecured Notes, accrued and accreted interest on borrowings, trade creditors and other creditors.

Fair value of non-derivative financial assets and financial liabilities

With the exception of the Senior Notes, Senior Discount Notes, Convertible Bonds and Stratos Senior Unsecured Notes, the fair values of all non-derivative financial instruments approximate to the carrying value in the Balance Sheet.

The following methods and assumptions have been used to determine fair values:

- The fair values of cash at bank, overdrafts and short-term deposits approximate their carrying values because of the short-term maturity of these instruments (see note 16).
- The fair value of trade and other receivables and payables approximate their carrying values (see notes 17 and 20 respectively).
- The carrying amount of deferred satellite payments represents the present value of future payments discounted, using an appropriate rate, at the period end. This carrying amount approximately equals fair value (see note 19).
- Senior Credit Facilities are reflected in the Balance Sheet as at 31 December 2009 net of unamortised arrangement costs of US$10.6m (2008: US0.6m). The fair value approximates the carrying value (see note 19).
- The Senior Notes due 2017 are reflected in the Balance Sheet as at 31 December 2009 net of unamortised arrangement costs and issuance discount of US$12.5m and US$4.8m, respectively (see note 19). The fair values of the Senior Notes are based on the market price of the bonds as at 31 December 2009 and are reflected in the table below.
- The Senior Notes due 2012 and Senior Discount Notes were redeemed in December 2009 (see note 19).
- The liability component of the Convertible Bond is reflected in the Balance Sheet as at 31 December 2009 on an amortised cost basis, net of unamortised arrangement costs of US$3.6m (2008: US$4.4m) (see note 19). The fair value of the Convertible Bond is based on the market price of the bonds as at 31 December 2009 and is reflected in the table below.
- The Stratos Senior Credit Facilities and Revolving Operating Facility are reflected in the Balance Sheet as at 31 December 2009 at amortised cost, net of unamortised arrangement costs of US$2.3m and US$nil (2008: US$3.4m and US$nil) respectively (see note 19). Their fair values approximate their carrying values excluding unamortised arrangement costs.
- The Stratos Senior Unsecured Notes are reflected in the Balance Sheet as at 31 December 2009 net of unamortised transaction costs of US$4.4m (2008: US$5.5m) (see note 19). As at 31 December 2009 the Group owned US$63.2m (2008: US$57.7m) of the outstanding aggregate principal amount of the Stratos Senior Unsecured Notes. The fair value of the Stratos Senior Unsecured Notes is based on the market price of the notes as at 31 December 2009 and is reflected in the table below.

	As at 31 December 2009		As at 31 December 2008	
(US$ in millions)	**Carrying amount**	**Fair value amount**	Carrying amount	Fair value amount
Senior Notes due 2017	**(650.0)**	**(661.4)**	–	–
Senior Discount Notes	**–**	**–**	(450.0)	(400.8)
Senior Notes due 2012[(a)]	**–**	**–**	(310.4)	(270.8)
Convertible Bond	**(264.9)**	**(331.8)**	(246.4)	(204.1)
Stratos Senior Unsecured Notes	**(86.8)**	**(91.8)**	(92.3)	(86.9)

(a) At 31 December 2008 includes US$146.7m of the aggregate principal amount outstanding which was owned by the Group (see note 19).

30. Capital commitments

The Group had authorised and contracted but not provided for capital commitments as at 31 December 2009 of US$394.5m (2008: US$366.9m). These amounts primarily represent commitments in respect of the Alphasat project.

31. Related party transactions

In the normal course of operations Stratos engages in transactions with its equity owned investees Navarino Telecom SA and NTS Maritime Limited (together 'Navarino'). These transactions represent sales of airtime and equipment and are measured at the amounts exchanged. Group revenue from the related party for the 2009 financial year was US$23.1m (2008: US$21.4m). The amount receivable from the related party at 31 December 2009 was US$8.4m (2008: US$8.0m).

Remuneration paid to key management personnel, being the Executive and Non-Executive Directors of the Company, during the year is disclosed in the audited information contained within the Directors' Remuneration Report. The amount owing to the Directors as at 31 December 2009 and 2008 was US$1.9m and US$1.7m respectively.

Management believe that all related party transactions were made on an arm's length basis.

32. Principal subsidiary undertakings

The following subsidiaries are included in the consolidated financial information:

	Principal activity	Country of incorporation and operation	**Interest in issued ordinary share capital at 31 December 2009**	Interest in issued ordinary share capital at 31 December 2008
EuropaSat Limited	Operating company	Great Britain	**100%**	100%
Hornet Acquisition, Inc[a]	Holding company	USA	**100%**	–
Inmarsat B.V.	Service provider	The Netherlands	**100%**	100%
Inmarsat Brasil Limitada	Legal representative of Inmarsat	Brazil	**99.9%**	99.9%
Inmarsat Canada Holdings Inc.	Holding company	Canada	**100%**	100%
Inmarsat Employee Share Plan Trustees Limited	Corporate trustee	Great Britain	**100%**	100%
Inmarsat Employees' Share Ownership Plan Trust	Employee share trust	Great Britain	**100%**	100%
Inmarsat Employment Company Limited	Employment company	Jersey	**100%**	100%
Inmarsat Finance III Limited	Finance company	Great Britain	**100%**	100%
Inmarsat Finance II plc	Finance company	Great Britain	**100%**	100%
Inmarsat Finance plc	Finance company	Great Britain	**100%**	100%
Inmarsat Global Limited	Satellite telecommunications	Great Britain	**100%**	100%
Inmarsat Government Services Inc.	Service provider	USA	**100%**	100%
Inmarsat Group Holdings Inc.[b]	Holding company	USA	**100%**	–
Inmarsat Group Limited	Holding company	Great Britain	**100%**	100%
Inmarsat Hawaii Inc.	Service provider	USA	**100%**	100%
Inmarsat Holdings Limited	Holding company	Great Britain	**100%**	100%
Inmarsat Inc.	Service provider	USA	**100%**	100%
Inmarsat Investments Limited	Holding company	Great Britain	**100%**	100%
Inmarsat (IP) Company Limited	Intellectual property holding company	Great Britain	**100%**	100%
Inmarsat Launch Company Limited	Satellite launch Company	Isle of Man	**100%**	100%
Inmarsat Leasing Limited	Satellite leasing	Great Britain	**100%**	100%
Inmarsat Leasing (Two) Limited	Satellite leasing	Great Britain	**100%**	100%
Inmarsat Navigation Ventures Limited	Operating company	Great Britain	**100%**	100%
Inmarsat Services Limited	Employment company	Great Britain	**100%**	100%
Inmarsat Trustee Company Limited	Corporate trustee	Great Britain	**100%**	100%
Inmarsat US Holdings 2 Inc.[c]	Holding company	USA	**100%**	–
Inmarsat US Holdings Inc.	Holding company	USA	**100%**	100%
Inmarsat US Investments Limited[d]	Holding company	Great Britain	**100%**	–
Inmarsat US Services LLC[e]	Holding company	USA	**100%**	–
Inmarsat Ventures Limited	Holding company	Great Britain	**100%**	100%
ISAT US Inc.[f]	Licence holder	USA	**100%**	–
PT ISAT	Management and business consulting services	Indonesia	**100%**	100%
CIP UK Holdings Limited[g]	Holding company	Great Britain	**100%**	0%
CIP Canada Investment Inc.[g]	Holding company	Canada	**100%**	0%
Stratos Global Corporation[g]	Service provider	Canada	**100%**	0%
Moskowskij Teleport[g]	Operating company	Russia	**80%**	0%
Stratos Communications Inc.[g]	Operating company	USA	**100%**	0%
Stratos Global Limited[g]	Operating company	Great Britain	**100%**	0%
Stratos Government Services Inc.[g]	Operating company	USA	**100%**	0%
Stratos Mobile Networks Inc.[g]	Operating company	USA	**100%**	0%
Stratos New Zealand Limited[g]	Operating company	New Zealand	**100%**	0%
Stratos Offshore Services Company[g]	Operating company	USA	**100%**	0%
Stratos Services Limited[g]	Operating company	Great Britain	**100%**	0%
Stratos Wireless Inc.[g]	Operating company	Canada	**100%**	0%
Xantic B.V.[g]	Operating company	The Netherlands	**100%**	0%
Xantic Sales B.V.[g]	Operating company	The Netherlands	**100%**	0%
Xantic Mobile Satellite Services Singapore Pte.Ltd.[g]	Operating company	Singapore	**100%**	0%
Xantic Hong Kong Ltd.[g]	Operating company	China	**100%**	0%

(a) Hornet Acquisition, Inc. was incorporated on 12 November 2009 and was renamed Segovia, Inc. in January 2010.
(b) Inmarsat Group Holdings Inc. was incorporated on 9 December 2009.
(c) Inmarsat US Holdings 2 Inc. was incorporated on 9 December 2009.
(d) Inmarsat US Investments Limited was incorporated on 10 December 2009.
(e) Inmarsat US Services LLC was incorporated on 9 December 2009.
(f) ISAT US Inc. (formerly Inmarsat US Services Inc.) was incorporated on 17 November 2009.
(g) Following the exercise of the option on 15 April 2009 Inmarsat plc now has an equity interest in CIP UK Holdings Limited and its subsidiaries.

33. Events after the balance sheet date

On 12 January 2010, we completed the acquisition of the business and assets of Segovia for an initial consideration of US$110.0m and may pay additional amounts depending on the performance of the acquired business over the next three years. The initial consideration was financed from available liquidity and it is expected that any contingent consideration will be financed using available liquidity at that time. For the year ended 31 December 2008, Segovia reported total revenues of US$66.6m and net income of US$18.1m and had gross assets of US$28.8m.

A second interim dividend in lieu of a final dividend of 20.63 cents (US$) per ordinary share will be paid on 1 April 2010 to ordinary shareholders on the register of members at the close of business on 19 March 2010. Dividend payments will be made in Pounds Sterling based on the exchange rate prevailing in the London market four business days prior to payment. This dividend has not been recognised as a liability for the 2009 financial year.

Subsequent to 31 December 2009 other than the events discussed above there have been no other material events, which would affect the information reflected in the consolidated financial statements of the Group.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INMARSAT PLC

We have audited the Parent Company financial statements of Inmarsat plc for the year ended 31 December 2009 which comprise the Balance Sheet, the Cash Flow Statement, the Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors
As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the Parent Company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the Parent Company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements
In our opinion the Parent Company financial statements:
- give a true and fair view of the state of the Parent Company's affairs as at 31 December 2009;
- have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:
- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the Parent Company financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matter
We have reported separately on the consolidated financial statements of Inmarsat plc for the year ended 31 December 2009.

Panos Kakoullis (FCA)
Senior Statutory Auditor
for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditors
London, United Kingdom
9 March 2010

COMPANY BALANCE SHEET

(US$ in millions)	**As at 31 December 2009**	As at 31 December 2008 (as restated)	As at 1 January 2008 (as restated)
Assets			
Non-current assets			
Investments[a]	**714.1**	705.6	698.4
Other receivables[b]	**345.9**	323.3	270.0
Deferred income tax asset	**1.0**	0.4	–
	1,061.0	**1,029.3**	**968.4**
Current assets			
Cash and cash equivalents	**0.4**	3.8	14.0
Trade and other receivables[c]	**1.1**	4.5	1.4
Current income tax asset	**0.5**	–	0.2
	2.0	**8.3**	**15.6**
Total assets	**1,063.0**	**1,037.6**	**984.0**
Liabilities			
Current liabilities			
Trade and other payables[d]	**(8.9)**	(14.4)	(13.0)
	(8.9)	**(14.4)**	**(13.0)**
Non-current liabilities			
Borrowings[e]	**(263.6)**	(244.1)	(226.3)
	(263.6)	**(244.1)**	**(226.3)**
Total liabilities	**(272.5)**	**(258.5)**	**(239.3)**
Net assets	**790.5**	**779.1**	**744.7**
Shareholders' equity			
Ordinary shares	**0.3**	0.3	0.3
Share premium	**679.7**	679.6	677.1
Convertible bond reserve	**56.9**	56.9	56.9
Other reserves	**17.5**	8.3	0.2
Retained earnings	**36.1**	34.0	10.2
Total equity	**790.5**	**779.1**	**744.7**

(a) Investments consist of a US$676.6m investment in Inmarsat Holdings Limited (2008: US$676.4m, 2007: US$676.4m), US$26.4m of capital contributions to Group companies in respect of share-based payments (2008: US$18.1m, 2007: US$10.9m) and US$11.1m (2008: US$11.1m, 2007: US$11.1m) notional capital contribution to Inmarsat Finance III Limited.
(b) Other receivables consist of US$345.9m amounts due from Group companies (2008: US$323.3m, 2007: US$270.0m).
(c) Trade and other receivables consists of US$1.1m amounts due from Group companies (2008: US$4.3m, 2007: US$1.4m). 2008 also included US$0.1m prepayments and accrued income (2009: US$nil, 2007: US$nil).
(d) Trade and other payables consists of US$0.4m due to shareholders in respect of dividends paid during 2009 (2008: US$3.9m, 2007: US$0.2m), operating accruals of US$1.6m (2008: US$1.7m, 2007 US$2.0m), and amounts due to Group companies of US$6.9m (2008: US$7.0m, 2007: US$10.8m). 2008 also included trade creditors of US$1.8m (2009: US$nil, 2007 US$nil).
(e) Borrowings comprise the Convertible Bond discussed in note 19 to the consolidated financial statements.

The financial statements of the Company on pages 99 and 103 were approved by the Board of Directors on 9 March 2010 and signed on its behalf by

Andrew Sukawaty
Chairman and Chief Executive Officer

Rick Medlock
Chief Financial Officer

COMPANY CASH FLOW STATEMENT

(US$ in millions)	2009	2008
Cash flow from operating activities		
Cash generated from/(used in) operations	**0.8**	(0.6)
Interest received	**31.3**	0.1
Net cash inflow/(outflow) from operating activities	**32.1**	(0.5)
Cash flow from investing activities		
Dividend received from Group companies	**144.8**	159.6
Net cash from investing activities	**144.8**	159.6
Cash flow from financing activities		
Dividends paid to shareholders	**(146.0)**	(130.2)
Interest paid on convertible bond	**(5.0)**	(5.0)
Net proceeds from issue of ordinary shares	**0.1**	2.4
Intercompany funding	**(29.4)**	(35.8)
Other financing activities	**–**	(0.7)
Net cash used in financing activities	**(180.3)**	(169.3)
Net decrease in cash and cash equivalents	**(3.4)**	(10.2)
Movement in cash and cash equivalents		
At beginning of year	**3.8**	14.0
Net decrease in cash and cash equivalents	**(3.4)**	(10.2)
As reported on the Balance Sheet (net of bank overdrafts)	**0.4**	3.8
At end of year, comprising		
Cash at bank and in hand	**0.4**	3.8
	0.4	3.8

COMPANY STATEMENT OF CHANGES IN EQUITY

(US$ in millions)	Ordinary share capital	Share premium account	Convertible bond reserve	Other reserves	Accumulated profit	Total
Balance at 1 January 2008	0.3	677.1	56.9	0.2	10.2	744.7
Issue of share capital	–	2.5	–	–	–	2.5
Profit for the year	–	–	–	–	158.3	158.3
Dividends payable	–	–	–	–	(134.6)	(134.6)
Share options charge	–	–	–	8.1	–	8.1
Tax credited directly to equity	–	–	–	–	0.1	0.1
Balance at 31 December 2008	0.3	679.6	56.9	8.3	34.0	779.1
Issue of share capital	**–**	**0.1**	**–**	**–**	**–**	**0.1**
Profit for the year	**–**	**–**	**–**	**–**	**143.6**	**143.6**
Dividends payable	**–**	**–**	**–**	**–**	**(141.8)**	**(141.8)**
Share options charge	**–**	**–**	**–**	**9.2**	**–**	**9.2**
Tax on share options	**–**	**–**	**–**	**–**	**0.3**	**0.3**
Balance at 31 December 2009	**0.3**	**679.7**	**56.9**	**17.5**	**36.1**	**790.5**

Basis of accounting

During the 2009 financial year the Company converted from UK GAAP to International Financial Reporting Standards ('IFRS'). In the 2009 and 2008 financial statements the Directors have applied IFRS as adopted by the European Union and IFRS as issued by the International Accounting Standards Board.

The accounting policies, where relevant to the Company, are consistent with those of the consolidated Group as set out in note 2 to the consolidated financial accounts.

Profit and loss account

The Company has taken advantage of the exemption available under section 408 of Companies Act 2006 and has not presented a profit and loss account. The profit after dividends for the year ended 31 December 2009 was US$1.8m (2008 restated: US$23.7m).

Auditors' remuneration

During the year, the Company paid its external Auditors US$0.2m for statutory audit services (2008: US$0.2m). In addition, in 2008, non-audit fees of US$0.2m were paid to the Company's external Auditors in relation to tax services and fees of US$0.3m were paid in relation to corporate finance services.

Employee costs and Directors' remuneration

The average monthly number of people employed during the year was 1 (2008: 2). Total staff costs for 2009 were US$3.4m (2008: US$3.6m). Full details of Directors' remuneration and Directors' share options and share awards are given in the Directors' Remuneration Report.

Foreign currency translation

The functional and reporting currency of the Company is the US dollar as the majority of operational transactions are denominated in US dollars. Transactions not denominated in US dollars during the accounting period have been translated into US dollars at an average hedged rate of exchange. Fixed assets denominated in currencies other than the US dollar have been translated at the spot rates of exchange ruling at the dates of acquisition. Monetary assets and liabilities denominated in currencies other than the US dollar for which the Company has purchased forward exchange contracts have been translated at the average hedged rates of exchange contained in those contracts. Monetary assets and liabilities denominated in currencies other than the US dollar for which the Company has not purchased forward exchange contracts are translated at year end rates. Differences on exchange are dealt with in the profit and loss account.

The exchange rate between US dollars and Pounds Sterling as at 31 December 2009 was US$1.61/£1.00 (2008: US$1.44/£1.00, 2007: US$1.99/£1.00). The average rate and hedged rate between US dollars and Pounds Sterling for 2009 was US$1.56/£1.00 (2008: US$1.86/£1.00) and US$1.92/£1.00 (2008: US$2.01/£1.00) respectively.

Financial instruments

On 19 March 2007 the Company guaranteed a loan facility entered into by a subsidiary, Inmarsat Finance III Limited, in connection with the acquisition of Stratos by CIP Canada.. The Company initially recognised US$11.1m in respect of the guarantee in 2007 and had released US$10.5m through the profit and loss account by 31 December 2007. During 2008 the remaining US$0.6m was released through the profit and loss account.

Cash generated from/(used in) operations

Reconciliation of operating profit to net cash inflow/(outflow) from operating activities.

(US$ in millions)	**2009**	2008
Profit for the year	**143.6**	158.3
Adjustments for:		
Income tax credit	**(1.2)**	(0.3)
Interest payable	**24.6**	22.8
Interest receivable	**(22.0)**	(20.7)
Dividend receivable	**(144.9)**	(159.6)
Non-cash employee benefit costs	**1.2**	1.0
Changes in net working capital:		
Decrease in trade and other receivables	**0.8**	–
Decrease in trade and other payables	**(1.3)**	(2.1)
Cash generated from/(used in) operations	**0.8**	(0.6)

Reconciliation of profit and shareholders' equity under UK GAAP to IFRS for the 2008 financial year and as at 1 January and 31 December 2008

Summary of the effect of adoption to IFRS on profit after dividends for the 2008 financial year:

(US$ in millions)	2008
Profit after dividends under UK GAAP	23.6
IFRS adjustments	
Foreign currency translation[(a)]	0.1
Profit after dividends under IFRS	**23.7**

Reconciliation of shareholders' equity under UK GAAP to IFRS as at 1 January and 31 December 2008:

(US$ in millions)	31 December 2008	1 January 2008 (date of transition)
Total equity under UK GAAP	**778.9**	744.7
Foreign currency translation[(a)]	**0.1**	–
Stock option exercise[(b)]	**0.1**	–
Total equity under IFRS	**779.1**	744.7

Reconciliation of balance sheet under UK GAAP to IFRS as at 1 January 2008 (date of transition to IFRS)

(US$ in millions)	**UK GAAP**	**Effect of transition**	**IFRS**
Assets			
Non-current assets			
Investments	698.4	–	698.4
Other receivables	270.0	–	270.0
	968.4	–	**968.4**
Current assets			
Cash and cash equivalents	14.0	–	14.0
Trade and other receivables	1.4	–	1.4
Current income tax asset	0.2	–	0.2
	15.6	–	**15.6**
Total assets	**984.0**	**–**	**984.0**
Liabilities			
Current liabilities			
Trade and other payables	(13.0)	–	(13.0)
	(13.0)	–	**(13.0)**
Non-current liabilities			
Borrowings	(226.3)	–	(226.3)
	(226.3)	–	**(226.3)**
Total liabilities	**(239.3)**	**–**	**(239.3)**
Net assets	**744.7**	**–**	**744.7**
Shareholders' equity			
Ordinary shares	0.3	–	0.3
Share premium	677.1	–	677.1
Convertible bond reserve	56.9	–	56.9
Other reserves	0.2	–	0.2
Retained earnings	10.2	–	10.2
Total equity	**744.7**	–	**744.7**

UK GAAP numbers have been reclassified to conform to IFRS presentation.

RECONCILIATION OF BALANCE SHEET UNDER UK GAAP TO IFRS AS AT 31 DECEMBER 2008

(US$ in millions)	UK GAAP	Effect of transition	IFRS
Assets			
Non-current assets			
Investments	705.6	–	705.6
Other receivables	323.3	–	323.3
Deferred income tax asset	0.4	–[(a)(b)]	0.4
	1,029.3	**–**	**1,029.3**
Current assets			
Cash and cash equivalents	4.6	(0.8)[(a)]	3.8
Trade and other receivables	4.5	–	4.5
	9.1	**(0.8)**	**8.3**
Total assets	**1,038.4**	**(0.8)**	**1,037.6**
Liabilities			
Current liabilities			
Trade and other payables	(15.4)	1.0[(a)]	(14.4)
	(15.4)	1.0	(14.4)
Non-current liabilities			
Borrowings	(244.1)	–	(244.1)
	(244.1)	–	(244.1)
Total liabilities	**(259.5)**	**1.0**	**(258.5)**
Net assets	**778.9**	**0.2**	**779.1**
Shareholders' equity			
Ordinary shares	0.3	–	0.3
Share premium	679.6	–	679.6
Convertible bond reserve	56.9	–	56.9
Other reserves	8.3	–	8.3
Retained earnings	33.8	0.2[(a)(b)]	34.0
Total equity	**778.9**	**0.2**	**779.1**

UK GAAP numbers have been reclassified to conform to IFRS presentation.

Explanatory notes on the impact of the transition to IFRS

(a) Foreign currency translation

In applying IAS 21, the effects of changes in foreign exchange rates' the Company is required to translate all outstanding foreign currency-denominated monetary assets and liabilities on the Balance Sheet at the closing rate. Under UK GAAP, all hedged assets and liabilities were recorded at the 2009 hedged rate as at 31 December 2008.

Accordingly the Group grossed up all hedged foreign currency-denominated monetary assets and liabilities outstanding as at 31 December 2008 from their 2009 hedged rate to the closing year-end exchange rate. The corresponding hedged assets and liability has been recognised on the Balance Sheet as at 31 December 2008, resulting in no impact on the Income Statement.

(b) Deferred tax

Under UK GAAP deferred tax was recognised in respect of all timing differences, with a few exceptions that have originated but not reversed at the balance sheet date. Timing differences arise when the profit or loss is recognised in a different period in the tax computation from that in the financial statements.

Under IFRS the Company is required to adopt a balance sheet approach under which temporary differences are identified for each asset and liability rather than accounting for the effects of timing and permanent differences between taxable and accounting profit.

There are presentational changes under IFRS which include classifying deferred tax liabilities and assets as non-current and reporting them separately on the face of the balance sheet.

Accordingly under IFRS deferred tax is recognised on the estimated future tax deduction arising in relation to the exercise of UK employee share options, resulting in an increase in deferred tax assets of US$0.1m and a corresponding increase in retained earnings.

ADDITIONAL INFORMATION

Five-Year Summary

(US$ in millions)	**2009**	2008	2007 (as restated)	2006	2005
Revenues	**1,038.1**	996.7	576.5	500.1	491.1
EBITDA	**594.2**	531.2	388.1	331.7	316.0
EBITDA %	**57.2%**	53.3%	67.3%	66.3%	64.3%
Profit before income tax	**196.9**	193.8	124.7	89.8	95.5
Profit for year	**152.8**	355.4	96.3	127.7	64.4
Net cash inflow from operating activities	**622.1**	526.8	390.7	330.0	341.7
Net cash used in investing activities	**(173.7)**	(243.2)	(454.8)	(132.4)	(67.6)
Net cash (used in)/provided by financing activities	**(376.3)**	(244.4)	136.7	(189.8)	(470.0)
Total assets	**2,905.6**	2,906.8	2,826.5	1,973.6	2,024.8
Total liabilities	**(1,935.6)**	(1,973.1)	(2,093.1)	(1,257.1)	(1,348.3)
Shareholders' equity	**970.0**	933.7	733.4	716.5	676.5

Notes:
1. Results for 2009 and 2008 includes Stratos for the full year. Results for 2007 include 21 days of Stratos trading.

Financial calendar 2010

17 March	Ex-dividend date for 2009 second interim dividend
19 March	Record date for 2009 second interim dividend
1 April	2009 second interim dividend payment date
4 May	Annual General Meeting
August	2010 interim results
October	2010 interim dividend payment

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Cautionary statement regarding forward-looking statements
Certain statements in this annual report constitute 'forward-looking statements' within the meaning of the US Private Securities Litigation Reform Act of 1995. These forward-looking statements involve risks, uncertainties and other factors that may cause our actual results, performance or achievements, or industry results, to be materially different from those projected in the forward-looking statements. These factors include: general economic and business conditions; changes in technology; timing or delay in signing, commencement, implementation and performance of programmes, or the delivery of products or services under them; structural change in the satellite industry; relationships with customers; competition; and ability to attract personnel. You are cautioned not to rely on these forward-looking statements, which speak only as of the date of this annual report.

Inmarsat undertakes no obligation to update or revise any forward-looking statement to reflect any change in its expectations or any change in events, conditions or circumstances, except where it would be required to do so under applicable law.

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