Press Release

Inmarsat plc Reports Full Year Results 2009

London, UK: 9 March 2010. Inmarsat plc (LSE: ISAT), the leading provider of global mobile satellite communications services, today reported consolidated financial results for the year ended 31 December 2009.

Inmarsat plc – Full Year 2009 Highlights

- **Total revenue $1,038.1m up 4.2% (2008: $996.7m)**
- **Inmarsat Global MSS revenue $682.8m up 10.4% (2008: $618.4m)**
- **EBITDA $594.2m up 11.9% (2008: $531.2m)**
- **Adjusted EPS[1] $0.38 up 26.7% (2008: $0.30)**
- **2nd interim dividend of 20.63 cents US$, up 13.4% on 2008 final dividend**
- **Full year dividend increase 10%**
- **Free cash flow up 54% to $349.0m**

Q4 2009 Inmarsat Group[2] Highlights

- **Q4 revenue $181.5m up 13.0% (2008: $160.6m)**
- **Q4 MSS revenue $176.9m up 12.5% (2008: $157.2m)**
- **Q4 EBITDA $119.7m up 18.0% (2008: $101.4m)**
- **$650m refinancing completed, lowering cost of debt**
- **Acquisition of Segovia government solutions business**

Andrew Sukawaty, Inmarsat's Chairman and Chief Executive Officer, said, "We finished the year strongly and continue to see good trading conditions in all our markets. 2009 was a transformational year for our satellite network, our service portfolio and our distribution arrangements, giving us a strong platform to maintain our market leadership. We are entering 2010 with a positive outlook, revenue growth momentum and new growth opportunities ahead of us."

Inmarsat Global results

Our Inmarsat Global business delivered growth in MSS revenue of 10.4% for the year ended 31 December 2009. Our maritime revenue was up 7.4% and was driven by strong take up and usage of our Fleet and FleetBroadband services. Our FleetBroadband service has gained widespread market acceptance since becoming

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[1] Adjusted for the impact of $28.8m of non-recurring interest cost associated with refinancing activity completed during the fourth quarter 2009.
[2] Inmarsat Group Limited results exclude the results of Stratos Global Corporation.

globally available at the beginning of 2009. We are also pleased with the progress of our new FleetBroadband 150 service which has been successful in attracting new business from smaller vessels.

The land mobile sector revenue growth of 3.3% was mainly due to growth in our BGAN service. BGAN revenue for the year increased by 33% as a result of growth in subscribers and migration from older services. BGAN ARPU strengthened in the second half of the year and reached $288 per month in the fourth quarter. We also saw growth in revenue from our low data rate services, showing the benefit of our collaboration with SkyWave which was completed during the year.

Our aeronautical and leasing sectors continued to see strong revenue growth, being up 18% and 30%, respectively, for the year. Customer acceptance and take up of our SwiftBroadband service have been ahead of our expectations and additions of SwiftBroadband terminals began to exceed our established Swift 64 service in the second half of the year. In-flight cellular services for airline passengers made good progress during the year, but remain at an early stage in terms of revenue contribution.

Net operating costs for Inmarsat Global were down 1.9%, contributing to growth in EBITDA of 14.8% to $495.5m.

Stratos results

Our Stratos business recorded revenue growth of 1.0% for the year. Growth of 3.8% in MSS revenue 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. Operating costs at Stratos increased marginally by 0.7% for the year and Stratos ended the year with growth in EBITDA of 2.2% to $100.5m.

Dividend

The dividend announced today will be paid as a second interim dividend and will be paid in lieu of a final dividend for the 2009 financial year. The dividend payment date will be 1 April to holders of record on 19 March 2010. Together with the interim dividend of 12.73 US$ cents paid in October 2009, the total dividend for 2009 will be 33.36 US$ cents, an increase of 10.0% on the total 2008 dividend.

Liquidity

The Group ended the year with a strong balance sheet and significant available liquidity. At 31 December 2009, the Group had net borrowings of $1,319.5m, made up of cash of $226.8m and total borrowings of $1,546.3m. Taking into consideration our cash on hand and available but undrawn borrowing facilities of $210.0m, the Group had total available liquidity of $436.8m at the end of the year. During the fourth quarter we refinanced over $600m of debt that fell due in 2012 with new debt at lower cost and not maturing until 2017. The Group has no debt maturities in the next twelve months.

Outlook

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 handheld 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 $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 $160 to $170m, including capital expenditure for our Stratos division and deferred satellite payments.

Other Information

A webcast recording of our results presentation to be held on 9 March at 9:30am will be posted to our website after the event. To access the webcast please go to the investor relations section of our website at www.inmarsat.com. Inmarsat management will also host a conference call on Tuesday, 9 March at 2:00pm London time (United States 9:00am EST). To access the call, please dial +44 (0)20 7162 0025 and enter the access code 858360. A recording of the call will be available for one week after the event. To access the recording please dial +44 (0)20 7031 4064 and enter the access code 858360. The call will also be available by webcast accessible via the investor relations section of our website.

Our Financial Reports

Our subsidiaries Inmarsat Group Limited and Stratos Global Corporation are required by the terms of their outstanding debt securities to report consolidated financial results. Inmarsat plc is the ultimate parent company of the Group. A copy of the financial report for Stratos Global Corporation for the year ended 31 December 2009 can be accessed via the investor relations section of our website. We expect Inmarsat Group Limited to report full year 2009 results on or before 30 April 2010 and a copy of these results can also be accessed via our website at that time.

To assist analysts and investors in their understanding of the results announced today, the following unaudited financial tables for the fourth quarter are provided for Inmarsat Group Limited.

Inmarsat Group Limited Revenue Breakdown (unaudited)	**Fourth quarter ended December 31,**		
	2009	**2008**	**% Difference**
	(US$ in millions)		
Revenues			
Maritime sector:			
voice services	25.7	26.3	(2.3%)
data services	65.5	56.6	15.7%
Total maritime sector	91.2	82.9	10.0%
Land mobile sector:			
voice services	2.0	2.6	(23.1%)

data services	35.7	32.3	10.5%
Total land mobile sector	37.7	34.9	8.0%
Aeronautical sector	20.6	18.2	13.2%
Leasing	27.4	21.2	29.2%
Total mobile satellite communications services	**176.9**	**157.2**	**12.5%**
Other income	4.6	3.4	35.3%
Total revenue	**181.5**	**160.6**	**13.0%**

Inmarsat Group Limited
Net Operating Costs (unaudited)

	Fourth quarter ended December 31,		
	2009	**2008**	**% Difference**
	(US$ in millions)		
Employee benefit costs	32.7	23.7	38.0%
Network and satellite operations costs	13.6	11.0	23.6%
Other operating costs	20.0	31.2	(35.9%)
Work performed by the Group and capitalised	(4.5)	(6.7)	(32.8%)
Total net operating costs	61.8	59.2	4.4%

Forward-looking Statements

Certain statements in this announcement constitute “forward-looking statements” within the meaning of the U.S. 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 announcement. We undertake no obligation to update or revise any forward-looking statement to reflect any change in our expectations or any change in events, conditions or circumstances.

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INMARSAT PLC

PRELIMINARY CONSOLIDATED FINANCIAL RESULTS
For the year ended 31 December 2009

Forward-Looking Statements

This document contains forward-looking statements. These forward-looking statements include all matters that are not historical facts. Statements containing the words "believe", "expect", "intend", "may", "estimate" or, in each case, their negative and words of similar meaning are forward-looking.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and that the Group's actual financial condition, results of operations and cash flows, and the development of the industry in which we operate, may differ materially from those made in or suggested by the forward-looking statements contained in this document. In addition, even if the Group's financial condition, results of operations and cash flows, and the development of the industry in which we operate are consistent with the forward-looking statements in this document, those results or developments may not be indicative of results or developments in subsequent periods. Important facts that could cause the Group's actual results of operations, financial condition or cash flows, or the development of the industry in which we operate, to differ from current expectations include those risk factors disclosed in the Group's Annual Report for the year ended 31 December 2008 and in our subsidiary, Stratos Global Corporation's Management Discussion and Analysis of Financial Condition and Results of Operations for the year ended 31 December 2008, which can be located at www.stratosglobal.com.

As a consequence, the Group's future financial condition, results of operations and cash flows, as well as the development of the industry in which we operate, may differ from those expressed in any forward-looking statements made by us or on the Group's behalf.

Non-GAAP Measures

We use a number of non-GAAP measures in addition to GAAP measures in order to provide readers with a better understanding of the underlying performance of our business, and to improve comparability of our results for the periods concerned. Where such non-GAAP measures are given, this is clearly indicated and the comparable GAAP measure is also given.

<u>Net Borrowings</u>

Net Borrowings is defined as total borrowings less cash at bank and in hand less short-term deposits with an original maturity of less than three months. We use Net Borrowings as a part of our internal debt analysis. We believe that Net Borrowings is a useful measure as it indicates the level of borrowings after taking account of the financial assets within our business that could be utilised to pay down the outstanding borrowings. In addition the Net Borrowings balance provides an indication of the Net Borrowings on which we are required to pay interest.

<u>Free cash flow</u>

We define free cash flow ("FCF") as cash generated from operations less capital expenditure, capitalised operating costs, net interest and cash tax payments. Other companies may define FCF differently and, as a result, our measure of FCF may not be directly comparable to the FCF of other companies.

FCF is a supplemental measure of our performance and liquidity under International Financial Reporting Standards ("IFRS") that is not required by, or presented in accordance with IFRS. Furthermore, FCF is not a measurement of our performance or liquidity under IFRS and should not be considered as an alternative to net income and operating income as a measure of our performance and net cash generated from operating activities as a measure of our liquidity, or any other performance measures derived in accordance with IFRS.

We believe FCF is an important financial measure for use in evaluating our financial performance and liquidity, which measures our ability to generate additional cash from our business operations. We believe it is important to view FCF as a measure that provides supplemental information to our entire statement of cash flows.

<u>EBITDA</u>

We define EBITDA as profit before interest, taxation, depreciation and amortisation, share of results of associates, gain on disposal of fixed assets and the goodwill adjustment. Other companies may define EBITDA differently and, as a result, our measure of EBITDA may not be directly comparable to the EBITDA of other companies.

EBITDA and the related ratios are supplemental measures of our performance and liquidity under IFRS that are not required by, or presented in accordance with IFRS. Furthermore, EBITDA is not a measurement of our financial performance under IFRS and should not be considered as an alternative to net income, operating income or any other performance measures derived in accordance with IFRS.

We believe EBITDA among other measures facilitates operating performance comparisons from period to period and management decision making. It also facilitates operating performance comparisons from company to company. EBITDA eliminates potential differences caused by variations in capital structures (affecting interest expense), tax positions (such as the impact on periods or companies of changes in effective tax rates or net operating losses) and the age and book depreciation and amortisation of tangible and intangible assets (affecting relative depreciation and amortisation expense). We also present EBITDA because we believe it is frequently used by securities analysts, investors and other interested parties in evaluating similar issuers, the vast majority of which present EBITDA when reporting their results.

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Operating and Financial Review

The following is a discussion of the audited 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. You should read the following discussion together with the whole of this document including the historical consolidated financial results and the notes. The consolidated financial results were prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Overview

Inmarsat is the leading provider of global mobile satellite communications services ("MSS"), providing data and voice connectivity to end-users worldwide. Inmarsat 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. Our 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's revenues for the year ended 31 December 2009 were US$1,038.1m (2008: US$996.7m), EBITDA was US$594.2m (2008: US$531.2m) and operating profit was US$356.8m (2008: US$317.2m).

The results of the Group's operations are reported in U.S. dollars as the majority of our revenues and borrowings are denominated in U.S. dollars.

Acquisition of Stratos

On 15 April 2009, we completed the acquisition of Stratos by exercising an option to acquire the entire share capital of CIP UK Holdings Limited ("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. Inmarsat has implemented a channel management policy with the intent of promoting fair competition between its direct and indirect distribution channel. Inmarsat continues to remain committed to a primarily indirect distribution model through its existing channels to market.

Although we completed the acquisition of CIP UK and therefore Stratos on 15 April 2009, we have been consolidating the results of CIP UK from 11 December 2007, the date on which we acquired the option over the entire share capital of CIP UK.

SkyWave Mobile Communications

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. On 14 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 United States and Mexico have been successfully transferred to the Inmarsat-4 Americas satellite.

Acquisition of Segovia

On 12 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. 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.

Segovia is a leading provider of secure Internet Protocol managed solutions and services to United States government agencies. The existing Segovia executive management team will continue to operate Segovia as a separate business within the Stratos group.

New distribution agreements

On 15 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.

While there are similarities between the new distribution agreements and the old distribution agreements, there are also substantial differences including among others:

- greater flexibility for Inmarsat to amend wholesale pricing and other contractual terms after an appropriate notice period;
- reduced volume discounts for distribution partners over time;
- fewer restrictions on our ability to appoint new distribution partners;
- the ability for Inmarsat to own and operate Land Earth Stations for our existing and evolved services;
- the ability for Inmarsat to contract directly with end-users; and
- shorter payment terms over time.

Refinancing

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.

The Refinancing was completed at favourable rates and therefore both reduced our cost of debt and extended 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 and Poor's in July.

Deregistration from U.S. Securities and Exchange Commission

Following the redemption and cancellation of the Senior Notes due 2012 and the Senior Discount Notes, certain of our subsidiaries will deregister from the Securities and Exchange Commission ("SEC"), namely Inmarsat Finance plc, Inmarsat Finance II plc, Inmarsat Global Limited, Inmarsat Group Limited, Inmarsat Holdings Limited, Inmarsat Investments Limited, Inmarsat Launch Company Limited, Inmarsat Leasing (Two) Limited and Inmarsat Ventures Limited (together, the "Inmarsat Registrants"). On 27 January 2010, the Inmarsat Registrants filed voluntary deregistration forms (Form 15F) with the SEC. Upon filing such forms, the Inmarsat Registrants' respective reporting obligations under the Securities Exchange Act of 1934 were immediately suspended, such that they ceased reporting to the SEC. Deregistration will become effective 90 days after filing, unless the Inmarsat Registrants withdraw the Form 15F filings. Deregistration of the Inmarsat Registrants does not affect Inmarsat plc's reporting obligations under the London Stock Exchange reporting requirements. Our subsidiaries Inmarsat Group Limited and Stratos Global Corporation are required by the terms of their outstanding debt securities to report consolidated financial results on a quarterly basis.

Inmarsat satellite constellation

On 7 January 2009, the third Inmarsat-4 satellite began commercial service in the Pacific Ocean Region, carrying BGAN, FleetBroadband and SwiftBroadband traffic. In addition, certain repositioning of our satellites was completed in February 2009, providing full global coverage for our broadband services – BGAN, FleetBroadband and SwiftBroadband – at the same time as optimising data connectivity across our worldwide network.

On 20 May 2009, we announced that we had signed a contract with Arianespace for the launch of the Alphasat I-XL satellite. The satellite is currently under construction by Astrium and is planned for launch in 2012/2013 using an Ariane 5 ECA launch vehicle.

Inmarsat services

On 16 June 2009, we launched BGAN X-Stream in the Asia Pacific region, completing the global coverage for the new service, which provides enhanced data streaming capability for BGAN users. BGAN X-Stream guarantees streaming data rates at a minimum of 384kbps and can deliver up to 450kbps in certain circumstances. BGAN X-Stream is designed to meet the requirements of a wide base of customers and is principally used by media and government users.

On 1 July 2009, we confirmed that our new FleetBroadband 150 ("FB150") service was live and passing commercial voice and data traffic on our network. The FB150 service was introduced to target and expand the addressable market of small vessels, offering voice connection of landline quality, accessible simultaneously with an internet connection of up to 150kbps and simple-to-use SMS. Global roll-out of the FB150 service by our FleetBroadband distribution partners is well underway and the service has received very positive market feedback. By 31 December 2009, we had activated over 600 FB150 terminals.

On 7 October 2009, we announced that, together with our service partner SATLINK, we had won the first European contract to migrate fishing vessels from a paper logbook system to an electronic recording and reporting system ("ERS"). Mandatory European Union legislation requires all masters of fishing vessels over 15 metres in length to migrate their logbook operation from manual to an electronic recording and reporting system by July 2011, with the first phase applying from 1 January 2010 for vessels over 24 metres in length. The first contract with Ireland's Sea Fisheries Protection Authority ("SFPA"), for approximately 100 fishing vessels that are over 24 metres in length, has been awarded to a solution that is based on our FleetBroadband 250 service. The tender issued by the SFPA is seen as a model for the rest of the European fishing industry. Over 10,000 vessels across Europe are expected to be converted to an ERS in 2010.

On 26 January 2010, we announced that the first call had been made using our global handheld service, the IsatPhone Pro. The IsatPhone Pro is the first one of the handsets forming part of our soon-to-be launched global satellite phone service ("GSPS") and is targeted primarily at professional users in the government, media, aid, oil and gas, mining and construction sectors. It will offer satellite telephony, with Bluetooth for hands-free use, voicemail, SMS and email messaging. In addition, GPS location data will also be available to the user to look up or send in a SMS message. The IsatPhone Pro is the first Inmarsat handheld to be purpose-built for the Inmarsat network and will be available on a global basis, over the three Inmarsat-4 satellites, which have an operational lifetime into the 2020s. In preparation for the commercial service launch, we have passed a number of key milestones in the development of the service and finalised some essential contracts and distribution arrangements. The upgrade necessary to the Inmarsat ground network was completed on schedule by Lockheed Martin and further testing on the integration of the handset and the ground network is underway. We appointed Sasken Communications Technologies as our partner for the handset development and Elcoteq, the world's third largest manufacturer of mobile phones, to produce IsatPhone Pro at its facility in Tallinn, Estonia. We have appointed eleven distribution partners, AST, China Telecom, Evosat, MCN, MVS, Network Innovations, NSSL, Satcom Global, Singtel, Stratos and Vizada, covering all major geographic markets around the world. The IsatPhone Pro is on track for its planned launch in June 2010.

S-band spectrum award

On 14 May 2009, we confirmed that we had been selected by the European Commission to operate a MSS system in Europe under the co-ordinated European S-Band Application Process ("ESAP"). As a result of the process, we received an award for operations using 30MHz (2x15MHz) of S-band radio spectrum.

Inmarsat's S-band satellite programme, known as EuropaSat, aims to deliver next-generation telecommunications services across all 27 member states of the European Union. These new services may include mobile multimedia broadcast, mobile broadband and next-generation MSS services for consumers, enterprise and institutional users throughout Europe, including those in remote and rural areas.

The further development of the EuropaSat satellite depends on our ability to significantly de-risk financial and/or market risk by means of an investment by, or partnership or collaboration with, substantial financial and/or strategic partners, as well as the favourable resolution of certain disputes between the European Commission and unsuccessful ESAP applicants who are seeking to contest the validity of the ESAP and the awards.

Business awards

On 4 November 2009, we were awarded the South Asia Middle East and North Africa "SAMENA" award for 'Best Satellite Provider' at the SAMENA 2009 Telecommunications Council. The awards are based on, among other criteria, recognition of leadership and astute commercial operation within the South Asia, Middle East and North Africa region and recognise companies for their outstanding efforts in expanding telecoms services and addressing the concerns and needs of the sector in the region and beyond.

On 10 November 2009, we were awarded the Coutts & Co Large-Cap Business of the Year Award at the UK National Business Awards 2009. We were unanimously judged to have demonstrated exceptional financial returns, strong growth, and innovative strategies. Inmarsat was judged in the category of publicly-listed companies with a turn-over of £500m and over. The ten finalists in the category included other blue chip companies such as Pearson, Diageo, Morrisons and BSkyB.

Chairman and Chief Executive Officer extends term of office

On 1 October 2009, we announced that Andrew Sukawaty had accepted a proposal from the Inmarsat plc Board of Directors to extend his role as Chairman and Chief Executive Officer until 30 September 2011 and then move to the role of Chairman until at least 30 September 2012.

New Director appointed

On 5 May 2009, we appointed Janice Obuchowski as an additional Non-Executive Director to our Board and as a member of the Audit Committee. Mrs Obuchowski has held several senior positions, both in the U.S. government and in the private sector. She served as Head of Delegation and as the U.S. 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. Earlier in her career, she served as Senior Advisor to the Chairman at the Federal Communications Commission. She is President and founder of Freedom Technologies, Inc. and is currently a non-executive director on the public company boards of Orbital Sciences Corporation and CSG Systems, Inc. She has previously held non-executive director positions with Qualcomm and Stratos.

Dividends

On 29 May 2009, the Company paid a final dividend of 18.20 cents (US$) per ordinary share in respect of the year ended 31 December 2008. On 30 October 2009, the Company paid an interim dividend of 12.73 cents (US$) per ordinary share in respect of the year ended 31 December 2009, a 5.0% increase over 2008.

A second interim dividend for the 2009 financial year of 20.63 cents (US$) will be paid in lieu of a final dividend. The second interim dividend will be paid on 1 April 2010 to ordinary shareholders on the register of members at the close of business on 19 March 2010. Dividend payments will be made in Pounds Sterling based on the exchange rate prevailing in the London market four business days prior to payment. In accordance with IAS 10, this second interim dividend has not been recorded as a liability in the financial statements at 31 December 2009. The total dividend paid and proposed for the year ended 31 December 2009 equals 33.36 cents (US$) per ordinary share, a 10.0% increase over 2008, and amounts to US$153.2m.

Total Group Results

The results reported reflect the consolidated results of operations and financial condition of Inmarsat plc for the year ended 31 December 2009. Where we refer to Inmarsat Global we include Inmarsat plc and all of its subsidiaries excluding Stratos. 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 were US$1,038.1m, an increase of US$41.4m, or 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 2009 were US$443.9m, a decrease of US$21.6m, or 4.6%, compared with 2008. 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% for 2008 as a result of increased revenues and decreased costs.

Set forth below is a reconciliation of profit for the period to EBITDA for each of the periods indicated:

(US$ in millions)	2009	2008	Increase/ (decrease)
Profit for the period	152.8	355.4	(57.0%)
Add back:			
Income tax expense/(credit)	44.1	(161.6)	(127.3%)
Net interest payable	159.9	123.4	29.6%
Depreciation and amortisation	231.6	214.7	7.9%
Share of results of associates	(0.9)	(0.7)	28.6%
Gain on disposal of fixed assets	(2.1)	–	–
Goodwill adjustment	8.8	–	–
EBITDA	**594.2**	**531.2**	**11.9%**
EBITDA margin %	***57.2%***	***53.3%***	

Depreciation and amortisation

The increase in depreciation and amortisation of US$16.9m 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 services 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 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 2009. 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 the year ended 31 December 2008. In 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%, a 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 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 MSS revenue	**682.8**	**618.4**	**10.4%**
Other income	12.0	16.3	(26.4%)
Total revenue	**694.8**	**634.7**	**9.5%**

Total active terminal numbers as at 31 December 2009 were 256,600, an increase of 11,700, or 4.8%, compared with 31 December 2008. There was growth in active terminals in both the maritime and aeronautical sectors, partially offset by a reduction in the land mobile sector. Maritime active terminals increased by 10.3% year over year, which included 26% growth in our base of active Fleet and FleetBroadband terminals. The increase in the number of maritime active 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 active 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.

The table below sets out the active terminals by sector for each of the periods indicated:

(000's)	As at 31 December 2009	2008	Increase/ (decrease) %
Active terminals[(1)]			
Maritime	171.8	155.8	10.3%
Land mobile	73.7	79.0	(6.7%)
Aeronautical	11.1	10.1	9.9%
Total active terminals	**256.6**	**244.9**	**4.8%**

(1) Active terminals are the number of subscribers or terminals that have been used to access commercial services (except certain SPS terminals) at any time during the preceding twelve-month period and registered at 31 December. Active terminals also include the average number of certain SPS terminals (which we have previously referred to as ACeS handheld terminals) active on a daily basis during the period. Active terminals exclude our terminals (Inmarsat D+ and IsatM2M) used to access our Satellite Low Data Rate ("SLDR") or telemetry services. At 31 December 2009, we had 205,844 SLDR terminals.

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.

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, the decline in GAN high-speed data traffic following reduced traffic levels in the Middle East as a result of troop withdrawals from Iraq.

Revenues from BGAN services for 2009 were US$98.7m, an increase of US$24.3m, or 33%, compared with 2008. 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.

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.

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 in 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 were US$110.4m, an increase of US$2.6m, or 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 were US$43.3m, an increase of US$3.6m, or 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 were US$64.8m, a decrease of US$14.8m, or 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 2009 compared with a gain of US$1.4m recognised in 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 was US$19.2m, a decrease of US$4.8m, or 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

(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%**

The increase in operating profit of US$51.0m 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.

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 United States, the United Kingdom, 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 US 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 and 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 1.0%, compared with 2008. 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 were US$553.0m, an increase of US$20.2m, or 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 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.

Inmarsat MSS. During 2009, revenues derived from Inmarsat MSS were US$427.1m, an increase of US$6.5m, or 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 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. Generally, since the second quarter of 2009 revenues 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 were US$125.9m, an increase of US$13.7m, or 12.2%, compared with 2008. The increase is primarily due to increased sales of mobile terminals and equipment and LES services provided to other Inmarsat distributors.

Broadband. During 2009, revenues from Broadband services were US$91.1m, a decrease of US$14.1m, or 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 US$543.6m, an increase of 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 were US$479.5m, an increase of US$16.7m, or 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 in comparison to 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 were US$62.8m, a decrease of US$12.4m, or 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 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 onto 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.

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.

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% determined by reference to the prevailing ratio of total net debt to EBITDA.

On 12 November 2009, our wholly-owned subsidiary company Inmarsat Finance plc completed an offering of the Senior Notes due 2017, which subsequently settled on 27 November 2009. 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), through a series of steps, 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 total borrowings figures disclosed in note 7 of the Condensed Consolidated Financial Statements can be reconciled to the Net Borrowings figure above 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**

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 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.

The reduction in capital expenditure is due primarily to the inclusion in the year ended 31 December 2008 of launch costs for the third Inmarsat-4 satellite. There has been a shift in capital expenditure from milestone payments in respect of 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 in 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.

Group free cash flow

(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**

The increase in free cash flow of US$122.1m is attributable to increased EBITDA, movements in working capital and lower capital expenditure, partially offset by increased tax and interest payments during the year ended 31 December 2009. The increase in cash interest paid is predominantly due to the payment of US$46.7m to holders of the Senior Discount Notes in 2009. This payment was the first payment in cash that we have made to holders of these notes.

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 fleet phone 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.

Recent Events

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 condensed consolidated interim financial results of the Group.

INMARSAT PLC
CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2009

(US$ in millions)	2009	2008
Revenues	**1,038.1**	**996.7**
Employee benefit costs	(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	(231.6)	(214.7)
Share of results of associates	0.9	0.7
Gain on disposal of fixed assets	2.1	–
Goodwill adjustment	(8.8)	–
Operating profit	**356.8**	**317.2**
Interest receivable and similar income	1.7	14.8
Interest payable and similar charges	(161.6)	(138.2)
Net interest payable	(159.9)	(123.4)
Profit before income tax	**196.9**	**193.8**
Income tax (expense)/credit	(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	0.33	0.78
— Diluted	0.35	0.77
Adjusted earnings per share (expressed in US$ per share) (refer to note 9)		
— Basic	0.38	0.30
— Diluted	0.39	0.32

INMARSAT PLC
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2009

(US$ in millions)	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	(5.4)	13.4
Other comprehensive income 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**

INMARSAT PLC
CONSOLIDATED BALANCE SHEET
At 31 December 2009

(US$ in millions)	2009	2008
Assets		
Non-current assets		
Property, plant and equipment	1,365.2	1,433.3
Intangible assets	1,020.0	1,027.7
Investments	31.0	6.4
Other receivables	1.5	2.2
Derivative financial instruments	12.0	8.6
	2,429.7	**2,478.2**
Current assets		
Cash and cash equivalents	226.8	156.4
Trade and other receivables	227.5	251.3
Inventories	9.5	19.8
Derivative financial instruments	12.1	1.1
	475.9	**428.6**
Total assets	**2,905.6**	**2,906.8**
Liabilities		
Current liabilities		
Borrowings	109.4	204.4
Trade and other payables	206.1	195.8
Provisions	0.9	–
Current income tax liabilities	34.0	27.8
Derivative financial instruments	14.1	32.5
	364.5	**460.5**
Non-current liabilities		
Borrowings	1,403.5	1,370.2
Other payables	27.6	16.6
Provisions	55.8	35.8
Deferred income tax liabilities	71.3	52.5
Derivative financial instruments	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	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**

INMARSAT PLC
CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 December 2009

(US$ in millions)	2009	2008
Cash flow from operating activities		
Cash generated from operations	645.8	528.0
Interest received	0.9	2.4
Income taxes paid	(24.6)	(3.6)
Net cash 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)
Proceeds from disposal of assets	4.9	0.8
Acquisition of subsidiaries and other investments	(16.0)	(9.0)
Net cash used in investing activities	**(173.7)**	**(243.2)**
Cash flow from financing activities		
Dividends paid to shareholders	(146.0)	(130.2)
(Repayment)/drawdown of Previous Senior Credit Facility	(390.0)	70.0
Drawdown of Senior Credit Facility	290.0	–
Redemption of Senior Discount Notes	(465.6)	–
Redemption of Senior Notes due 2012	(164.5)	–
Gross issuance proceeds of Senior Notes due 2017	645.2	–
Arrangement costs of new borrowing facilities	(23.8)	–
Purchase of own debt securities, including discount	(8.6)	(109.6)
Interest paid on borrowings	(110.5)	(64.9)
Repayment of Stratos borrowings	(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 balance sheet (net of bank overdrafts)	**226.3**	**154.6**
At end of year, comprising		
Cash and cash equivalents per the balance sheet	226.8	156.4
Bank overdrafts	(0.5)	(1.8)
	226.3	**154.6**

INMARSAT PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2009

(US$ in millions)	Ordinary share capital	Share premium account	Equity reserve	Other reserves	Retained earnings	Non-controlling interest	Total
Balance at 1 January 2008	**0.3**	**677.1**	**56.9**	**(7.4)**	**5.1**	**1.4**	**733.4**
Net fair value gains - 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/(charged) directly to equity	–	–	–	9.9	3.5	–	13.4
Balance at 31 December 2008	**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	**0.3**	**679.7**	**56.9**	**15.4**	**217.2**	**0.5**	**970.0**

NOTES TO THE CONSOLIDATED FINANCIAL RESULTS

1. General Information

These consolidated financial results were approved for issue by the Board of Directors on 9 March 2010.

The financial information set out in these Preliminary Consolidated Financial Results, which have been extracted from the audited consolidated financial statements for the year ended 31 December 2009, does not constitute statutory financial statements as defined in section 435 of the Companies Act 2006. Statutory financial statements for the year ended 31 December 2009 will be delivered to the Registrar of Companies following the Company's Annual General Meeting. The statutory financial statements for the year ended 31 December 2008 have been filed with the Registrar of Companies.

The auditors have reported on the consolidated financial statements for the years ended 31 December 2009 and 2008. The reports were unqualified, did not draw attention to any matters by way of emphasis without qualifying their report, and did not contain a statement under Section 498(2) or 498(3) of the Companies Act 2006.

2. Principal accounting policies

Basis of preparation

The consolidated financial results for the year ended 31 December 2009 have been prepared using International Financial Reporting Standards ("IFRS") as adopted by the European Union. This announcement does not contain sufficient information to comply with all of the disclosure requirements of IFRS.

Except as described below, the same accounting policies, presentation and methods of computation are followed in these consolidated financial statements as were applied in the preparation of the Group's annual financial statements for the year ended 31 December 2008, as available on our website www.inmarsat.com.

- The condensed consolidated financial information presented does not comply with the full disclosure requirements of all applicable IFRSs.
- The Group has adopted IFRS 8, 'Operating segments'. Please refer to note 4 for an explanation of the impact of adopting IFRS 8 on these unaudited condensed consolidated financial statements.
- In addition, the following standards and interpretations, issued by the IASB and the International Financial Reporting Interpretations Committee ("IFRIC"), 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 1 (as amended) – Presentation of Financial Statements – Capital Disclosures (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 1January 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); and

- Amendments resulting from the May 2008 Annual Improvements to IFRSs (effective for financial years beginning on or after 1 January 2009).

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 knowledge of the amount, events or actions, the actual results ultimately may differ from those estimates.

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

3. Consolidation of CIP UK and its Subsidiaries

As in the previous year, the condensed consolidated results for the year ended 31 December 2009 include the financial results of Stratos. Although we completed the acquisition of CIP UK Holdings Limited ("CIP UK") and therefore indirectly Stratos on 15 April 2009, we have been consolidating the results of CIP UK and its subsidiaries (together "CIP") from 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 necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

4. Segment 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; and
- '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.

NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (continued)

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.

Segment information:

			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	**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[(b)]	(142.2)	(24.0)	–	0.4	(165.8)
Investment[(c)]	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) Capital expenditure stated using accruals basis.
(c) Relates to 19% stake in SkyWave Mobile Communications acquired in the year.

			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	**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/(expense)					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[(b)]	(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) Capital expenditure stated using accruals basis.

NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (continued)

5. 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 rate swaps	(11.2)	(4.8)
Pension and post-retirement liability finance costs	(4.2)	–
Unwinding of discount on deferred satellite liabilities	(3.0)	(2.8)
Amortisation of debt issue costs	(14.8)	(4.5)
Redemption premium on Senior Notes and Senior Discount Notes	(19.7)	–
Interest on Stratos borrowings	(18.8)	(31.6)
Other interest	(1.3)	(1.0)
Interest payable and similar charges	**(166.0)**	**(139.1)**
Less: Amounts included in the cost of qualifying assets	4.4	0.9
Total interest payable and similar charges	**(161.6)**	**(138.2)**
Bank interest receivable and other interest	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**

6. Income tax (expense)/credit

(US$ in millions)	2009	2008
Current tax:		
Current year	(30.4)	(9.4)
Adjustments in respect of prior periods		
Recognition of finance lease and operating lease back[a]	–	6.8
Other	(0.5)	(2.1)
Total current tax expense	**(30.9)**	**(4.7)**
Deferred tax:		
Origination and reversal of temporary differences		
Recognition of finance lease and operating lease back[a]	–	211.8
Other temporary differences	(14.7)	(47.4)
Other	1.5	1.9
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 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.

NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (continued)

7. Net borrowings

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

	As at 31 December 2009			As at 31 December 2008		
(US$ in millions)	Amount	Deferred finance cost	Net balance	Amount	Deferred finance cost	Net balance
Current:						
Bank overdrafts	0.5	–	0.5	1.8	–	1.8
Deferred satellite payments	9.3	–	9.3	10.2	–	10.2
Senior Credit Facility(1)	90.0	–	90.0	–	–	–
Previous Senior Credit Facility(2)	–	–	–	190.0	–	190.0
Stratos Senior Credit Facility	9.6	–	9.6	2.3	–	2.3
Stratos Mortgage obligation	–	–	–	0.1	–	0.1
Total current borrowings	**109.4**	**–**	**109.4**	**204.4**	**–**	**204.4**
Non-current:						
Senior Credit Facility(1)	200.0	(10.6)	189.4	–	–	–
Previous Senior Credit Facility(2)	–	–	–	200.0	(0.6)	199.4
Senior Notes due 2017(3)	650.0	(12.5)	637.5	–	–	–
—Issuance discount(3)	(4.8)	–	(4.8)	–	–	–
Senior Discount Notes(4)	–	–	–	450.0	(6.2)	443.8
Senior Notes due 2012(5)	–	–	–	163.7	(5.5)	158.2
Premium on Senior Notes due 2012(5)	–	–	–	0.7	–	0.7
Deferred satellite payments	38.1	–	38.1	31.2	–	31.2
Convertible Bond	264.9	(3.6)	261.3	246.4	(4.4)	242.0
—Accretion of principal	2.3	–	2.3	2.1	–	2.1
Stratos Senior Credit Facility	199.6	(2.3)	197.3	209.2	(3.4)	205.8
Stratos Mortgage obligation	–	–	–	0.2	–	0.2
Stratos Senior Unsecured Notes	86.8	(4.4)	82.4	92.3	(5.5)	86.8
Total non-current borrowings	**1,436.9**	**(33.4)**	**1,403.5**	**1,395.8**	**(25.6)**	**1,370.2**
Total Borrowings	**1,546.3**	**(33.4)**	**1,512.9**	**1,600.2**	**(25.6)**	**1,574.6**
Cash and cash equivalents	(226.8)	–	(226.8)	(156.4)	–	(156.4)
Net Borrowings	**1,319.5**	**(33.4)**	**1,286.1**	**1,443.8**	**(25.6)**	**1,418.2**

(1) 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.

(2) 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.

(3) 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.

(4) On 11 December 2009 we redeemed the entire principal amount of US$450.0m of 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.

(5) On 11 December 2009 we redeemed the entire principal amount of US$160.4m of 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 of the capitalised premium, in relation to the Senior Notes due 2012.

8. Dividends

(US$ in millions)	2009	2008
Final dividend for the year ended 31 December 2008 of 18.20 cents (US$) (2007: 17.33 cents (US$)) per share	83.4	79.1
Interim dividend for the year ended 31 December 2009 of 12.73 cents (US$) (2008: 12.13 cents (US$)) per share	58.4	55.5
Total dividend paid	**141.8**	**134.6**

On 29 May 2009, the Company paid a final dividend of 18.20 cents (US$) per ordinary share in respect of the year ended 31 December 2008. On 30 October 2009, the Company paid an interim dividend of 12.73 cents (US$) per ordinary share in respect of the year ended 31 December 2009.

A second interim dividend for the 2009 financial year of 20.63 cents (US$) will be paid in lieu of a final dividend. The second interim dividend will be paid on 1 April 2010 to ordinary shareholders on the register of members at the close of business on 19 March 2010. Dividend payments will be made in Pounds Sterling based on the exchange rate prevailing in the London market four business days prior to payment. In accordance with IAS 10, this final dividend has not been recorded as a liability in the financial statements at 31 December 2009. The total dividend paid and proposed for the year ended 31 December 2009 equals 33.36 cents (US$) per ordinary share, a 10.0% increase over 2008, and amounts to US$153.2m.

9. Earnings per share

The basic and diluted earnings per share are based on a weighted average number of ordinary shares in issue of 459,189,778 and potentially in issue of 485,950,293, respectively (2008: 457,852,525 and 483,678,593). At 31 December 2009, there were a total of 459,554,882 (2008: 459,048,648) ordinary shares in issue.

Adjusted earnings per share

The basic and diluted earnings per share for the year ended 31 December 2009 were adjusted to exclude the after tax effect of the one-off costs of US$28.8m in relation to the Refinancing, the goodwill adjustment of US$8.8m and the associated tax credit of US$8.8m. 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 (see note 6).

The table below sets out the adjusted earnings attributable to equity holders of the company that was used in the calculation of both the adjusted basic and diluted earnings per share. The weighted average number of ordinary shares in issue and potentially in issue did not differ from the unadjusted earnings per share calculation.

(US$ in millions)	2009	2008
Earnings attributable to equity holders of the Company	152.7	355.3
One-off costs in relation to the Refinancing, net of tax effect	20.7	–
Goodwill adjustment	8.8	–
Tax credit in respect of the goodwill adjustment	(8.8)	–
Tax credit – finance lease and operating leaseback	–	(218.6)
Adjusted earnings attributable to equity holders of the company	**173.4**	**136.7**

10. Events after the balance sheet date

On 12 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. 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.

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.