Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	IB Docket No. 08-143
	)	
Robert M. Franklin, Trustee, Inmarsat plc And Stratos Global Corporation	)	DA 08-1659
	)	
	)	FCC File Nos.:
	)	
Applications for Consent to Transfer of Control of Stratos Global Corporation and Its Subsidiaries from an Irrevocable Trust To Inmarsat plc, and Petition for a Declaratory Ruling	)	ITC-T/C-20080618-00276
	)	
	)	ITC-T/C-20080618-00275
	)	SES-T/C-20080618-00818
	)	SES-T/C-20080618-00821
	)	SES-T/C-20080618-00820
	)	SES-T/C-20080618-00819
	)	0003453455
	)	ISP-PDR-20080618-00013

To: The Commission

VIZADA'S REPLY
TO OPPOSITION OF INMARSAT AND STRATOS GLOBAL TO APPLICATION FOR REVIEW

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March 17, 2009

VIZADA'S REPLY TO OPPOSITION OF INMARSAT AND STRATOS GLOBAL TO APPLICATION FOR REVIEW

Vizada, Inc. and VIZADA Services LLC (together, "Vizada") submit this Reply in further support of their Application for Expedited Review (including stay or withdrawal) of the International Bureau's decision -- at the last moments of Chairman Martin's tenure -- to approve, *without the benefit of an adequate factual investigation and without imposing a single competitive safeguard*, the radically transformational and anticompetitive acquisition by Inmarsat of Stratos Global ("Stratos").

I. A Prompt But Searching Factual Investigation of Inmarsat's Market Power in Key MSS Markets Is Essential, Not Least Given Inconsistent Inmarsat Statements Made Outside the FCC

It is time for the charade to stop and for Inmarsat to desist from its efforts to hide the facts from the Bureau and now the full Commission. *As summarized in* ***Appendix A****, Inmarsat's Opposition is directly refuted by Inmarsat's own words and by other information Inmarsat has supplied to analysts and others*. An investigation is needed.

The record here establishes that Inmarsat has long dominated key MSS markets and will continue to do so due to technical, economic, and other considerations. Indeed, for years, Inmarsat has experienced very high profits – with EBITDA as a percent of revenues ranging from 62% to over 68% for at least the past six years – strong evidence of market power. *See* Appendix A at 1. Analysts, with regular access to Inmarsat data and industry information, estimate Inmarsat's market shares in the key maritime and aeronautical sectors as 70% and 80% respectively. Appendix A at 2. Such high shares evidence near-monopoly power *vis a vis* both distributors dependent on wholesale Inmarsat inputs and ultimate customers.

As Appendix A lays out, the Opposition's insistence upon one broad all-encompassing relevant market is directly refuted by Inmarsat's own sector-specific focus in its shareholder reports and web pages. Inmarsat itself asserts to the financial community that MSS market sectors like aeronautical and maritime, broadband and narrowband, should be considered separately because of their different demand drivers. In contrast to these statements, the Opposition insists that because all aeronautical, maritime, and land mobile voice and broadband MSS services' "share" the "demand characteristic" of "mobile telephone connectivity" that automatically places them in a single all-MSS relevant market (Opp. at 11). This is akin to arguing that cars, trucks, buses, trains, boats, and airplanes occupy an all-mobile transportation relevant market. 1/

Throughout this proceeding, Inmarsat has refused to expose its pleadings to a comparison with actual data and documents easily accessible in its files. Such information is critical to define product markets correctly (in terms of distinct customer needs, functional interchangeability, price cross-elasticity, etc.), calculate market shares, measure profit margins, evaluate entry barriers, and determine the presence of unconstrained market power.

Away from its FCC audience, as Appendix A shows, Inmarsat concedes that its rivals are hopelessly weak and that its own end users are "sticky," "embedded," "slow to change," and basically unable and unwilling to switch to non-Inmarsat-based services. Recently, at a March 12 , 2009 analysts meeting called to discuss Inmarsat's very strong

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1/ There is no way, applying the Commission-endorsed Merger Guidelines' SSNIP test for market definition, that a 5 or 10% rise in the price of a broadband service would cause a customer to switch back to low-speed data or voice service, or that Inmarsat's aeronautical broadband customers would switch to maritime vessels or land mobile service in the face of a SSNIP. Inmarsat's all-MSS market (Opp. at 10) cannot survive scrutiny.

2008 and 1Q2009 results in key maritime, aeronautical, and land mobile markets, "Andrew Sukawaty, [Inmarsat's] chief executive said *the company's satellite technology tended to be seen as essential equipment by its customers*. 'We are used in places where there is no existing infrastructure. *There is no alternative.*'" 2/ *See* Appendix A for more details.

II. A Stay of the April 15 Closing Will Not Injure Inmarsat or Others

Nothing in the Opposition supports the idea that the Commission must simply acquiesce in the decision below and allow this transaction to close on or soon after April 15 -- before the Commissioners themselves can have the benefit of the kind of factual and analytical record needed for a well-reasoned decision. 3/

There are no individual Stratos shareholders waiting to be paid cash or other consideration at the eventual close. CIP and the Trustee are protected from any impact. Inmarsat's option to acquire control of Stratos does not expire *for another year and a half*, on December 31, 2010. 4/

A stay of the Stratos consummation will not prevent Inmarsat itself from entering the retail distribution field on April 15. Nor will a stay prevent some urgent Stratos/Inmarsat operational integration needed to ensure Stratos' continued viability. In

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2/ M. Palmer, "Broadband behind 55% advance at Inmarsat," Financial Times, March 12, 2009 (emphasis added). The Opposition offers no substantive response to Vizada's showing that this transaction is an impermissible "actual potential" *horizontal* (as well as vertical) merger. The merger will illegally eliminate *intrabrand and interbrand* competition at the distributor level between the otherwise uniquely probable *de novo* entrant Inmarsat and the largest incumbent distributor of Inmarsat's and other MSS providers' services, Stratos. *See* Vizada App. at 23-25.

3/ Having stonewalled Vizada's repeated requests that Inmarsat timely produce critical factual information to the Bureau, Inmarsat is responsible for the dearth of data *and* the time pressure facing the Commissioners.

4/ Accounting standards have required consolidation of Stratos' financial results with Inmarsat's for the past several years - a practice also unaffected by a stay.

fact, on March 12, Inmarsat told analysts and investors that although it "[e]xpect[ed] to exercise [the] call option from 15 April," nonetheless it would have Stratos remain as a "stand alone operating division" indefinitely. 5/

III. Irreparable Harm to Competition Will Occur Immediately Without a Stay

Conversely, competition and the public interest *will* suffer immediate irrevocable injury should Inmarsat acquire Stratos on April 15 under the authority of the Bureau Order. Immediately upon consummation, Inmarsat will have altered incentives to begin favoring Stratos over all other distributors. Plus, upon consummation, Inmarsat will have the ability to control Stratos (for the first time) in order to achieve maximum financial benefits from distorting competition, including imposing increased costs on independent distributors and their customers, as well as Stratos' customers. There will be no way later to undo the damage that occurs in the interim before the Commission reverses the Bureau Order, rescinds the transaction, and imposes adequate competitive safeguards. Confidential customer-specific information cannot be excised from people's minds. Real damage will occur in terms of higher prices and other harm to customers.

On the day the Stratos acquisition closes without adequate Commission safeguards, Inmarsat immediately would have the ability as well as the incentive, profitably and surreptitiously, to provide Stratos unjustified preferences in prices, volume discounts, payment terms, operational terms and conditions, quality of service provisioning, space segment access, and access to critical information. Stratos will solicit customers from the independent distributors Inmarsat discriminates against, and the combined firm will engage in an anticompetitive strategy of raising rivals costs to the

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5/ *See* Appendix A.

disadvantage of all end-users. Cause and effect, however, will be hard to trace with precision and the anticompetitive impact impossible to reverse.

Nor, in the interim between an April 15 close and a fact-informed decision on the instant Appeal, can Vizada and other distributors protect themselves and their customers from Inmarsat sharing their highly sensitive proprietary data with Stratos and with Inmarsat personnel overseeing Stratos' marketing and sales. For Inmarsat-mandated network operational reasons, to ensure compliance with maritime distress and safety regulations, and for eligibility to participate in critical Inmarsat pricing promotions, distributors like Vizada are *required* to provide Inmarsat competitively sensitive information such as customer names, contact information, vessel identity and ownership and country of origin, vessel traffic profiles, lease applicants' identity, requirements, usage, etc. Unless and until an effective Commission-imposed firewall and compliance program is in place, the combined company will have the strong incentive and clear ability to misuse such highly confidential business data to the merged firm's unfair commercial benefit. Even if Stratos remains a "stand alone" company for some period after an April 15 consummation, the intentional or even inadvertent leakage of such data to Stratos will be essentially untraceable and incurable, and the damage to the competitive process (and ultimately end-users) will be irreversible and immeasurable. 6/

6/ For a brief catalog of anticompetitive harms threatened and specific competitive safeguards required see **Appendix B**, the text of which was placed in the record as part of Vizada's March 12, 2009 *ex parte* letters.

Respectfully submitted,

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VIZADA SERVICES LLC

By:___*/s/ David J. Saylor*________

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March 17, 2009

APPENDIX A

APPENDIX A
TO VIZADA'S REPLY, IB DOCKET NO. 08-143

INMARSAT'S PLEADINGS ARE REFUTED BY INMARSAT'S OWN WORDS AND INFORMATION

Inmarsat's Persistent Market Power Is Evidenced by Consistently Very High Profits:

- **Inmarsat's FCC pleadings:** Inmarsat says the Bureau "properly . . . found that Inmarsat does not have market power" (Opp. at 11) and that Inmarsat "lacks market power, even within the narrow service categories that Vizada identified" (Opp. at 3). Indeed, Inmarsat insists "the only reasonable conclusion to draw from the record is that Inmarsat lacks market power" (Opp.13).

- **Inmarsat contradicts its FCC pleadings:** For years Inmarsat has been reporting consistently very high returns, measured in terms of EBITDA as a percentage of total revenues, and ***this is evidence of unusual and sustained market power***. On March 12, 2009, Inmarsat announced that 2008 was another such year in a long string. The following figures are taken from Inmarsat's regular financial reports. (For 2008 and 2007, these figures are "core" revenues and EBITDA and do not include Stratos' figures).

Year	Revenues	EBITDA	EBITDA as % of Revenues
2008	$634.7M	$431.6M	68.0%
2007	$557.2M	$383.5M	68.8%
2006	$500.1M	$331.7M	66.3%
2005	$491.1M	$316.0M	64.3%
2004	$480.7M	$301.7M	62.8%
2003	$512.0M	$336.6M	65.7%

Sources: Preliminary Consolidated Financial Results for the Year ended 31 December 2008 at 4, 8 **(Attachment A);** Inmarsat plc annual report and accounts 2007 at 89 (five year summary) **(Attachment B).**

Inmarsat's High Market Shares Evidence Market Power, Indeed Near-Monopoly Power in Key Sectors

- **Inmarsat's FCC pleadings:** Inmarsat has maintained throughout that it lacks market power and faces extensive competition in any and all segments of the mobile satellite services business (Opp. at 1-2, 3, 10, 11, 12, 13, 14). But

Inmarsat never proffered its own or independent analysts' estimates of its market shares, nor did the Bureau request Inmarsat to provide such standard information.

- **Satellite industry investment analysts' reports, based on information derived from Inmarsat, contradict Inmarsat pleadings:** On January 29, 2009 JP Morgan released a study estimating that Inmarsat has market shares around 70% in the maritime marketplace and close to 80% in the aeronautical marketplace. JP Morgan did not have sufficient data to break out revenues for the remote land mobile broadband services segment only (excluding handheld voice and broadband done through heavier and bulky equipment) where Inmarsat is dominant due to bandwidth, global coverage, and other features. (JP Morgan estimated Inmarsat's share of all land mobile as only 15%, but the fact that Inmarsat faces competition in land mobile voice and narrowband services is not relevant to the broadband market.) JP Morgan, Report at 7 (**Attachment C**).

There Are Multiple Relevant Product Markets, Not One Single All-Encompassing Market: Is there one all-MSS-services market, as Inmarsat claims in its pleadings, or are there multiple relevant product markets that are defined on the basis of customers' distinct needs/uses, price cross-elasticity, etc., e.g., maritime v. aeronautical v. land mobile segments, and voice v. low-speed data v. broadband functionality and pricing, as Vizada claims?

- **Inmarsat's FCC pleadings**: Inmarsat argues here there is only one wholesale and one retail relevant market, the "provision of international mobile satellite services" (Opp. 11), essentially "a single market" (Opp. 6).

- **Inmarsat contradicts its FCC pleadings:** On its main webpage, Inmarsat lists its services separately by three distinctly different customer "use" categories, i.e., "Maritime," "Aeronautical," and "Land Mobile," and provides further breakdowns within those categories according to different customer functional needs such as "voice," "low speed data," and "broadband data" which includes "voice." http://www.inmarsat.com/Services/?language=EN&textonly=False **(Attachment D)**

- **Inmarsat contradicts its FCC pleadings:** Inmarsat invariably reports its revenues by customer sector ("maritime," "aeronautical," and "land mobile") and further breaks those numbers down by "data services" and "voice services" separately. *See, e.g.*, Preliminary Consolidated Financial Results for the Year ended 31 December 2008 at 5, 6-7. The number of active terminals is set out separately for "Maritime," "Land mobile," and "Aeronautical." *Id.* at 6. **(Attachment A)**

- **Inmarsat contradicts its FCC pleadings:** When preparing its financial summaries, Inmarsat typically recognizes the substantial differences in customer "demand" (and necessarily in pricing) among the relevant product markets by analyzing and reporting upon percentage growth in revenues, terminals, usage, etc., by product sector, i.e., "maritime," "land mobile," and aeronautical." Inmarsat press release, "Inmarsat plc Reports Full Year Results 2008, March 12, 2009 **(Attachment E).** Comparisons with the previous year are also based on the same categories, and further broken down separately into "data" and "voice" as well. *Id.*

- **Inmarsat contradicts its FCC pleadings:** In its annual reports, Inmarsat separately lists "[t]he markets [sic] in which we operate" as including "Maritime," "Aeronautical," and "Land Mobile" as well as "Government." Inmarsat annual report and accounts 2007 at 02 **(Attachment B).** Each different customer sector is analyzed separately, given its distinct and different characteristics. *Id.* at 07-09, 13-14.

- **Inmarsat contradicts its FCC pleadings:** Inmarsat explains its results to analysts with power point slides that distinguish among the customer categories of "maritime," "land," and "aero" in terms of absolute revenues and percentage revenue growth, which vary considerably among the functions. Inmarsat plc Q4 & Full year results 2008, March 12th 2009 (slide 5 comparing 2008 with 2007) and (slide 16 comparing Q4 2008 to Q4 2007) **(Attachment F).** Also, Inmarsat differentiates among maritime services (voice versus data) (slide 17), land mobile services (data versus voice) (slide 18), aeronautical (showing different demand trends for aero revenue, active aero terminals, and leasing) (slide 19) **(Attachment F).**

- **Inmarsat contradicts its FCC pleadings:** In Inmarsat's public statements, it acknowledges multiple markets within the MSS field, each with its own distinctive customer demand characteristics: "[T]he growth in Inmarsat is underpinned by growth in all our segments, which are *not interdependent* segments. They are all growth in their own right. *They are all driven by different drivers*. * * * *There are different drivers.*" Inmarsat's CFO Q4 2008 Earnings Call, March 12, 2009, CallStreet.com transcript at 8 (emphasis added) **(Attachment G).**

There Is An Absence of Effective Competition Facing Inmarsat in Key Market Sectors:

- **Inmarsat's FCC pleadings:** "Inmarsat faces substantial competition . . . even within the narrow service categories that Vizada identified" (Opp. at 3). "[T]here is considerable competition in all service segments" (Opp. at 14).

- **Inmarsat contradicts its FCC pleadings:** **"**We are used in places where there is no existing infrastructure. *There is no alternative*." Inmarsat CEO quoted in M. Palmer, "Broadband behind 55% advance at Inmarsat," Financial Times, March 12, 2009 (emphasis added) **(Attachment H)**.

- **<u>Inmarsat contradicts its FCC pleadings</u>:** Inmarsat's CEO said on March 12, 2009: "[W]hen you really get down to it in all these segments . . . , we have become an essential and needed service." "The media continue to use us [i.e., Inmarsat BGAN] as a core essential service." "[I]f you're in the air and you want to transmit data, . . . there aren't many choices, frankly. * * * "[W]e're a very good choice, particularly if you travel across national borders. We're a global service." Q4 2008 Earnings Call, March 12, 2009, CallStreet.com transcript at 3-4 **(Attachment G).**

- **<u>Inmarsat contradicts its FCC pleadings</u>:** Inmarsat's CEO noted on March 12, 2009 that rivals' growth in absolute terminal numbers did not reflect significant competition in revenue-producing maritime services: "Most of the terminal growth you are seeing from our competitors is coming from . . . low data rate satellites which are very, very low revenue producing terminals. I mean, some of them are sort of $2 and $3 a month, some maybe as high as $10 a month but very low. These are terminals that sit out there on a container and send up a bleep out three times a day kind of thing and so it's very low." Q4 2008 Earnings Call, March 12, 2009, CallStreet.com transcript at 14-15 **(Attachment G).**

<u>There Are High Barriers to MSS Rivals Entering the Inmarsat-Dominated Markets and Shifting Customers away from Inmarsat</u>:

- **<u>Inmarsat's FCC pleadings</u>:** "[T]here are no major . . . barriers to entry in these service categories [i.e., maritime low-speed data services, maritime broadband, aeronautical broadband, and remote land-based broadband]" (Opp.13). "Inmarsat does not derive market power from its existing base of users" (Opp. at 13 n.51).

- **<u>Inmarsat contradicts its FCC pleadings</u>:** Inmarsat's CEO said to analysts and investors on March 12, 2009:
  -- It is "not unusual" for an Inmarsat aeronautical service customer to spend $100,000 to put an Inmarsat-specific terminal on its aircraft or a maritime customer to pay $40-50,000 to put an Inmarsat-specific terminal on a ship. Q4 2008 Earnings Call, March 12, 2009, CallStreet.com transcript at 5 **(Attachment G).**
  "Remember our customers have terminals that are embedded on ships, on aircraft, and in their operations. I noted earlier how conservative they [a]re and how slow they [a]re to change [to any other satellite operator]." *Id.* at 12 **(Attachment G).**

- **<u>Inmarsat contradicts its FCC pleadings</u>:** Inmarsat's CEO said "We're not a consumer business. We're not totally understood as to how sticky these customers are." *Id.* at 24 **(Attachment G).**

- **<u>Inmarsat contradicts its FCC pleadings</u>:** Inmarsat's CEO amplified in his address to analysts and investors on March 12, 2009:

  > **"[**Recent completion of Inmarsat's new I-4 satellite constellation lasting 14 years but having backward terminal equipment compatibility] also makes it very difficult for other people to break into this market because they have generally [a] one generation system. . . . Iridium and Globalstar are good examples of this, to some extent Thuraya. And the evolutionary path isn't there. So, if your customer is making big investments in terminals, you really do hesitate [to consider other MSS operators], and that's one big advantage for us and will continue to be." *Id.* at 5 **(Attachment G).**

<u>Inmarsat's Will Acquire Enhanced Power through this Transaction to Apply Anti-Competitive Leverage Against Independent Distributors</u>

- **<u>Inmarsat's FCC pleadings</u>:** Inmarsat argues that by acquiring its largest distributor Stratos (rather than entering retail distribution *de novo* itself through internal expansion) Inmarsat will promote intra-brand competition at the distributor level by eliminating the supposed "historical anti-competitive advantages" allegedly possessed by the two largest distributors Vizada and Stratos (Opp. at i-ii) and make it possible for the first time to "pass[ ] along to consumers [benefits] in the form of lower prices" (Opp. at 4).

- **<u>Inmarsat contradicts its FCC pleadings</u>:** In its latest earnings call, however, Inmarsat revealed its intention to use the acquisition of Stratos to weaken independent distributors' ability to earn volume discounts from Inmarsat in order to fund what would otherwise be vigorous price competition at the distributor level. Inmarsat's CEO and CFO confirmed that the two largest distributors, by means of growth and acquisitions, had been successful in obtaining greater volume discounts from Inmarsat, thereby threatening the extraordinary profits Inmarsat has maintained over the years. Q4 2008 Earnings Call, March 12, 2009, CallStreet.com transcript at 22 **(Attachment G).** Those savings are passed to consumers through active competition among distributors of Inmarsat-based services in all MSS markets.

- **<u>Inmarsat contradicts its FCC pleadings</u>:** According to Inmarsat, Stratos accounts for "46 or 47% of [Inmarsat's] total revenues" (*id.* at 22) and Vizada "30% of [Inmarsat's] revenue" (*id.* at 17) **(Attachment G).** With Stratos (and its 46-47% contribution to Inmarsat's revenues) firmly in Inmarsat's ownership post-close, Inmarsat calculates that its ability to leverage its market power as the provider of essential services will enable it to largely extinguish a distributor other than Stratos' ability to engage in retail price competition (*id.* at 22-23). As Inmarsat's CEO and COO both acknowledged, Inmarsat carrier and end-user customers, being dependent on essential Inmarsat services, will quickly shift to another Inmarsat distributor if one distributor fails to toe Inmarsat's line and accept greatly reduced volume discounts and thus higher wholesale prices (*id.* at

21-22). “[T]he [established Inmarsat service] customers will shift very quickly if [their Inmarsat distributors] don’t sign on to distribute the service (*id.* at 12).” “[A] big master distributor[’s customers’] . . . terminals can switch with one [touch of the] keyboard to another distributor” (*id* at 21).

Attachment A

INMARSAT PLC

PRELIMINARY CONSOLIDATED FINANCIAL RESULTS
For the year ended 31 December 2008

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 Form 20-F Annual Report for Inmarsat Holdings Limited for the year ended 31 December 2007 as filed with the Securities and Exchange Commission ("SEC") on 29 April 2008.

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.

Net Borrowings

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.

Free cash flow

We define free cash flow ("FCF") as net cash generated from operating activities 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.

EBITDA

We define EBITDA as profit before interest, taxation, depreciation and amortisation and share of results of associates. 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 2008. 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 ("EU") and IFRS as issued by the International Accounting Standards Board ("IASB") and IFRIC interpretations issued and effective at the time of this report.

Overview

Inmarsat is the leading provider of global mobile satellite communications services, providing data and voice connectivity to end-users worldwide. Inmarsat has 30 years of experience in designing, launching and operating its satellite-based network. With a fleet of eleven owned and operated geostationary satellites, the Group provides a comprehensive portfolio of global mobile satellite communications services for use on land, at sea and in the air. These include voice and broadband data services, which support safety communications, as well as standard office applications such as email, internet, secure VPN access and videoconferencing.

The Group's revenues for the year ended 31 December 2008 were US$996.7m (2007: US$576.5m), operating profit was US$317.2m (2007: US$211.3m) and EBITDA was US$531.2m (2007: US$388.1m). Included in our results for the year ended 31 December 2008 is the full year of trading activity for CIP UK Holdings Limited and its subsidiaries, including Stratos Global Corporation (together "CIP"). Included in our results for the year ended 31 December 2007 is 21 days of trading activity of CIP, following the deemed acquisition of CIP on 11 December 2007, which is discussed in "*Consolidation of CIP*" below.

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

Consolidation of CIP

The consolidated results of the Group for the years ended 31 December 2008 and 2007 include the financial results of CIP.

Although Inmarsat does not hold an equity interest in, nor have any control over the financial and operating policies of, or any entitlement to receive dividends from, CIP UK Holdings Limited ("CIP UK"), under IFRS (more specifically *Standing Interpretations Committee ("SIC") 12 Consolidation – Special Purpose Entities ("SPE")*) the Group is required to consolidate the financial results of CIP, as it meets the SIC12/IAS 27 definition of a SPE given that the Group is deemed to bear the residual risks and economic benefits of CIP UK by virtue of the combination of the Loan Facility and the Call Option. Refer to note 3 of the condensed consolidated financial statements on page 19 for further information on the transaction and definition of the terms 'Loan Facility' and 'Call Option'.

We have accounted for the combination of Inmarsat Core[1] and CIP using the purchase method of accounting in accordance with *IFRS 3, 'Business Combinations'*. The deemed acquisition of CIP on 11 December 2007 was accounted for on a provisional basis in the Group's annual financial statements for the year ended 31 December 2007. The fair value allocation of the assets and liabilities of Stratos Global Corporation ("Stratos"), which were acquired by CIP Canada Investment, Inc. ("CIP Canada"), a wholly-owned subsidiary of CIP UK, on 11 December 2007, has now been finalised. Consequently, the 11 December 2007 acquisition balance sheet and the 31 December 2007 results of CIP and therefore the Inmarsat Group have been restated to reflect the final fair value allocation of the assets and liabilities following the fair value review. Refer to note 9 for further details of the transaction and the fair value allocation.

[1]Inmarsat plc and its subsidiaries excluding CIP

FCC approval of Stratos Transfer Application Received

On 16 January 2009, the US Federal Communications Commission ("FCC") issued its order approving the transfer of control over Stratos' FCC licenses from an irrevocable trust, in which CIP Canada deposited Stratos' shares, to Inmarsat. Under the terms of the transaction, which closed on 11 December 2007, Inmarsat Finance III Limited ("Inmarsat III"), a wholly-owned subsidiary of Inmarsat plc, has a Call Option over 100% of the shares of CIP UK exercisable from 15 April 2009 and expiring in December 2010. All government and regulatory approvals required for the exercise of the Call Option have now been obtained and it is expected that the Call Option will be exercised on or shortly after 15 April 2009. Refer to note 3 of the consolidated financial statements for further information on the transaction and definition of the term 'Call Option'.

Inmarsat Satellite Constellation

On 18 August 2008, we announced the successful launch of the third Inmarsat-4 satellite, concluding a decade of development on the Inmarsat-4 programme. On 7 January 2009, the third Inmarsat-4 satellite began commercial service with the transfer of all BGAN, FleetBroadband and SwiftBroadband traffic from another Inmarsat-4 satellite.

In order to achieve enhanced coverage and provide global broadband services, we decided to reposition our existing Inmarsat satellite constellation. With the third Inmarsat-4 satellite operational, we were able to implement these plans. The repositioning of our satellites has now been completed, giving us full global coverage for our broadband services – BGAN, FleetBroadband and SwiftBroadband – at the same time as optimising data connectivity across our worldwide network.

Alphasat programme

On 8 November 2007, Inmarsat entered into a contract with Astrium Satellites ("Astrium"), a subsidiary of the European Aeronautic Defence and Space Company ("EADS"), for construction of the Alphasat satellite. Milestone payments for the construction phase began in March 2008 for work started at the Astrium plants in Portsmouth and Toulouse and at key subcontractors. The programme is on schedule for a spacecraft delivery in 2012.

Inmarsat Services

On 16 September 2008, we announced that A. P. Möller - Maersk, one of the world's largest shipping companies, had signed a contract with one of our service providers, Marlink, for a large-scale retrofit of our FleetBroadband service across its Maersk Supply Service and Maersk Tankers Fleet. The two-year retrofit programme is believed to be the largest in the history of maritime satellite communications, with over 150 vessels being converted to FleetBroadband in the first phase. The vessels will be equipped with Thrane & Thrane Sailor 500 terminals. By the end of 2008, over 100 vessels had been installed and were operational with our FleetBroadband 500 service and generating substantial traffic.

On 23 September 2008, we announced the expansion of the FleetBroadband product range to offer an entry-level, globally deployable, combined voice and data service to target and expand the addressable market of small vessels. The new service, FleetBroadband 150, will deliver voice, IP data up to 150kbps and SMS, and is planned to be available by mid-2009.

On 31 December 2008, in line with our previously announced plan, we terminated our R-BGAN service which had been in operation since November 2002 and which was intended as a precursor to our BGAN service. During 2008 the R-BGAN service generated US$8.6m in revenue (2007: US$14.0m), however by December 2008 the monthly rate of revenue was no longer material. We believe that by the end of 2008 the vast majority of R-BGAN users had already migrated or made preparations to migrate to our BGAN services in anticipation of the planned termination of the R-BGAN service. At 31 December 2008, we recorded 4,708 (2007: 7,608) active R-BGAN terminals and removed these from our active terminal count with effect from 1 January 2009.

In January 2009, Inmarsat and EMS Technologies Canada Limited mutually agreed to terminate a development contract for our Global Satellite Phone Service ("GSPS"). Inmarsat remains fully committed to launching a global handheld satellite phone service and has appointed Sasken Communications Technologies Limited to lead the programme, as well as making a number of decisions to increase the development effort and ensure that a compelling service offering is available at the earliest opportunity. As a result of this re-organisation of the development effort, Inmarsat believes the introduction of the GSPS will be in the second quarter of 2010. It is not expected that this change will lead to any material increase in the overall cost of the programme.

European S-band application process

On 6 October 2008, our wholly-owned subsidiary, Inmarsat Ventures Limited, made an application under the European S-band Application Process ("ESAP") for an award of S-band spectrum for deployment of services across the 27 member states of the European Community. The application is currently under review by the European Commission and a decision on the award of S-band spectrum is expected in the second quarter of 2009. This follows Inmarsat plc's announcement in August 2008 that Thales Alenia Space ("Thales") and International Launch Services ("ILS") had been selected to support Inmarsat's ESAP application. The development of the EuropaSat satellite by Thales and the launch contract with ILS are both subject to a successful outcome of the ESAP.

Harbinger Capital Partners

On 25 July 2008, Harbinger Capital Partners ("Harbinger") and SkyTerra Communications, Inc. ("SkyTerra") announced their intention to make an offer to acquire the Inmarsat group on terms to be announced following a satisfactory outcome of a regulatory approvals process. However, no offer has been put forward by Harbinger at this time. As previously reported, the Inmarsat plc Board will continue to maintain a constructive relationship with Harbinger and SkyTerra and will consider carefully any future offer that may maximise value for Inmarsat's shareholders as a whole. The Board continues to remain highly confident in Inmarsat's standalone business prospects and management's future plans for the continued independent development of the business.

Inmarsat appoints new Chief Operating Officer

On 15 December 2008, we announced that Perry Melton would assume the responsibilities of Chief Operating Officer with effect from 1 January 2009. Mr Melton took over from Michael Butler, who remains as President and an executive director of Inmarsat plc until 30 April 2009, when he will leave the business, as previously announced in March 2008. Mr Melton has been with Inmarsat for over 16 years, with his most recent role as Vice President of Sales and Marketing. Mr Melton has experience across many different operating areas of the business.

Dividends

On 23 May 2008, the Company paid a final dividend of 17.33 cents (US$) per ordinary share in respect of the year ended 31 December 2007. On 24 October 2008, the Company paid an interim dividend of 12.13 cents (US$) per ordinary share in respect of the year ended 31 December 2008, a 5.0% increase over 2007.

The Inmarsat plc Board of Directors intends to recommend a final dividend of 18.20 cents (US$) per ordinary share in respect of the year ended 31 December 2008 to be paid on 29 May 2009 to ordinary shareholders on the register of members at the close of business on 15 May 2009. Shareholders will be asked to approve the final dividend payment at the Annual General Meeting to be held on 5 May 2009. Dividend payments will be made in Pounds Sterling based on the exchange rate prevailing in the London market four business days prior to payment. In accordance with IAS 10, this final dividend has not been recorded as a liability in the financial statements at 31 December 2008. The total dividend paid and proposed for the year ended 31 December 2008 equals 30.33 cents (US$) per ordinary share, a 5.0% increase over 2007, and amounts to US$139.2m.

Total Group Results

The results reported reflect the consolidated results of operations and financial condition of Inmarsat plc for the year ended 31 December 2008. Included in these consolidated results for the year ended 31 December 2008 is the full year of trading activity of CIP. Please see "*Consolidation of CIP*" above for further information on the deemed acquisition which closed on 11 December 2007. Where we refer to "Inmarsat Core[1]" we include only the results of Inmarsat plc and its subsidiaries, excluding CIP.

Inmarsat Core's[1] revenues for the year ended 31 December 2008 were US$634.7m (2007: US$557.2m), operating profit was US$264.6m (2007: US$209.3m) and EBITDA was US$431.6m (2007: US$383.5m).

The table below shows the combined results for Inmarsat Core[1] and CIP for the year ended 31 December 2008. The table also identifies all associated intragroup eliminations and adjustments for the reported consolidated Group position.

	Inmarsat Core[1]	CIP	Intragroup eliminations and adjustments	Consolidated Inmarsat plc	
(US$ in millions)	2008	2008	2008	2008	2007 [(a)] (as restated)
Revenue	**634.7**	**638.0**	**(276.0)**	**996.7**	**576.5**
Employee benefit costs	(107.8)	(83.0)	–	(190.8)	(99.0)
Network and satellite operations costs	(39.7)	(429.1)	276.3	(192.5)	(42.4)
Other operating costs	(79.6)	(27.6)	1.0	(106.2)	(65.5)
Work performed by the Group and capitalised	24.0	–	–	24.0	18.5
EBITDA	**431.6**	**98.3**	**1.3**	**531.2**	**388.1**
Depreciation and amortisation	(167.0)	(47.7)	–	(214.7)	(176.8)
Share of results of associates	–	0.7	–	0.7	–
Operating profit	**264.6**	**51.3**	**1.3**	**317.2**	**211.3**
Interest receivable and similar income	29.0	1.0	(15.2)	14.8	6.7
Interest payable and similar charges	(107.2)	(39.4)	8.4	(138.2)	(93.3)
Net interest payable	(78.2)	(38.4)	(6.8)	(123.4)	(86.6)
Profit before income tax	**186.4**	**12.9**	**(5.5)**	**193.8**	**124.7**
Income tax credit/(expense)	165.2	(3.6)	–	161.6	(28.4)
Profit for the year	**351.6**	**9.3**	**(5.5)**	**355.4**	**96.3**

[(a)] The results for the year ended 31 December 2007 include 21 days of the trading activity of CIP following the deemed acquisition of CIP UK on 11 December 2007 and have been restated to reflect the final fair value allocation of the assets and liabilities following the fair value review of Stratos undertaken in 2008.

The table below, in order to show a fair comparison of performance from 2007 to 2008, sets out the pro-forma revenue and EBITDA for Inmarsat plc, on the assumption that the deemed acquisition of CIP took place on 1 January 2007.

	Inmarsat Core[1]	CIP	Intragroup eliminations and adjustments	Consolidated Inmarsat plc		
(US$ in millions)	2007	Pro-forma 2007	Pro-forma 2007	Pro-forma 2007	2008	Increase/ decrease
Revenue	**557.2**	**593.2**	**(244.7)**	**905.7**	**996.7**	**10.0%**
Total operating costs	(173.7)	(505.0)	244.7	(434.0)	**(465.5)**	7.3%
EBITDA	**383.5**	**88.2**	**–**	**471.7**	**531.2**	**12.6%**

[1]Inmarsat plc and its subsidiaries excluding CIP

In order to provide investors with more meaningful comparative financial information for Inmarsat plc, we have chosen to discuss our trading results and position split between Inmarsat Core[1] and CIP. It should be noted that CIP operates independently from Inmarsat Core[1] and neither the Inmarsat plc Board nor the Inmarsat Core[1] management control the financial and operating activities and results of CIP. CIP's analysis has substantially been obtained from trading results of the main trading entity of the CIP Group, being Stratos, as published in the Stratos Global Corporation Audited Financial Statements and Management Discussion and Analysis for 2008, which were issued on 24 February 2009 and can be accessed via www.stratosglobal.com. In addition the results of CIP reflect the final fair value allocation of the assets and liabilities of Stratos, which were acquired by CIP Canada on 11 December 2007.

Inmarsat Core[1] Results

Revenues

Revenues for 2008 were US$634.7m, an increase of US$77.5m, or 13.9%, compared with 2007. The table below sets out the components of Inmarsat Core's[1] total revenue for each of the years under review:

	2008	2007	Increase/ (decrease)
	(US$ in millions)		%
Revenues			
Maritime sector:			
Voice services	104.7	102.6	2.0%
Data services	227.8	207.7	9.7%
Total maritime sector	**332.5**	**310.3**	**7.2%**
Land mobile sector:			
Voice services	11.3	14.8	(23.6%)
Data services	130.5	111.0	17.6%
Total land mobile sector	**141.8**	**125.8**	**12.7%**
Aeronautical sector	64.4	44.3	45.4%
Leasing	79.7	66.2	20.4%
Total mobile satellite communications services	**618.4**	**546.6**	**13.1%**
Other income	16.3	10.6	53.8%
Total revenue	**634.7**	**557.2**	**13.9%**

During 2008, revenues from mobile satellite communications services ("MSS") were US$618.4m, an increase of US$71.8m, or 13.1%, compared with 2007. Growth has been strongest in the newer services such as Fleet, BGAN and Swift 64 as well as in our leasing business.

Total active terminals as at 31 December 2008 were 244,900, an increase of 11,500, or 4.9%, compared with 31 December 2007. There was growth in each of the maritime, land mobile and aeronautical sectors. Active maritime terminals were up 5.8% year over year, which included 36.7% growth in our base of active Fleet and FleetBroadband terminals. This was partially offset by the discontinuation of the Inmarsat-A service as at 31 December 2007 (there were 3,347 active Inmarsat-A terminals at 31 December 2007). In the aeronautical sector, we have seen continued growth in Swift 64 (high-speed data) and 'Classic' aero (low-speed data) services with increased active terminal numbers. In the land mobile sector, the increase in active terminals relates to increased numbers of BGAN subscribers, partially offset by reductions in older services, including R-BGAN, GAN and Mini M. As discussed earlier, there were 4,708 active R-BGAN terminals at 31 December 2008 (2007: 7,608) which were removed from our active terminal count with effect from 1 January 2009.

[1]Inmarsat plc and its subsidiaries excluding CIP

The table below sets out the active terminals by sector:

(000's)	As at 31 December 2008	2007	Increase/ (decrease) %
Active terminals[a]			
Maritime	155.8	147.3	5.8%
Land mobile	79.0	77.2	2.3%
Aeronautical	10.1	8.9	13.5%
Total active terminals	244.9	233.4	4.9%

[a] Active terminals are the number of subscribers or terminals that have been used to access commercial services (except ACeS handheld terminals) at any time during the preceding twelve-month period and registered at 31 December. Active ACeS handheld terminals are the average number of terminals active on a daily basis during the period.

Total active terminals, excluding the discontinued services of Inmarsat-A and R-BGAN, were 240,200 at 31 December 2008, an increase of 17,700, or 8.0%, compared with 31 December 2007.

Maritime Sector: During 2008, revenues from the maritime sector were US$332.5m, an increase of US$22.2m, or 7.2%, compared with 2007. This reflects an increase in both data and voice revenue.

Revenues from data services in the maritime sector during 2008 were US$227.8m, an increase of US$20.1m, or 9.7%, compared with 2007. The increase in revenues from data services primarily reflects greater demand, as a result of the take-up and utilisation of our Fleet services, which was partially offset by the decline in our mature Inmarsat-B service. Inmarsat-B terminals declined due to old ships being decommissioned and new ships being fitted with Fleet terminals, which has been driven by continued growth in the global shipping new-build market. Additionally, we experienced increased volume of the low-speed data services, typically used for email. FleetBroadband, introduced in November 2007, continues to gain early customer acceptance and by the end of 2008 had passed 1,500 active terminals. These terminals are predominantly being deployed on refits of existing ships.

Revenues from voice services in the maritime sector during 2008 were US$104.7m, an increase of US$2.1m, or 2.0%, compared with 2007. We have recorded growth for two consecutive years, reflecting stabilisation and signs of renewed growth in this sector. The year has shown growth in demand for voice services particularly among users of our Fleet services including crew calling, offset by a reduction in voice usage on older services such as Inmarsat-B and the discontinuation of Inmarsat-A.

Land Mobile Sector: In 2008, revenues from the land mobile sector were US$141.8m, an increase of US$16.0m, or 12.7%, compared with 2007.

Revenues from data services in the land mobile sector during 2008 were US$130.5m, an increase of US$19.5m, or 17.6%, compared with 2007. The increase is a result of continued strong growth and usage of BGAN, offset in part by the decline in GAN high-speed data traffic following reduced traffic levels in the Middle East, competition from VSAT and the expected migration of users to our BGAN service. Revenues from our R-BGAN service of US$8.6m, which was discontinued on 31 December 2008, were lower compared with the previous year of US$14.0m, largely due to the expected migration to our BGAN service.

Revenues from BGAN services for 2008 were US$74.4m, an increase of US$37.8m, or 103%, compared with 2007. These figures include voice, data and subscription revenues. As at 31 December 2008, active BGAN subscribers were 27,635 compared with 15,817 as at 31 December 2007, an increase of 75% year on year. BGAN growth has been driven largely by new customers, the use of new applications by existing customers and the steady migration of customers from our GAN and R-BGAN services to our BGAN service. Although we expect the migration to BGAN to have an impact in the future, we do not expect migration adversely to impact overall land data revenues.

Revenues from voice services in the land mobile sector during 2008 were US$11.3m, a decrease of US$3.5m, or 23.6%, compared with 2007. This result continues the trend seen over the last few years of declining voice traffic volumes resulting from competition, principally for our Mini M and large antenna Mini M services, from other MSS operators. This decline was partially offset by the growth in voice traffic from BGAN customers and a small contribution from our IsatPhone service.

Aeronautical Sector: During 2008, revenues from the aeronautical sector were US$64.4m, an increase of US$20.1m, or 45.4%, compared with 2007. The increase is primarily due to increased demand for our Swift 64 high-speed data service where active terminals increased by 35% year on year. 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.

Leasing: During 2008, revenues from leasing were US$79.7m, an increase of US$13.5m, or 20.4%, compared with 2007. The increase primarily relates to new maritime, land mobile and aeronautical lease contracts, partially offset by lower revenue from navigation contracts.

Other income: Other income for 2008 was US$16.3m, an increase of US$5.7m or 54%, compared with 2007. The increase in other income primarily relates to additional revenue from sales of satellite phone services ("SPS") end-user terminals. As well as the sale of SPS end-user terminals, other income consists primarily of provision of in-orbit support services, income from the provision of conference facilities and renting surplus office space.

***Seasonality - Impact of volume discounts*:** In 2008, revenues were impacted by volume discounts which increase over the course of the year, with lower discount levels in early quarters and higher discounts in later quarters, as our distribution partners meet specific volume thresholds. The effect of these volume discounts is most prominent in the third and fourth quarters. During 2008, volume discounts were US$63.8m, an increase of US$12.5m, or 24.4%, compared with 2007, despite overall MSS revenues growing by 13.1%. The total amount of volume discounts was affected by the growth in underlying revenue and by the consolidation of distribution partners. Vizada Satellite Communications and Telenor Satellite Services completed a merger in September 2007, which resulted in additional volume discounts in 2008 compared to 2007. From May 2009, following the new distribution agreements that will come into place on 15 April 2009, the seasonal impact of volume discounts is expected to be removed.

Net operating costs

Net operating costs in 2008 were US$203.1m, an increase of US$29.4m or 16.9%, compared with 2007. The table below sets out the components of Inmarsat Core's[1] net operating costs for each of the years under review:

	Inmarsat Core[1]	
(US$ in millions)	2008	2007
Employee benefit costs	107.8	94.3
Network and satellite operations costs	39.7	33.8
Other operating costs	79.6	64.1
Work performed by the Group and capitalised	(24.0)	(18.5)
Total net operating costs	**203.1**	**173.7**

Impact of hedged foreign exchange rate

The functional currency of the Group is US dollars. Approximately 60% of Inmarsat Core's[1] operating costs are denominated in Pounds Sterling. Net operating costs in 2008 have been affected by the adverse movement in Inmarsat Core's[1] hedged rate of exchange from US$1.81/£1.00 in 2007 to US$2.01/£1.00 in 2008. The movement in the hedged rate of exchange in 2008 has resulted in an increase in comparative costs of US$10.4m. The Group has hedged its 2009 anticipated Pounds Sterling costs at an average exchange rate of US$1.92/£1.00.

[1]Inmarsat plc and its subsidiaries excluding CIP

Employee benefit costs

Employee benefit costs during 2008 were US$107.8m, an increase of US$13.5m, or 14.3%, compared with 2007. The increase can primarily be attributed to an adverse movement in Inmarsat Core's[1] hedged rate of exchange, higher salary costs, higher staff bonuses, increased stock compensation costs due to new share awards (commenced in March, May and September 2007 and March 2008) and additional headcount. Total full-time equivalent headcount at 31 December 2008 was 475 compared to 462 as at 31 December 2007.

Network and satellite operations costs

Network and satellite operations costs during 2008 were US$39.7m, an increase of US$5.9m or 17.5%, compared with 2007. This expected increase is predominantly due to a service contract relating to our new Satellite Access Station ("SAS") in Hawaii, which supports our broadband services, and additional support and maintenance contracts in respect of network infrastructure.

Other operating costs

During 2008, other operating costs were US$79.6m, an increase of US$15.5m, or 24.2%, compared with 2007. The increase relates principally to the movement in Inmarsat Core's[1] hedged rate of exchange and increased professional fees, including those relating to the finance lease and operating leaseback transaction. Furthermore we have incurred higher direct cost of sales due to increased SPS terminal sales and some increased costs in relation to our investment in sales and marketing activities to support a broader channel to market. Partially offsetting the increase was a foreign exchange gain of US$1.4m recognised in 2008 (2007: loss of US$2.9m).

Work performed by the Group and capitalised

During 2008, own work capitalised was US$24.0m, an increase of US$5.5m, or 29.7%, compared with 2007. The increase can partly be attributed to the movement in the Group's hedged rate of exchange on primarily Pounds Sterling denominated salary costs. Costs in relation to the launch and in-orbit testing of the third Inmarsat-4 satellite and the third SAS in Hawaii have been capitalised in 2008. Additionally, own work capitalised reflects the shift of work from our BGAN and Inmarsat-4 programmes to the development of the GSPS network and terminals and the Alphasat satellite project.

EBITDA

As a result of the factors discussed above, EBITDA for 2008 was US$431.6m, an increase of US$48.1m, or 12.5%, compared with 2007. EBITDA margin has slightly decreased to 68.0% for 2008 compared with 68.8% for 2007, primarily as a result of the adverse movement in Inmarsat Core's[1] hedged rate of exchange.

Set forth below is a reconciliation of profit for the year to EBITDA for each of the years indicated:

	Inmarsat Core[1]	
(US$ in millions)	2008	2007
Profit for the year	351.6	97.2
Add back:		
Income tax (credit)/expense	(165.2)	28.3
Net interest payable	78.2	83.8
Depreciation and amortisation	167.0	174.2
EBITDA	**431.6**	**383.5**
EBITDA margin	**68.0%**	**68.8%**

Depreciation and amortisation

During 2008, depreciation and amortisation was US$167.0m, a decrease of US$7.2m, or 4.1%, compared with 2007. The decrease relates predominantly to accelerated depreciation of US$9.4m in relation to the cancellation of a launch vehicle contract for the launch of our third Inmarsat-4 satellite, which was accounted for in 2007.

[1]Inmarsat plc and its subsidiaries excluding CIP

Attachment B

inmarsat

Inmarsat plc
Annual report and accounts 2007



The mobile satellite company™

Inmarsat has stood at the forefront of the mobile satellite services ('MSS') industry for nearly 30 years. We have unique, unrivalled experience in designing and operating satellite communications networks. We are internationally recognised as pioneers in our field and continue to introduce new technologies that redefine the standards for our industry. The Inmarsat name is synonymous with reliable, secure, global mobile satellite communications. We offer a complete portfolio of mobile voice and data services to almost anywhere on the planet, whether on land, at sea or in the air.

A business with momentum

- 1979 – Founded as an IGO
- 1980 – First maritime service
- 1990 – Launch of Inmarsat-2 satellites
- 1991 – First aero service
- 1993 – First land mobile service
- 1996 – Launch of Inmarsat-3 satellites
- 1999 – Company privatisation – First high-speed data service introduced
- 2002 – Fleet and Swift services launched

The markets in which we operate

Maritime
Inmarsat offers an unparalleled range of voice, fax and data services to suit all types and tonnages of vessel from small yachts to the largest ocean-going ships, enabling seafarers to communicate as effectively on board as they can when they are on shore. We are the only operator that provides Global Maritime Distress and Safety System-compliant communications for safety services on a global basis.

Aeronautical
The world's leading airlines, corporations and governments depend on Inmarsat satellite services for in-flight connectivity. Inmarsat plays a key role in ensuring safe and efficient aircraft operation over oceanic airspace. SwiftBroadband, which offers enhanced capabilities, was launched in October 2007.

Land Mobile
Our users include businesses operating in remote areas or those who are travelling to these environments and need access to the same communications offered by their office. Our portfolio of services for the land mobile sector has been enhanced by our Broadband Global Area Network service ('BGAN') and handheld voice services. BGAN offers simultaneous broadband data speeds and voice connectivity.

Government
Inmarsat offers a variety of tailored and off-the-shelf solutions designed to meet the growing demand for worldwide communications in support of modern military, civil governments and homeland security operations. Whether the mission lies on land, at sea or in the air, Inmarsat enables organisations to create the secure mobile networks required for effective operations.

The satellite industry banded together in force to influence the decision taken at the 2007 World Radiocommunication Conference of the International Telecommunication Union to ensure the uninterrupted use of the C-band spectrum for the future. This was very important as we use C-band spectrum for telemetry, tracking and control of our satellites and feeder links. By ensuring its protection, we can continue to offer essential communications to mobile users. As spectrum planning is integral to our business operations, monitoring regulatory views about its use is one of our key activities.

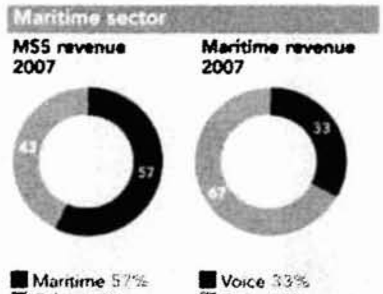
Review of operations

In this section, I will only be reporting on the Inmarsat Core business. I have not commented on the financial results of CIP.

Our Inmarsat Core business has continued the trend of recent years with an increasing volume of data traffic, now representing more than 75% of revenue from our 'on-demand' services. This has been fuelled by increased usage of our BGAN service which provides the user with simultaneous voice and broadband data capabilities. We now believe that this service has wide acceptance in our established user markets, such as media, and that its use will continue to grow into new markets as well as expanding further into our traditional market sectors. The increase in our active terminal numbers during 2007 reflected good growth in Fleet and Swift 64 terminals (serving the maritime and aeronautical sectors respectively), with increasing numbers of active BGAN terminals. Once again, as last year our satellite availability is better than 99.99% which continues to reflect the stability of our operations, providing peace of mind to those using our network for critical operational activities.

We continue to see competition across all our market segments from other MSS operators, VSAT providers and telecoms operators extending their infrastructure capabilities. We firmly believe that through our current portfolio, offering broadband data and high quality voice services, and now with broadband services available on land, on sea and in the air, we are well placed to be the best choice for customers requiring these services. Our position is to offer highly reliable mobile broadband and voice services which are designed to work in the most extreme weather environments, generally while on the move, for an attractive value compared with the "all in" cost of other services. When compared with VSAT, we are more economical; when compared with the other MSS operators, we are global, offer higher data speeds and have a fully-funded new constellation in the sky, which our customers can count on beyond the end of the next decade. These are combined claims no other can make. We believe this is particularly relevant as some operators have ageing satellite constellations compared to our Inmarsat-4 satellite constellation where we expect service to be available at least until 2023.

As I mentioned at the start of my report, 2007 saw six different product launches, across each of our principal business sectors. In Inmarsat's history, we have never launched so many services in one year.



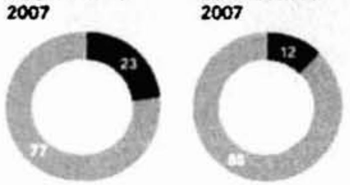
Revenues during 2007 from the maritime sector were US$310.3m, an increase of US$25.6m or 9% compared to 2006. Data revenues increased by 13% during 2007 driven by increased usage of our Fleet services. In previous years, we have not been able to respond competitively to cheaply priced voice calls from competitors, but our Fleet voice service and our new FleetPhone are starting to have a positive impact on stabilising the reduction in revenue from voice calls and we hope that these services will increase the level of voice revenue in the future. We launched FleetPhone in November 2007 as the third in the family of our satellite phone services. FleetPhone is targeted at ships' crews offering low-cost calls to family and friends easily without interfering with the ship's operations on the bridge. With the introduction in 2007 of a new pre-pay facility for users of our Satellite Phone Services, we believe that this will provide them with a simpler, more flexible payment system.

As well as the introduction of FleetPhone, we also announced the launch in November 2007 of FleetBroadband which operates using the same network capability as our BGAN service for land users. FleetBroadband provides users with simultaneous voice and high-speed data capabilities and the service has been well received by the market. We expect this new service to serve the maritime industry at least until 2023. Several customers are currently undertaking trials of the new service and we are receiving positive feedback which makes us optimistic about the take-up of this service later in 2008 and beyond. Our focus has been to introduce digital services to our maritime users to provide them with more cost efficient and effective communications channels and in managing a transition from analogue to digital services, we switched off our first maritime service, Inmarsat A, at the end of December 2007. Inmarsat A, our only analogue service, had served the maritime community for 26 years but technological advances meant that we could offer improved services by moving to digital solutions. The Fleet family and now FleetBroadband fulfil the modern mariner's communications needs.

Following the very successful coverage generated by the round-the-world Volvo Ocean Race in 2005/2006, we are delighted once again to be acting as the official provider of satellite communications for the 2008/2009 Race. Our services will play a key role in relaying the excitement and action from the world's premier yacht competition to a global audience of more than 1.8bn. Our technology is a key enabler for all aspects of the Race including position reporting, sending live video footage or photos, providing safety communications in the event of an accident and for boosting crew morale by enabling them to make personal calls and send emails. Use in this Race clearly demonstrates the reliability of Inmarsat's services often in the most harsh of environments at sea.

Land mobile sector

MSS revenue 2007 | **Land revenue 2007**



Land 23%
Other 77%

Voice 12%
Data 88%

In 2007, revenues from the land mobile sector were US$125.8m, an increase of 8.4% compared to 2006. As with our maritime sector, revenues from the use of data increased by 14.6% to US$111.0m reflecting continued strong growth in our BGAN services. As we have reported in previous years, we have noticed a decline in high-speed data traffic in the Middle East but we are seeing good signs of growth in the use of BGAN across a significant number of countries, some where previously we had little or no traffic. We have recorded BGAN traffic now in over 190 countries. Our BGAN revenues during 2007 were US$36.6m, an increase of 285% compared with 2006, which was our first full year of BGAN service. The number of active BGAN subscribers during the year more than doubled to 15,817.

With the strong take-up of our BGAN service, we have announced to our partners that we will be switching off the R-BGAN service (the pre-cursor service to BGAN). We are starting to see users migrating to BGAN from R-BGAN and providing good feedback about BGAN's capabilities. We had expected that there would be some migration from our GAN service as well and this appears to be starting, with, for example news and TV companies using BGAN alongside GAN to provide additional capabilities. We were delighted when CNN, one of the world's leading broadcasters, was recently awarded two awards for its newsgathering system which uses BGAN. It is a marvellous recommendation of the reliability of the BGAN service that within two years of its launch it has received these impressive endorsements.

As well as its broadband speeds, our BGAN service also incorporates an excellent voice capability and we believe that this facility, together with the introduction of our handheld satellite phone, the IsatPhone, will compete very effectively in terms of form and price against the products of other MSS operators. We therefore expect our market share of voice business to increase as these services become more embedded with users, especially as the satellite constellations for some existing MSS operators may be coming to the end of their lives. We expect the IsatPhone to become more widely used once the globalised version of the phone is available (expected in 2009).

We launched a new low data rate service, called IsatM2M, in September 2007 which is a next-generation satellite telematics service based on our already well-known Inmarsat D+ service. This service offers quick reporting and increased end-to-end functionality for companies who need global asset tracking and to monitor such assets securely.

Aeronautical sector

MSS revenue 2007 | **Aeronautical revenue 2007**

Aeronautical 8%
Other 92%

Voice 9%
Data 91%

As in 2006, our aeronautical sector continued its impressive performance in 2007 with revenues increasing by 44% to US$44.3m. The increase is primarily due to increased demand for our Swift 64 high-speed data service.

Users of the Swift 64 service include government aircraft and the business jet market and also certain commercial airlines. Revenues from our classic aeronautical services, such as Inmarsat H/H+, which are compliant with ICAO's standards for the provision of cockpit safety services, also continued to grow.

In October 2007, we announced the eagerly awaited launch of our SwiftBroadband service to provide high-speed data connectivity in the air. Our network has been upgraded to accommodate this new service which will allow aircraft to operate seamlessly across satellite spot beams. SwiftBroadband is our first fully IP-based service for the air transport market and uses the now established BGAN technology. The service is already available through several of our distribution partners and their extensive reseller networks with five leading manufacturers developing the avionics and antennae for the service.

We understand that the majority of new long-haul aircraft currently being built by Boeing and Airbus, such as the Boeing 777 and Airbus A380, will be fitted with antennae capable of accessing SwiftBroadband which is a strong endorsement of the value of this new service to users. A simple upgrade path to the higher-speed service is also available to existing aero users.

We are very excited about the continuing trials of in-flight use of mobile phones and other communications devices such as PDAs and BlackBerrys. The trials are being conducted by our distribution partners and more airlines have signed agreements to explore in-flight mobile connectivity. The regulatory issues associated with the use of mobile communications in-flight are closely monitored by authorities around the world. In the UK, Ofcom has indicated its willingness to implement the mutual recognition framework including the granting of licences to UK aircraft operators on request, and now with the Open Skies agreement in place, US and European airlines will be able freely to compete for transatlantic routes. We believe airlines will use in-flight connectivity offerings as a differentiator of their services and we hope this will stimulate additional usage of our

Swift 64 and SwiftBroadband services. We are confident that SwiftBroadband will become as successful as our Swift 64 service over the coming years.

Government sector

Government usage of our services runs through all our sectors – maritime, land mobile, aeronautical and leasing – and covers all government sectors including military and civilian agencies.

We have been working closely with many first responder and emergency response agencies as they determine how they can use our systems, particularly our BGAN service, for communication and information sharing among their communities. Border patrols are also using BGAN to monitor major border crossings in their fight against drug and other trafficking activities.

During the year, a new rugged BGAN terminal with integrated encryption was designed and has started to be used for both secure and non-secure military operations. The features allow the terminal to fit into a standard military rucksack but can also be used on a vehicle mounting for communications-on-the move ('COTM'). COTM via BGAN gives the flexibility to turn any vehicle into a mobile command post, quickly and discreetly.

Leasing

Revenues in 2007 from our leasing sector increased 9.8% to US$66.2m. The improvement in these revenues is principally from new navigation contracts signed during the year and also from a significant Swift 64 lease which was signed in 2006, for which 2007 was the first full year of revenue. We are able to provide capacity leases for short-term requirements but have the flexibility to offer extended terms if there is a compelling business opportunity.

Social Responsibility

Inmarsat remains the only approved provider of satellite communications services for the Global Mobile Distress and Safety System ('GMDSS'). This service is trusted throughout the world by mariners and by the rescue co-ordination centres which are integral to ensuring a response to the safety alert. We are reminded on a regular basis how this service ensures that those at sea can rely on Inmarsat in times of an emergency.

We are also very proud of our agreement with Unesco's Intergovernmental Oceanographic Commission ('IOC') for us to upgrade and improve its Indian Ocean alerting system. The system will use BGAN to warn of future tsunamis. Its use will allow automatic data collection every minute allowing the IOC to monitor sea level changes and respond to any alerts. We are pleased to be providing free airtime for the start-up of this programme.

Our charitable support of Télécoms Sans Frontières ('TSF') continued during 2007 and we have confirmed our support through 2008. TSF provides first communication links from disaster zones for other aid and government agencies and victims. 2007 was a very busy year with TSF sending response teams to deal with crises in many different countries including Bangladesh, Mexico, Peru and Nicaragua. TSF also supports ongoing work in various countries working with Unicef, the United Nations Department of Safety and Security and the United Nations Development Programme. We are heartened that our services can be put to such effective use to help those in times of need.

Outlook

Your Board is very pleased with the Company's performance – we again showed growth across all sectors in 2007. Our BGAN service is now becoming accepted across an extended customer base, in new and existing markets and is being recognised as a world-class communications tool.

We believe that the successful, new service launches during 2007, added to our existing portfolio of services, will bring added market penetration and continued leadership by us in the MSS sector for many years.

Alongside managing a successful and ambitious business, we know we must continually look at how we can improve our service and manage our business to keep innovation and development at the forefront of our thinking. The launch of our third Inmarsat-4 satellite and operation of our new ground network are key elements of our forward planning. Their reality will provide global operations on the Inmarsat-4 satellites for our BGAN and satellite phone services. The opportunity to be the commercial partner for the Alphasat project similarly will give us more capacity and position us for new service offerings in the future.

With the support of our customers, our employees, our distribution partners, service partners and manufacturers, we can achieve more. We would like to thank them all for the passion and enthusiasm which they all bring to the Inmarsat partnership and the trust they put in us. We would like to thank particularly our staff for delivering on our commitments to investors in 2007.

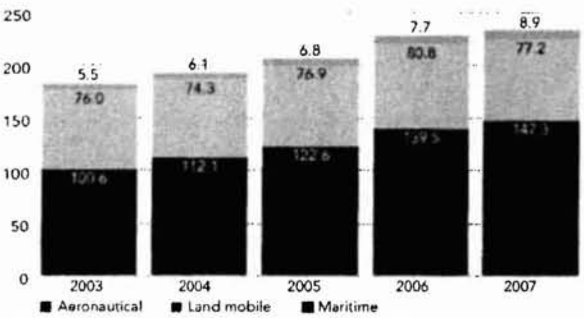
Your Board believes we are well positioned to deliver another year of growth in 2008, and to build on the investments we have now made to the benefit of our customers, partners and shareholders.

The table below sets out the components of Inmarsat Core[1] total revenue for each of the years under review:

(US$ in millions)	2007	2006	Increase/ (decrease)
Revenues			
Maritime sector:			
voice services	**102.6**	100.9	1.7%
data services	**207.7**	183.8	13.0%
Total maritime sector	**310.3**	284.7	9.0%
Land mobile sector:			
voice services	**14.8**	19.2	(22.9%)
data services	**111.0**	96.9	14.6%
Total land mobile sector	**125.8**	116.1	8.4%
Aeronautical sector	**44.3**	30.7	44.3%
Leasing (incl. navigation)	**66.2**	60.3	9.8%
Total mobile satellite communications services	**546.6**	491.8	11.1%
Other income	**10.6**	8.3	27.7%
Total revenue	**557.2**	500.1	11.4%

Total active terminals for Inmarsat Core[1] grew to over 233,000 during 2007, a 2.4% increase over 2006. Active terminal numbers showed strong growth particularly in maritime, up 5.6% year over year, with our base of active Fleet terminals growing by 39.8%. In the aeronautical sector, continued growth in Swift 64 (high-speed data) and 'Classic' Aero (low-speed data) have increased active terminal numbers by 15.6% year over year. Land mobile terminal growth decreased 4.5% year over year with fewer Mini M terminals being used as a result of increased competition offset in part by strong growth in BGAN, which added 8,698 terminals in the year.

Active terminals ('000)



Maritime Sector

During 2007, revenues from the maritime sector were US$310.3m, an increase of US$25.6m, or 9.0%, compared with 2006. This reflects an increase in both data and voice revenue. Revenues from data services in the maritime sector during 2007 were US$207.7m, an increase of US$23.9m, or 13.0%, compared with 2006. The increase in revenues from data services primarily reflects greater demand, as a result of the take-up and utilisation of our Fleet services in the new-build market. Revenues from voice services in the maritime sector grew for the first time since 1998 increasing by 1.7% to US$102.6m during 2007. An increase of US$1.7m compared with 2006, reflecting increasing signs of stabilisation in this sector.

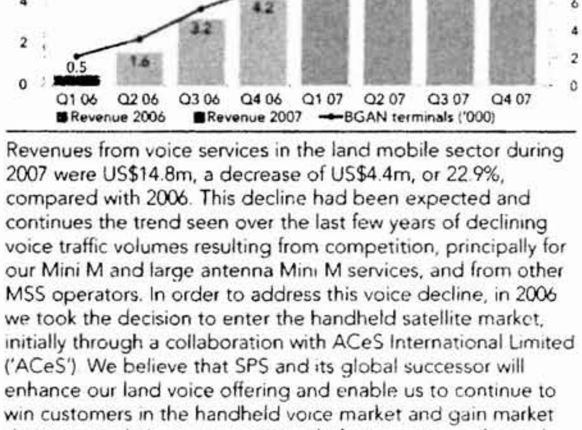
Historically our voice revenues for maritime services have been affected in some cases by competition and by the migration of users from our higher-priced Inmarsat A analogue service to our lower-priced digital services. Voice revenues have benefited from this stabilisation in pricing, from continued growth in our Fleet services and from a full year of revenues from our ACeS collaboration, which began in September 2006 and was sustained by the introduction of our SPS service in July 2007. We switched off our Inmarsat A service on 31 December 2007, following a five-year notice period to end-users. For the full year of 2007 the Inmarsat A service generated US$3.9m in revenue, however by December was not generating any material level of revenue, with the vast majority of users having migrated to newer Inmarsat services such as Fleet.

Land Mobile Sector

In 2007, revenues from the land mobile sector were US$125.8m, an increase of US$9.7m, or 8.4%, compared with 2006. Revenues from data services in the land mobile sector during 2007 were US$111.0m, an increase of US$14.1m, or 14.6%, compared with 2006. The increase is a result of continued strong growth in BGAN offset in part by the decline in high-speed data traffic following a reduction in traffic in the Middle East, competition from VSAT and the migration of GAN and R-BGAN users to our BGAN service. Although we expect the migration to BGAN to have a larger impact in the future we do not expect migration to adversely impact overall land data revenues.

BGAN quarterly progression

Revenue and terminal numbers



Revenues from voice services in the land mobile sector during 2007 were US$14.8m, a decrease of US$4.4m, or 22.9%, compared with 2006. This decline had been expected and continues the trend seen over the last few years of declining voice traffic volumes resulting from competition, principally for our Mini M and large antenna Mini M services, and from other MSS operators. In order to address this voice decline, in 2006 we took the decision to enter the handheld satellite market, initially through a collaboration with ACeS International Limited ('ACeS'). We believe that SPS and its global successor will enhance our land voice offering and enable us to continue to win customers in the handheld voice market and gain market share, particularly as competitive platforms come to the end of their lives.

In 2007, we saw a good contribution from BGAN voice and our own handheld voice product, IsatPhone, which launched over the initial Inmarsat-4 coverage area of Africa, the Middle East and Asia in July. We plan to launch global SPS coverage in 2009 and we believe that this will enable us to return to growth in land mobile voice services.

[1] Inmarsat plc and its subsidiaries excluding CIP

Revenues, including voice, data and subscription, from BGAN services during 2007 were US$36.6m, an increase of US$27.1m, or 285%, compared with 2006. As at 31 December 2007, there were 15,817 (2006: 7,119) active BGAN subscribers, an increase of 122% compared with 31 December 2006. BGAN growth has been driven by new customers, the use of new applications by existing customers, and during the latter part of 2007, the migration of GAN and R-BGAN users to our BGAN service.

Aeronautical Sector

During 2007, revenues from the aeronautical sector were US$44.3m, an increase of US$13.6m, or 44.3%, compared with 2006. The increase is primarily due to increased demand for our Swift 64 high-speed data service, which targets the government aircraft and business jet markets as well as being used by commercial airlines.

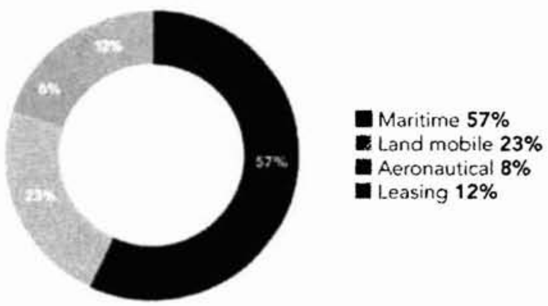
Leasing

During 2007, revenues from leasing were US$66.2m, an increase of US$5.9m, or 9.8%, compared with 2006. The increase relates primarily to new navigation contracts and a full year of revenues for our Swift 64 lease. We experienced lower Inmarsat Core[1] leasing revenue during the fourth quarter as a result of lower demand by a key customer.

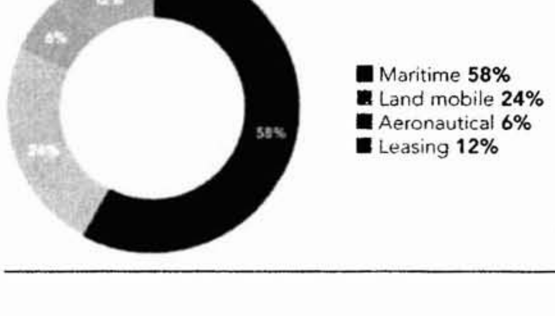
Other income

Other income for 2007 was US$10.6m, an increase of US$2.3m or 27.7%, compared with 2006. The increase in other income relates to additional in-orbit support services provided to other satellite operators. Other income also includes the provision of conference facilities, renting surplus office space and revenue from sales of SPS end-user terminals.

Inmarsat Core[1] MSS revenue by sector 2007



Inmarsat Core[1] MSS revenue by sector 2006



Net operating costs

Net operating costs in 2007 were US$173.7m, an increase of US$5.3m or 3.1% compared to 2006. The increase reflects higher employee benefit costs, network and satellite operations costs and other operating costs for our core business offset by higher capitalised costs.

(US$ in millions)	Inmarsat Core[1] 2007	Consolidated plc 2006
Employee benefit costs	**94.3**	85.9
Restructuring costs including termination benefits	**–**	6.8
Total employee benefit costs	**94.3**	92.7
Network and satellite operations costs	**33.8**	31.1
Other operating costs	**64.1**	56.6
Work performed by the Group and capitalised	**(18.5)**	(12.0)
Net operating costs	**173.7**	168.4

Employee benefit costs

Employee benefit costs in 2007 were US$94.3m, an increase of US$8.4m, or 9.8% compared with 2006 (excluding one-time restructuring costs of US$6.8m in 2006). The increase is a result of additional headcount in both London and Batam (our operation in Indonesia), higher staff bonuses, additional non-recurring costs incurred as a result of changes made to our existing healthcare and home leave employee benefit schemes, the impact of annual salary increases and an adverse movement in the Group's hedged rate of exchange for Pounds Sterling, which has increased from US$1.77/£1.00 in 2006 to US$1.81/£1.00 in 2007 (the majority of staff costs are in Sterling and we report the Group's results in US dollars). Total full-time equivalent headcount at 31 December 2007 was 462 compared to 436 as at 31 December 2006.

Network and satellite operations costs

Network and satellite operations costs during 2007 were US$33.8m, an increase of US$2.7m or 8.7%. The increase is primarily due to the inclusion of a full year of in-orbit insurance costs for the Inmarsat-4 F2 satellite in 2007 which commenced on expiry of the launch insurance policy in November 2006. The remainder of the increase relates to new maintenance contracts for ground network infrastructure that commenced in 2007.

Other operating costs

In 2007, other operating costs were US$64.1m, an increase of US$7.5m, or 13.3%, compared with 2006. The increase primarily relates to the direct cost of sales of SPS terminals sold during the period and foreign exchange losses of US$2.9m (2006: gain of US$1.6m). Additionally, website development costs and an amount of irrecoverable VAT were incurred. Offsetting the increases in part, were lower office rental costs in 2007 due to an amendment made to the accounting treatment on rental payments for our head office in 2006 and lower professional fees in 2007 following the settlement of an outstanding arbitration proceeding in 2006.

Work performed by the Group and capitalised

During 2007, own work capitalised was US$18.5m, an increase of US$6.5m, or 54.2%. Own work capitalised reflects the shift of work from our BGAN and Inmarsat-4 programme, now that it is largely operational, to work on the rollout of our SPS service and our new services that were introduced in late 2007 such as FleetBroadband and SwiftBroadband.

[1] Inmarsat plc and its subsidiaries excluding CIP

Five Year Summary

(US$ in millions)	2007	2006	2005	2004	2003
Revenues	**576.5**	500.1	491.1	480.7	512.0
EBITDA	**388.1**	331.7	316.0	301.7	336.6
EBITDA %	**67.3%**	66.3%	64.3%	62.8%	65.7%
Profit before income tax	**124.8**	89.8	95.5	24.9	177.4
Profit for year	**96.6**	127.7	64.4	19.1	123.8
Net cash inflow from operating activities	**390.7**	330.0	341.7	305.6	351.9
Net cash used in investing activities	**(454.8)**	(132.4)	(67.6)	(176.5)	(1,760.4)
Net cash provided by/(used in) financing activities	**136.7**	(189.8)	(470.0)	(129.7)	1,718.2
Total assets	**2,764.6**	1,973.6	2,024.8	2,198.6	2,197.6
Total liabilities	**(2,030.9)**	(1,257.1)	(1,348.3)	(2,200.1)	(2,173.3)
Shareholders' equity	**733.7**	716.5	676.5	(1.5)	24.3

Notes:
1. Results for the year ended 31 December 2003 are on the basis of UK GAAP.
2. Results for the years ended 31 December 2007, 2006, 2005 and 2004 are on the basis of IFRS.
3. Results for the year ended 31 December 2007 includes CIP for the period.
4. The consolidated financial results for 2003 are not directly comparable to 2007, 2006, 2005 and 2004 principally because the basis of accounting was changed effective 1 January 2004 from UK GAAP to IFRS.

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Financial Calendar 2008

6 May	Annual General Meeting
7 May	Ex-dividend date for 2007 final dividend
9 May	Record date for 2007 final dividend
23 May	2007 final dividend payment date
August	2008 interim results
October	2008 interim dividend

For further information about Inmarsat:

- inmarsat.com/investor_relations
- inmarsat.com/bgan
- inmarsat.com/maritime
- inmarsat.com/aeronautical
- inmarsat.com/about_inmarsat

Cautionary statement regarding forward-looking statements

Certain statements in this annual report constitute 'forward-looking statements' within the meaning of the US Private Securities Litigation Reform Act of 1995. These forward-looking statements involve risks, uncertainties and other factors that may cause our actual results, performance or achievements, or industry results, to be materially different from those projected in the forward-looking statements. These factors include general economic and business conditions, changes in technology, timing or delay in signing, commencement, implementation and performance of programmes, or the delivery of products or services under them, structural change in the satellite industry, relationships with customers, competition, and ability to attract personnel. You are cautioned not to rely on these forward-looking statements, which speak only as of the date of this annual report.

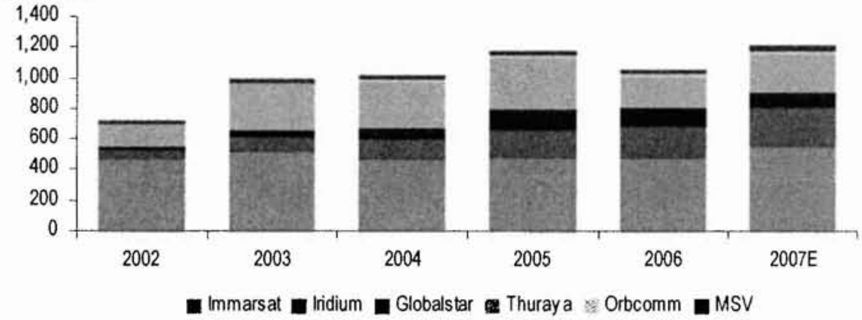
Inmarsat undertakes no obligation to update or revise any forward looking statement to reflect any change in its expectations or any change in events, conditions or circumstances, except where it would be required to do so under applicable law.

Printed on Zanders Mega Silk – a paper that is manufactured using 50% recycled de-inked fibre and 50% TCF (totally chlorine free) pulp, and is sourced from sustainable forests. The paper is also biodegradable and harmless to the environment.

Attachment C

Figure 4: MSS sector: Revenue by operator

$ in millions



Source: Euroconsult, TMF Associates

Revenue streams

Geographic

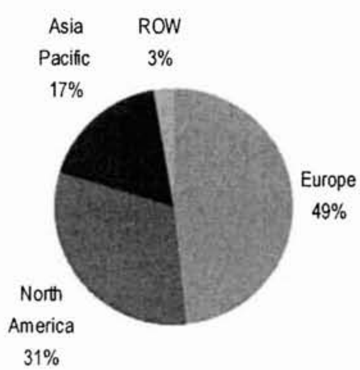
Land services key to sector

Maritime communications traditionally made up the lion's share of MSS industry revenues; over the past 10 years, however, the development of land applications has seen land services emerge as the dominant sector. The land segment is unsurprisingly the largest market in number of terminals; however it typically has lower ARPU than in the maritime and aero markets. We summarise the divisional split of 2008e revenues as follows:

- **Maritime** – contributes ca 63% of industry revenues, of which Inmarsat's share is >70%. Maritime revenues account for 53% of Inmarsat core revenues (34% of Plc)
- **Land** – contributes ca 34% of industry revenues, of which Inmarsat's share is 15%. Maritime revenues account for 23% of Inmarsat core revenues (14% of Plc)
- **Aeronautical** – contributes ca 3% of industry revenues, of which Inmarsat's share is close to 80%. Aero revenues account for 10% of Inmarsat core revenues (7% of Plc)

Figure 5: Inmarsat Core: Revenue by geography, 2007

%



Source: Company reports.

Figure 6: MSS sector: Divisional revenue split

$ in millions

Source: Euroconsult

Attachment D

Search Site Search

Partner Login

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Services Support About Inmarsat Partners

You are here : Home Services

Services

Inmarsat offers the most comprehensive range of global mobile satellite services for use on land, at sea and in the air.

Land mobile

BGAN

Simultaneous voice and broadband data.

IsatPhone

Mobile satellite phone.

LandPhone

Fixed satellite phone for remote communities.

Maritime

FleetBroadband

Simultaneous voice and broadband data.

Fleet 77, 55 and 33

Voice, fax and data communications.

FleetPhone

Maritime satellite phone.

Safety

Distress communications.

Crew calling

Low-cost ship-to-shore communications.

Aeronautical

SwiftBroadband

Simultaneous voice and broadband data.

Swift 64

Voice and 64kbps data.

Classic services

Voice, low-speed data and safety communications.

Safety

Distress communications.

A-Z of our services

Tracking and monitoring

How to buy

Government

Secure communications you can depend on.

Military

For information assurance, communications on the move, blue force tracking and mobile command posts.

Civil

For emergency first response, diplomatic traffic, customs and border control.

Leases

Dedicated bandwidth across geographies.

Privacy policy Terms & conditions Acceptable use Contact us

Attachment E

inmarsat

Press Release

Inmarsat plc Reports Full Year Results 2008

London, UK: 12 March 2009. Inmarsat plc (LSE: ISAT), the leading provider of global mobile satellite communications services, today reported consolidated financial results for the year ended 31 December 2008.

These consolidated results for Inmarsat plc include the financial results of CIP UK Holdings Limited and its subsidiaries, including Stratos Global Corporation ("CIP") for the year ended 31 December 2008. Please note that where we refer to "Inmarsat Core" we include only the results of Inmarsat plc and subsidiaries and exclude CIP.

Inmarsat plc - Full Year 2008 Highlights

- **Total revenue $996.7 million (2007: $576.5 million)**
- **Inmarsat Core revenue up 13.9% to $634.7 million (2007: $557.2 million)**
- **EBITDA $531.2 million (2007: $388.1 million)**
- **Inmarsat Core EBITDA up 12.5% to $431.6 million (2007: $383.5 million)**
- **Profit before tax $193.8 million (2007: $124.7 million)**
- **Launch of third Inmarsat-4 satellite completes global broadband coverage**
- **Final dividend increased by 5.0% to 18.20 cents (US$) per share**

Inmarsat Holdings Limited - Q4 2008 Highlights

- **Q4 revenue up 20.4% to $160.6 million (2007: $133.4 million)**
- **Q4 EBITDA up 18.7% to $101.4 million (2007: $85.4 million)**
- **Q4 BGAN revenue up 78% to $20.1 million**

Andrew Sukawaty, Inmarsat's Chairman and Chief Executive Officer said, "In 2008 we saw sustained growth across all our market sectors and have delivered results well ahead of market expectations. The successful launch of our third Inmarsat-4 satellite completes global coverage for our broadband services and places us in a strong position to continue our growth while at the same time our capital needs will reduce substantially. Despite global economic uncertainty, Inmarsat Core trading results since the start of the year have been positive and we remain cautiously optimistic that we can deliver solid revenue growth in 2009."

Inmarsat Core - Mobile Satellite Services

Increased demand for both our voice and data services contributed to growth in **maritime sector** revenue of 7.2% year over year. Growth in our base of active maritime terminals was up 5.8% for the year, including growth of 36.7% in our base of active Fleet and FleetBroadband terminals. Maritime industry reaction to our FleetBroadband service continues to be very positive and in September FleetBroadband was chosen by A.P. Möller Maersk, one of the world's largest shipping companies, for a large retrofit programme. During the fourth quarter we continued to see steady activations of our Fleet terminals and an acceleration in the activation of FleetBroadband terminals. Average usage levels on our Inmarsat B and Fleet terminals, which are predominately used by the shipping industry, remained strong through the fourth quarter.

In our **land mobile sector** we recorded revenue growth of 12.7% for the year. This performance was driven by continued growth of our BGAN service, which continues to attract new users to our network and drive higher usage levels across our user base. Our base of active land mobile terminals was up 2.3% for the year, while the number of active BGAN terminals was up 75%, ending the year at 27,635. Adjusting for approximately 1,200 BGAN terminals that were temporarily used in Brazil during municipal elections, net additions of BGAN terminals remained at a healthy level in the fourth quarter.

Growth in our **aeronautical sector** was 45.4% and was the result of sustained demand and high levels of usage for our Swift 64 service, which continues to primarily serve government aircraft and business jets. Overall active aeronautical terminals were up 13.5% year over year. Fourth quarter additions to our base of active Swift 64 and SwiftBroadband terminals remained strong and were ahead of additions in the third quarter. A number of SwiftBroadband terminals have now been deployed by airlines to offer in-flight connectivity services to passengers. Most recently, on 19 February 2009, Ryanair launched in-flight mobile phone services on 20 of its aircraft. We believe in-flight passenger connectivity is a promising future market opportunity.

Following a very successful year for signing new leases and for existing contract renewals, revenue from our **leasing** business grew 20.4% year over year.

Liquidity

We believe our liquidity position is strong and that we are well positioned relative to current market conditions. At 31 December 2008, the Inmarsat plc group (including CIP) had net borrowings of $1,443.8 million, including cash and cash equivalents of $156.4 million. Inmarsat Core had net borrowings of $1,244.7 million, including cash of $51.4 million. Inmarsat Core also had a revolving credit facility with an amount available but undrawn at the end of the year of $160 million.

Outlook for Inmarsat Core

The positive trends in all our business sectors have been maintained in the early trading results for 2009. In particular, we have not yet seen a material impact on the overall performance of our maritime sector as a result of global economic slowdown. In addition, as we have a significant proportion of our revenue from government customers and as commercial customers tend to have a high degree of day-to-day reliance on our services, we believe our business is well positioned against economic downturn. As a result, we are cautiously optimistic that our business will continue to show solid revenue growth in 2009.

Allowing for the movement of around $45 million of capital expenditure deferred from 2008 to 2009, we expect our cash capital expenditure in 2009 will be in a range of $150 to $160 million (excluding deferred satellite payments) and will primarily fund our investments in Alphasat and Global Satellite Phone Services.

In April 2009 we expect to exercise a call option to complete the acquisition of Stratos Global and we are optimistic about the prospects for the enlarged group. There is no financing or material funding requirement in connection with exercising the call option or completing the acquisition.

The outlook provided here for Inmarsat Core should not be taken to incorporate or reflect the prospects for CIP.

Other Information

A webcast recording of our analyst presentation to be held on 12 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 Thursday, 12 March at 2:00pm London time (United States 10:00am EST). To access the call, please dial +44 (0)20 7162 0025 and enter the access code 826268. 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 826268.

2008 Results for Inmarsat Holdings Limited and Inmarsat Group Limited

Inmarsat Holdings Limited, through its subsidiary Inmarsat Finance II plc, is the issuer of $450.0 million of 10.375% Senior Discount Notes due 2012. Inmarsat Group Limited, through its subsidiary Inmarsat Finance plc, is the issuer of $310.4 million of 7.625% Senior Notes due 2012. Inmarsat Holdings Limited and Inmarsat Group Limited will report full year 2008 results on Form 20-F and expect to file these reports with the SEC on or around 29 April 2009.

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 Holdings Limited, prepared in accordance with IFRS.

Inmarsat Holdings Limited Revenue Breakdown (unaudited)	**Fourth quarter ended December 31,**		
	2008	**2007**	**% Difference**
	(US$ in millions)		
Revenues			
Maritime sector:			
voice services	26.3	25.6	2.7%
data services	56.6	49.9	13.4%
Total maritime sector	82.9	75.5	9.8%
Land mobile sector:			
voice services	2.6	3.5	(25.7%)
data services	32.3	24.9	29.7%
Total land mobile sector	34.9	28.4	22.9%
Aeronautical sector	18.2	11.9	52.9%
Leasing	21.2	14.7	44.2%
Total mobile satellite communications services	**157.2**	**130.5**	**20.5%**
Other income	3.4	2.9	17.2%
Total revenue	**160.6**	**133.4**	**20.4%**

Inmarsat Holdings Limited Net Operating Costs (unaudited)	**Fourth quarter ended December 31,**		
	2008	**2007**	**% Difference**
	(US$ in millions)		
Employee benefit costs	23.7	26.3	(9.9%)
Network and satellite operations costs	11.0	8.7	26.4%
Other operating costs	31.2	18.8	66.0%
Work performed by the Group and capitalised	(6.7)	(5.8)	15.5%
Total net operating costs	59.2	48.0	23.3%

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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Attachment F

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Inmarsat plc

Q4 & Full year results 2008

March 12th 2009

inmarsat

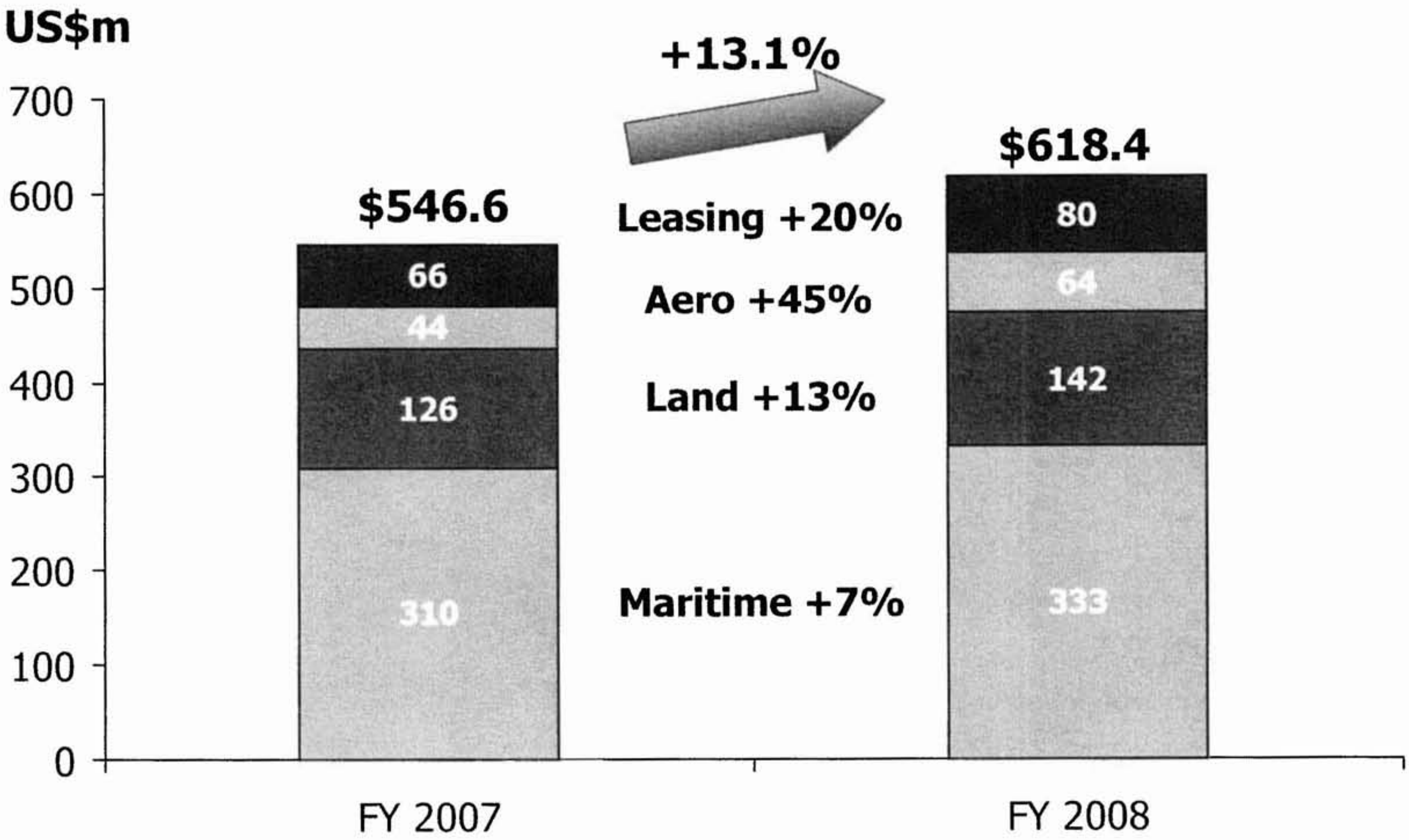
Full year results 2008

Andrew Sukawaty

Chairman & Chief Executive Officer

The mobile satellite company™

Inmarsat Core[1] – MSS revenue



(1) Inmarsat plc and its subsidiaries excluding CIP

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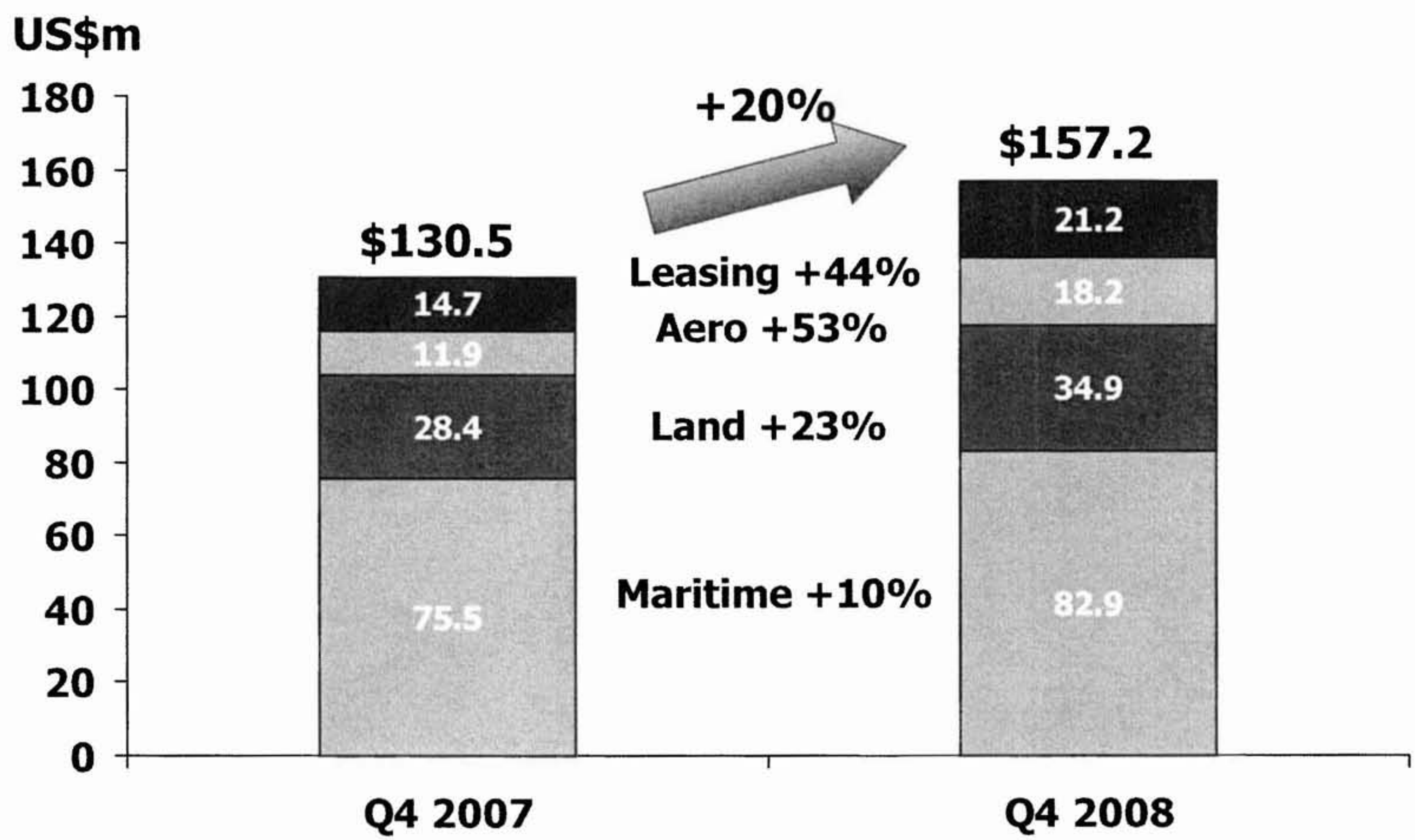
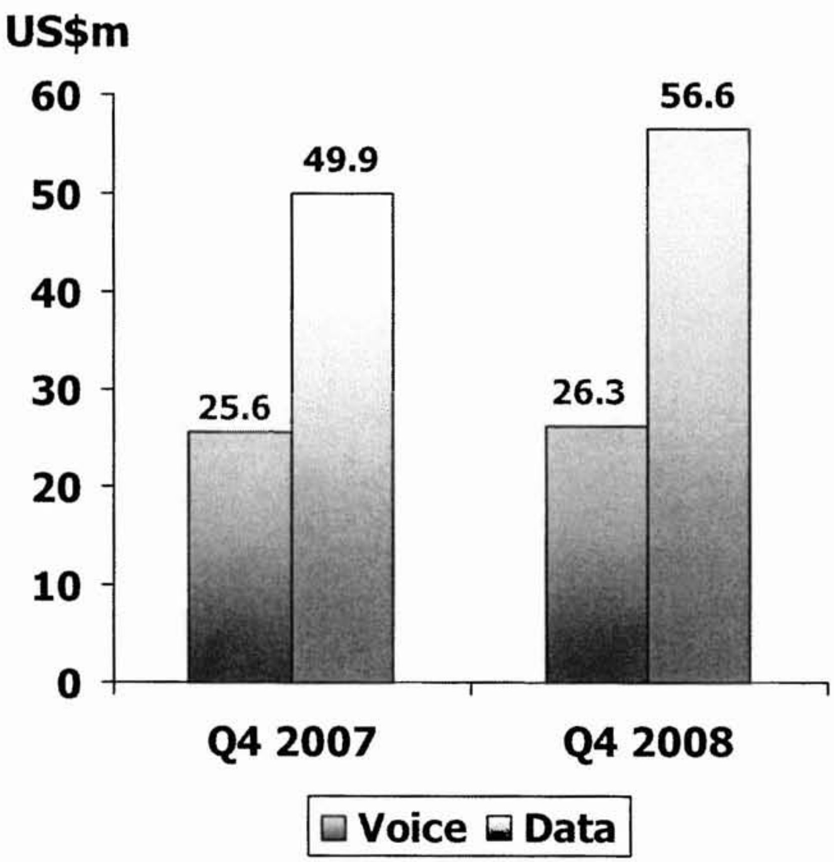
Inmarsat Holdings Ltd - Q4 MSS revenue



Maritime sector



- Voice up 3%
- Data up 13%
- Active terminals up 6%
- ARPU up

- Revenue and terminal sales momentum sustained in Q4
- Sequential growth in average Fleet traffic from Q3 to Q4

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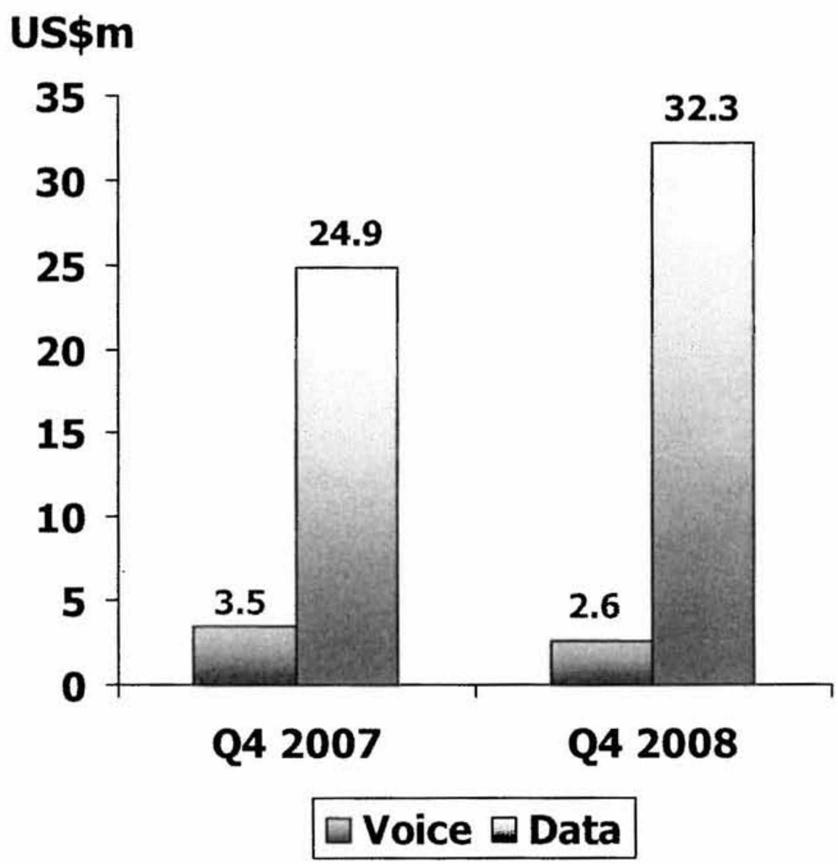
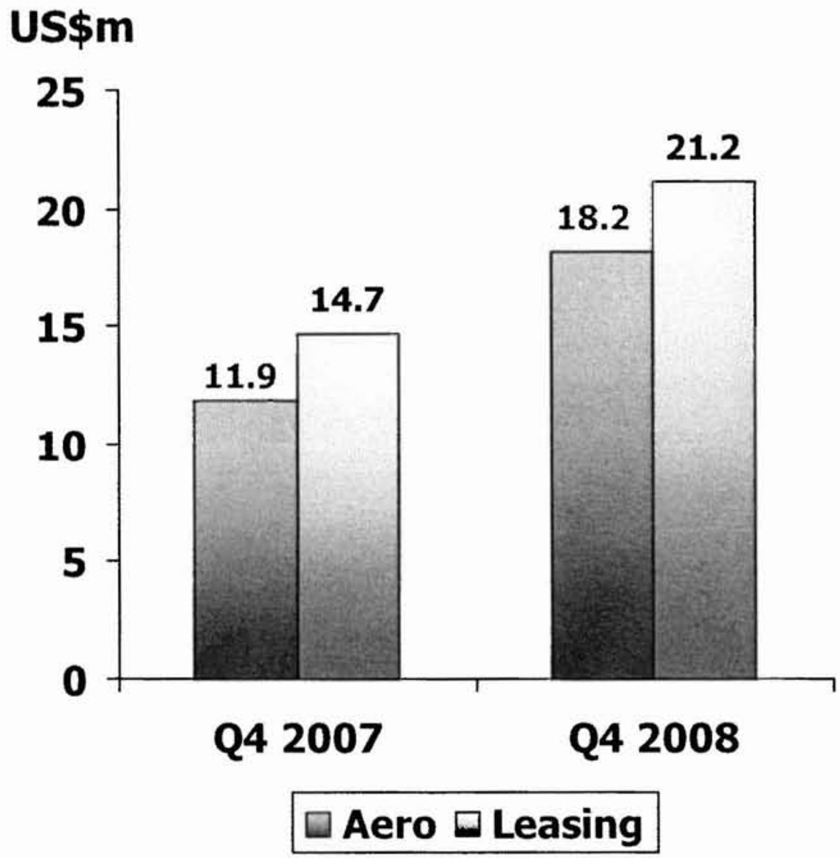
Land mobile sector



- Data up 30%
- Voice down $0.9m
- Active terminals up 2%

- BGAN key to land sector growth
  - Revenue up 78%
  - Subscribers up 75%
  - Sustained ARPU
- R-BGAN discontinued at end of year in line with plan

Aeronautical & Leasing



- Aero revenue up 53%
- Active aero terminals up 13%
- Leasing up 44%

- Sustained demand for Swift 64 service
- In-flight GSM service trials underway
- Success in new lease business and high renewals rate

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Attachment G

MANAGEMENT DISCUSSION SECTION

Simon Ailes, Director of Corporate Finance

Good morning, everyone and welcome to the meeting today, Inmarsat's Q4 and 2008 Results Meeting. The format for today's meeting is the presentation followed by open Q&A session. We are recording the proceedings today for a webcast that will be available on the – from our website after the event. So during the Q&A session, it's important to wait for the microphone so that we can make sure we record your voice for the webcast.

I will just quickly introduce the management team who will be with us today. We have Andrew Sukawaty, the Chairman and Chief Executive Officer. We have Rick Medlock, Chief Financial Officer and Perry Melton, our Chief Operating Officer as well as Michael Butler in the front row, who is the President. I am Simon Ailes. I am the Director of Corporate Finance of Inmarsat.

With that, I'll just quickly ask you to note the forward-looking statements, Safe Harbor disclosure. And having done that, I will ask Andrew Sukawaty to begin today's meeting.

Andrew Sukawaty, Chairman and Chief Executive Officer

Thank you, Simon and good morning to you all. Thank you for the good turnout this morning, but sorry to squeeze you into this smaller room and you're used to with us, but you can tell we're focused on the bottom line because we've actually rented out our main theater here, which we do on a regular basis. It's interesting. It's a efficiency and cost reduction conference is being held and we were just saying to the team maybe we all should be over there taking a lesson or two from them.

I'm very pleased to be with you today. This, I'll just note, is our first set of annual results since being a FTSE 100 company. It's been, I guess, since 2005, June 2005, now we've been a listed company, when we did our IPO, and we're proud of the fact that we've continued through that period to produce very strong results and today is another example of that.

I'll run through a number of things with you today to highlight that fact and let's start, well, with a pending transaction, I guess, is the way to put it.

I'll talk more about Stratos as we go on, but you'll note it's slightly confusing in the numbers because we by IFRS rules have to report on a consolidated basis, the Company we don't actually own yet. It's a bit strange, but that's the way the rule – the accounting rules work. We are looking to exercise that option and I'll talk to you more about that in a moment and its right around the corner.

The interesting piece of that is, we – at the confirmation of that transaction we'll become $1 billion revenue company or very, very close to it. And it really gives us considerably more scale. We'll talk about the strategy of that in a moment. The headlines therefore are not comparable, so I'm going to focus throughout and Rick will focus throughout on the core numbers. We're not going to do comps against a company we don't own yet.

Our revenue, obviously, a very solid figure for us, it was up 13.9%. We'll talk about what goes under that in a moment. EBITDA up slightly less than that at 12.5%, a big reason for that is the currency shift that went against us during the year given what portion of our costs are in sterling. Without that, we would have tracked very closely with the revenue growth. This result, I think, really demonstrates the defensive qualities. We don't like to say we're recession-proof, but we certainly are recession-resistant.

In fact, if you look at our fourth quarter results will highlight, it actually was finished very strong with a 20% revenue growth and almost a 19% EBITDA growth. Not only that, we're making very firm statements today about what we can see about the start of the new year. It is also very solid in growth terms. But as a result of all those good indicators and a very strong balance sheet, which we'll talk more about in a moment, we're increasing the dividend and the Board approved that, is subject to shareholder approval shortly.

Let me focus on the revenues here, so I'm going to spend a little bit of time on this slide, because I think it is the area we're getting asked all the questions, why this is happening now? I think what you have to look at is despite the economic downturn, our message is that, over the last 10 years and intensely for the last three or four, we've been making investments in a new satellite constellation and new services.

Those who follow us closely will note, in 2007 we had a record breaking year for numbers of new services introduced with six. Now, we operate in a very conservative market that moves very slowly and often when we introduce a new product you don't see a surge in the first two or three months. It gradually builds and usually by the second year after an introduction, we start seeing real take up of the service.

Why is that? Well, we're often being installed on a ship, so you guys have to do that when they come in for maintenance work or an aircraft, same story, or we're getting embedded in a governmental entity on land and you have to be approved and go through test phases, et cetera. So the take-up isn't always instantaneous. But you should note that we've made a 1.5 billion investment in new constellations with a bunch of new broadband services that go with that and what's driving this and overcoming some of the downturn effects, if you will, is the fact that our broadband mobile data services growth is going very strong, and the numbers show that.

Let me walk through, if I could, sort of segment by segment. Maritime is certainly strong again. We're seeing increased usage in maritime on a per terminal basis. We're seeing growth in terminals. And that growth in terminals is driven by new build plus the penetration of existing fleets with new services. And certainly last but not least, are crew services, they call it – they're social programs, but it's really about crew retention these days. So they're opening up, particularly for Internet access and e-mail access, their network from the ship to their crew. And that is driving additional usage, additional revenue for us.

In the maritime sector, terminals are up 6%. So you can see revenue exceeding that, but in Fleet and FleetBroadband and these are services that have been introduced fairly recently and FleetBroadband is clearly the broadband service, were up 36% in terminals for the year.

FleetBroadband has had very strong early stage acceptance, positive feedback from some of the biggest companies that we did early-stage trials with. And in the last 30 days, we've added global coverage. And in both the maritime market and the aero market, even though it's just a strip in the middle of the Pacific that wasn't covered – I should also mentioned that Northern Japan, New Zealand and some other very important areas to many people – that strip wasn't covered. Now, that we fill that in, that really does open up a market to us in global aero and global maritime coverage. So, that was very important to some of these companies in making their decision. So we think that will give us added momentum going forward.

I think why are we resilient? We do not track with dry bulk shipping rates. I can't tell you every time an article appears in the FT, which is often frequently about dry bulk shipping rates dropping, and actually they've recovered a bit recently. We get phone calls. How does that affect you? Well, we don't really track with that. A better indicator for us is nautical miles covered by ships. But I would also point out to you, dry bulk shipping is only one part of the maritime market.

You've got Navy in that figure, which is the big part and a very stable part of the market. You've got things like liquefied natural gas container ships which are still growing at double-digit rates. That is a shortage as new plants come on for liquefied natural gas. So you can't just look at those sort of dry bulk storage rates and draw some correlation. In fact, people, they're begging us to come up with maritime statistics that give us a correlation. And we're having a very difficult time with that.

We know when they're at sea they use us. Our subscription rates are there for new services but not all. But what we do see is when they do go to sea this demand for higher and higher data speeds and data services, because we're less than 0.5% of the overall operating cost of a ship.

Those services and the impact on crew welfare and retention and on the automated operating systems on a ship that they monitor remotely, the demand for those broadband services is overwhelming. The effect of ships being parked in our port, because the rates aren't high enough or global trader has dropped off.

Now we say that cautiously, because I would say no one is totally immune from this if it lasts extremely long and goes extremely deep. But at this stage, we're not seeing any affect in the overall revenue. In fact, again, we believe this data services is overwhelming of the negative effect. So 2009, that is still true as we monitor the daily and weekly traffic. It's so far so good but we watch it like hawk as you'd expect.

On the land side, we're up 13%, 17% in data. Voice is down, but this has become almost an immaterial business to us at this stage. What's it driven by? Broadband, BGAN, again, we're seeing new customers, some of our non-traditional customers come on. Terminals are up 75% on the year to 27,600. Again, the question is, why are we resilient in this market? Why are people buying it even in a recession? Well, there's heavy government purchases of these terminals, again, everything from aid agencies to defense customers are buying these.

People point out that the Obama policies of pulling out of Iraq might hit you. We don't think so for two reasons. One is Iraq has been, in terms of communications, more of a fixed satellite environment at this point as opposed to mobile. When troops are moving regularly is when we tend to get used more heavily, and that's not been the case in Iraq over the last few years. It was the case in the very beginning in Iraq and we saw a surge at that time.

On the other hand, movement in Afghanistan is considerable, not only among the U.S. military, but other military units as well, as well as aid agencies. So that movement is good for us. And so, we would argue that in the – even in the defense sector we're seeing a net positive gain, and it defies logic when you look at Iraq pullout, but it – you can understand it when you look at what's happening in Afghanistan.

Other drivers, of course, are oil and gas. Even though the price surged and came back, it's still strong. Exploration is strong, and they use us heavily. The media continues to use us as a core essential service. And I think when you really get down to it in all these segments we're going to talk about, we have become an essential and needed service. And so, if you're doing anything, you're still going to use us in some way, shape or form. So we continue to target growth in BGAN services for the coming year.

In the aero market, we have stunting growth and this is driven by Swift 64. The SwiftBroadband, the new service we just introduced last year is still in its infancy. So, you're not seeing much of an impact. Early indications are very strong. The terminal sales and terminal growth is strong. But it's not yet showing up in a significant way in the revenue line. Revenue is driven – this 40% plus growth is from Swift 64 and why is that? Well – and why are we resilient in this sector? Well, first of all, if you're in the air and you want to transmit data, you want to be – get your e-mails and you want to be connected to your corporate network or in government, you want to stay in touch electronically, there aren't many choices, frankly. And so, we're a very good choice, particularly if you travel across national borders. We're a global service, particularly now with the filling in of the Pacific, as I pointed out earlier. So that's certainly one reason.

Another is, a big part of this revenue is governmental. So government in aero is the biggest part of the business to us. Third, again, everybody points to the business jet market being in decline; that is certainly true. But remember, we're in earlier stage penetration of the business jet market. So you can almost argue, with no growth or a decline even in business jets, we could still see considerable growth, because we're not in a lot of those aircraft, yet. So the broadband services and the desire to have data connectivity when you're on the move in an aircraft is real and the demand is still there, and we're seeing it in terminal sales, terminal activations, and you could see it in the numbers of revenue.

And then the last segment which is not really a segment. Its kind of a fallout from the other three is our leasing business. Now, those who follow us closely would know, we projected the leasing business to be flat this year. What surprised us is that we're seeing bulk purchases by some of our biggest customers, which is what leasing is, increase. In fact, we're reporting a 20% increase. Those are primarily governmental customers. They see the long-term need for the service. And so, they wanting a better deal on a yield basis and we're willing to give it to them in bulk commitments and we're seeing that fall into place.

We also had pipeline wins. We have deals that are in the pipeline we're negotiating that we didn't necessarily expect to come through that did come through. And we've seen this shift in a mix and by the way, when we do some of these leasing deals it does detract form the demand-based business we report in the other segments. So you almost have to look at it on a holistic basis when you look at leasing in our demand-based services.

In 2008, obviously, we don't think it's going to grow at the same rate, but we do see – still see growth coming through, particularly if you just look at the flow through effect of the lease renewals in 2008. So for 2009, I think we're not quite as bullish in terms of 20% growth but we still see growth in this segment.

Moving on quickly to a couple of other areas. Strong revenue growth is combined with tight cost control. So our EBITDA is up 12.5% to 431 million. Our margin at 68% is in line with 2007 and we will reiterate now our target of the 70% target market – target margin, EBITDA margin by 2010.

Over the long haul that remains our target. We've been teetering on it, as you know, quarter-by-quarter. And I think with our cost control and the exchange rate shift and a couple of other things we're doing on the cost side, we're in good shape to achieve those kind of margins.

Moving on to dividend, the Board recommended increase in the dividend by 5% in a meeting in the last few days that for the full year that's 30.33 cents. Our dividend policy is in place to increase with sustainable growth and we look to increase dividends on a sustainable basis. We're very much focused on that. I make a point of that in this market because we have seen in this market some people just increasing dividend to kind of hold on. This is something we see as a standard part of what we hope to continue to do on an ongoing basis.

For sterling based investors, I'll emphasize a point because the majority of our shareholders are sterling-based. This equates to a more than 40% increase to the dividend because of the exchange rate shift. We'll see what the rate is, however, at the time the dividend is paid. I'd be foolish if I started forecasting exchange rates.

Moving on to probably one of the most important events for the Company in many years, we've completed the launch of our third and last Inmarsat Core satellite. We've had 100% launch success. This marks the end of a major investment program for Inmarsat. We are moving into a CapEx holiday period. This lays the foundation for our future and we've been saying that for many years, and we're starting seeing proof of that now with the sale of the broadband services and it's flowing through to revenues. This 1.5 billion investment we made we think will offer substantial payout.

The commercial service began in January and today it is fully operational, this third satellite, which many of you may have missed. In the middle of that launch and the positioning of that satellite, we took the opportunity to move the whole fleet of Inmarsat Core. We did a shift and it caused – it caused us a couple of week outages and a couple of places in the Mid Atlantic, in the mid-Pacific. We did that because the satellites were oriented over the oceans primarily. And the oceans have very good and high quality service, but there is no obstruction when you're over in ocean. I don't care if you're an aircraft or a ship. So, what we tried to do is shift the satellite so they had more of an orientation over land. This means a substantial improvement in the quality of our services over land and it maintains the quality of services for both our maritime and aero market because there is no obstruction to affect that service.

Whereas, in land, you've got mountains, you've got buildings. So, the look-angle to the satellite is quite important. So, if you put it right above your head, you get a better look angle, you get a better quality service. And so, to put simply, we took advantage of the early life nature of the services and the minimal revenue we had on those satellites. Now, we move them and now they are in place for the next 10, 15, 20 years in those positions, offering good quality service to all three of our sectors.

This satellite constellation we see lasting for 14 years. I think what you're seeing here, this is our third generation of satellites, even though it's called Inmarsat-4, our first-generation release. It shows the strength of our franchise. You know, 30 years ago when we started this company, it was for safety services and we gradually built commercial revenues on the back of that.

What we do now is, when we launch a new constellation of satellites, it supports almost all the terminals that were there for the previous generation of services. So our customers have continuity in their investments. When you spend $100,000 to put a terminal on an aircraft, which is not usual, or 40 or $50,000 to put a terminal on a ship, you don't want your satellite provider to call you one day and say, well, you know, the old constellation is done; you got to buy all new terminals and shift to the new satellite. We don't do that.

We give them backward compatibility on each generation of satellites which allows them continuity in their investment. And that is very important to government entities but of utmost importance to our big commercial customers in maritime and in the aero business. So, we've been very conscious about keeping this continuity of evolution and growth in our services for our customers. We know they appreciate it. We know it's one of the prime reasons they continue to buy from us.

It's a cost effective migration for us. It's a cost effective migration for them. It also makes it very difficult for other people to break into this market because they have generally one generation system. They are – they try to go for the latest technology, like Iridium and Globalstar are good examples of this, to some extent Thuraya. And the evolutionary path isn't there. So, if your customer is making big investments in terminals, you really do hesitate, and that's one of big advantage for us and will continue to be.

I should also point out that we started construction on the Alphasat, our next satellite. That satellite is scheduled to go into service in 2012. It is partially funded by the European Space Agency and CNES in France as well as some other government agencies throughout Europe.

We really took advantage of this situation and this opportunity. We competed for it. This will give us considerably more capacity over our most heavily traffic part of the world, the Middle East, Africa, Europe and a good part of Asia.

It gives us access to more radio spectrum which is newly allocated spectrum by ITU and so we are opportunistic. It also gives us more redundancy in the fleet and we think it will be extremely good investment for us, particularly in light of the growth we are experiencing.

And on the management side, you see – for some of you, not for us a new face to my right. Perry Melton as of January 1st was appointed our Chief Operating Officer. He's not a new elect because he has been with Inmarsat for 16 years, most recently as the Head of Sales and Marketing, so a lot of these numbers, while all of us will claim some responsibility for him. Perry was the point man on the sales and marketing side in many respects and he's done a great job. I think that it illustrates the strength we had in management because with Perry's promotion came a whole other series of internal promotions. So, it certainly provides us continuity in the management of the business.

I also want to thank Michael Butler, who got bumped from the podium today. He is sitting in the first row here. As you know, Michael has been with the Company almost nine years as the President and Chief Operating Officer. Michael has decided to move on and we wish him the best in his endeavors. We also thank him for the contribution he has made to the Company over nine years, but he trained Perry Perry come to the good pedigree and training.

Last, I'd like to hand over to Rick. I'll come back up to talk about our outlook and the strategic objectives that we've set for ourselves. Rick?

Rick Medlock, Chief Financial Officer

Thanks, Andy. So I'll go to the financials. As Andy said, we do have to consolidate Stratos from CIP. The reason for that is even though we don't own them yet, we are under IFRS, deemed to have the economic benefits of the results of the transaction. So like last year, we are consolidating, at least this year, as a full year of the numbers. We show the numbers here, but in the release we have actually given information on what the two businesses would have looked like had the transaction taken place on the 1st of January 2007 to give you a like-for-like comparison, and its combined businesses would have grown revenue at 10% and EBITDA of 13%, so that's a sort of like-for-like picture.

The main eliminations that you can see here, everything that Inmarsat sells to Stratos is revenue to Inmarsat, cost of goods sold to Stratos, those were eliminated. The other main elimination is in the interest line where the loan to CIP generates interest for Inmarsat, that's also eliminated on consolidation.

Overall, the two businesses are $1 billion revenue businesses now with an EBITDA of 531, 53% margin. So Andy talked about 70% of the Inmarsat Core margin when you add the two businesses together we will just be slightly north of 50% as an overall EBITDA.

The combined businesses have an interest cost of 123 million net and that's more than four times covered by the EBITDA. So, we're very comfortable on the combined interest and I would just remind everyone that there was no payment when we do actually take control of Stratos in April. We've actually funded the transaction already, so there will be no change to the number there.

You can also see here that in the Inmarsat Core business there is a deferred tax credit, which is as a result of a leasing transaction that we've undertaken on the Inmarsat Core satellite and I'll talk a little bit more about that in a moment, but that just generates substantial cash tax savings for Inmarsat. So, overall, that comes through in that line.

Let me now move on to talk for the rest of the presentation about Inmarsat Core. So, I think as Andy said, it was a terrific performance for the year. Overall revenue growth of just under 14%. That's an acceleration from [inaudible] year-over-year and that's despite the volume discount scheme rising by about 24%. Volume discount has gone up to 52 million to nearly 64 million, partly as a result of growth in the business but mainly as a result of the Vizada acquisition, which have given an additional volume discount to them. The volume discount together has probably knocked about 1% off the overall growth rate.

On the cost side, cost us about 30 million year-on-year. Prime driver of that, as Andy said, was foreign exchange. That's about 12 million of the increase. And we've also got some project related costs both on the leasing transaction and other things in Q4, which I'll talk about in a moment, which has also pushed that up as well as I think a grand infrastructure for the global coverage now of the Inmarsat-4.

EBITDA up 12.5% to 431.6. If we'd actually normalize the cost base and those projects in the FX, actually we would have seen EBITDA margin exceeding the growth rate of revenue. But the operational gearing that we've talked about many times in the business is still very much there. The Inmarsat Core business still should be a broadly speaking flat cost base with growing revenues.

The depreciation line may look a bit odd to you because it's gone down, discount and sureties. But I would remind you that in 2007, we had a one-off charge of $9 million for writing off that load share option that we had to launch the Inmarsat-4F3. Taking that out to the equation, deprecation, a small interest – a small rise there. Interest costs have fallen. Inmarsat Core net debt has remained pretty much flat year-over-year despite the heavy CapEx and the dividend payment. And the reason it's come down is obviously our LIBOR rates being lower this year than last year.

You see the impact of the deferred tax credit here. It's moved from 28 million of P&L charge last year to 165. The total impact is about 211 million deferred tax for the full year, and we'll talk about cash in a moment.

How is that EBITDA growth then translated into cash generation? I think the key message here is that we have strong EBTIDA growth, plus operational gearing in the balance sheet as well as in P&L, and that translates into substantial free cash flow generation. We've got 12.5% increase in EBITDA, a modest working capital outflow here. Despite the strong growth in revenues, we're pleased with the management of working capital there.

About 211 million of cash CapEx here and that's about a $45 million saving compared to the guidance we gave last year. It isn't a real saving. It's a deferral. We've effectively pushed the projects out from 2008 into 2009. We will incur that CapEx in 2009. We've got here also cash interest, broadly speaking flat, would remind you though that the 2009, our high yield bonds goes cash pay, that will add about $45 million to the cash tax – cash interest line.

And finally, we went into the year probably expecting to pay back 20 million of cash taxes, we've actually paid 1.3 million of cash taxes back to the results of the leasing transaction and the additional capital allowances we've got. And reminding you back at the IPO, we said, we wouldn't see material cash tax. And so, 2008, clearly we've been able to avoid that.

Looking forward in 2009, we probably expect between 10 and 20 million of cash tax for 2009. It's certainly not cash tax at the P&L level yet and we will get benefit of that deferred tax credit rolling out probably over the next 10 years.

I think the key aspect, well, again to say is 12.5% growth in EBITDA, with free cash flow of 56% growth, we are now moving into the cash generation state of this business that we said we would. We will move into this – into the CapEx holiday in due course, but we generated 175 million of free cash flow, ample cover of the dividends.

Turning to the balance sheet, fairly self-explanatory here. We maintained a position of caution in terms of our balance sheet. Many of the sign and voices wanted us to increase the amount of net debt in the business. We always were fairly cautious and wanted to maintain modest leverage. We've ended the year with 1.2 billion of debt at the ratio of about 2.8 times last 12 months' EBITDA, very comfortable and a lot lower than the peers in the satellite industry.

We have liquidity on hand, 211 million of cash and undrawn facilities. We've got plenty of liquidity in terms of managing our growth going forward. Glad to say, we have no debt maturities in the next 12 months. Small amount of amortization on our senior facility, 50 million in the year. Stratos themselves had about 200 million of net debt to the position, but the overall consolidated position is the ratio 2.6 times, so that actually brings it down. As I said, no cash will flow out of the business as a result of the exercise of the option.

And so, I think in summary, we are very comfortable I think with the headroom we have in our covenants. There is ample headroom there. It is a highly cash-generative business, as you've seen on the last slide. And we're comfortably in position to fund the large and growing dividend that we have.

2008, in summary, was a terrific year. We had record revenues, record EBITDA, well ahead of our own internal plans and well ahead of forecast and a strong growth in pre-tax profit.

Next year, we look forward to significant CapEx reductions in 2009. Even taking in account of the 45 million that's moved from '08 into '09, we're guiding for CapEx of between 150 to 160 million in 2009, plus about 10 to 15 million of deferred satellite payments, which are already on the balance sheet. So that is a significant reduction. The main projects in 2009 are the Global Satellite Phone Service as well as continuing to spend on Alphasat.

We would expect to maintain modest debt levels in 2009 and see again a modest level of deleveraging in 2009 and further into 2010 and as I said, comfortable headroom in the facility.

Let me now finish up by talking a little bit about Inmarsat Core and the Q4 drivers. I mean, Q4 was an incredibly strong performance in what was clearly a deteriorating economic environment. Manchester United might be going for a quintuple, I think. Inmarsat has already achieved a quintuple here with double-digit growth in all our revenue segments and double-digit growth in EBITDA. I had to get my Manchester United bit in.

Overall, I think, what this illustrates I hope to you is the fact that the growth in Inmarsat is underpinned by growth in all our segments, which are not interdependent segments. They are all growth in their own right. They are all driven by different drivers. And I think that illustrates the defensive quality of the Inmarsat business. We're not dependent on one market.

We do have a recurring theme at all the four of these, which is government and military, which accounts for about 40% of Inmarsat revenue. That is still a very good strong and growing customer base underpinning all the segments. But there are different drivers and we've seen strength in all of them.

In the maritime segment, Q4 revenues were up 10% year-over-year. In voice, we're starting to see very good growth there. Voice in 2008 grew for the second year in succession not without the seven years of decline. So we're very pleased with maritime voice.

But data is the key driver. In Q4 and Fleet and FleetBroadband were the key drives. Number of terminals up 36% year-over-year and about 40% in terms of revenue growth from those two products, so the ARPU was also increasing with the new services.

I think we've said this publicly before, but Fleet and FleetBroadband still account for less than 50% of our maritime revenue and only something like 15% of maritime terminals. So again, you can see the higher levels of ARPU from the newer services.

FleetBroadband is the fastest growing service that Inmarsat has ever had in the maritime segment. We ended the year with over 1,500 terminals after the first year of use and very pleased with that. And we also pleased to say that now Maersk have activated now over 100 of the 150 terminals that they said that they would activate in the first phase, and we're seeing very strong revenue from those ships and significant increase in the revenue per ship as a result of that service. So the customers clearly like it, as Andy said.

I would also say that Q4 continued the strong momentum throughout the year and in fact terminal activations in the Maritime segment were the largest in Q4 in the year. So we certainly won't see any slowdown there.

In land, overall revenue 23%, clearly driven by data. Data up 30%, $7.4 million additional data, revenues and BGAN is the key driver. Revenue on BGAN up 78%. We now had about an 80 million annual run rate on BGAN, terminal 27,600 at the end of the year. The terminal additions on a quarter-by-quarter basis may look a bit anemic, but just to remind you that in Q3, we had 1,200 terminals activated for the Brazilian elections, which came out of service in Q4. So, you should ignore those and net additions in Q4 were 2,600, so very strong, I would say.

I think also, we're not yet seeing any substantial migration from BGAN. BGAN still remains a very strong service in Inmarsat. Yes, it's in a sort of slow decline. Things will start to migrate, but we haven't yet really seen that substantial migration.

We have a Regional BGAN and we switched off that service at the end of December. At that point, there were still just under 5,000 active terminals and it generated 2 million of revenues in the last quarter. So it still was a reasonable revenue provider and we would expect that to migrate in due course over to BGAN.

Areo and leasing very strong, I mean, another stunning quarter for aero. Aero now accounts for 12% of revenue. And if you remember at the IPO 2004, it was only about 4% of revenue. So it tripled its share of our business, so very, very strong growth, 53% up in Q4 and terminals up 13%. Swift 64 is a key driver. 47% increase in Swift 64 revenues and the growth was sustained throughout the whole of the 2008 quarters and again very strong terminal activations in Q4 for the Swift 64 and terminals up 35% year-over-year, so strong.

No contribution yet really from In-flight GSM and I would say 2009 we wouldn't expect any material contribution either. The trails are going well, the rollouts to Ryanair and Emirates – again, great feedback there, but still it's a relatively modest revenue stream for us in the short-term, but the opportunity in a long-term we believe is substantial.

And on leasing, it was 44% up Q4 over Q4 last year. But I would caution the fact that it is a fairly easy comparison Q4 2007 on leasing was a fairly light quarter. We had a couple of customers really reduce the amount of traffic they put through the leases and as a result, a fairly easy comparison but I wouldn't necessarily take lease assets as a trend for 2009.

Finally, turning to costs. Overall, about an 11 million cost increase year-over-year, largely driven by foreign exchange. We were hedged at 1.81 in 2007 and $2.01 in 2008. That added about a $3 million impact increase to the cost base here. We've also made substantial investments in our ground infrastructure on Hawaii, another couple of million there, and expanding our marketing budget to support a broader distribution channel again further investment. But there were some what maybe described as project related fees, professional fees for the leasing transaction and some other the business development costs, which also pushed up the other operating cost line.

We are hedged for 2009 fully at $1.92. So that would generate $6 million savings on a comparative basis. And we've already started to hedge for 2010 and obviously getting more the current market within just exchange rates there.

So, I think, in summary, we traded very well in Q4, against the backdrop of very tough economic conditions. We obviously are cautiously optimistic about the year. Visibility clearly is tough to predict at the moment and that's why we're cautioned but we do expect solid revenue growth. We started Q1 on a very satisfactory basis. Traffic is up year-over-year, terminal activations remain strong. So we are, as I said, cautiously optimistic, but it's very early in the year.

So, with that, I'll hand back to Andy for a strategy outlook.

Andrew Sukawaty, Chairman and Chief Executive Officer

Thank you, Rick. Our priorities for 2009, I think, are fairly clear-cut. First, focus on revenue momentum that we built, I mean, this broadband service take-up in aero, maritime, leasing as well as land is there. We put more money into our marketing budget as a result of that. A lot of this is co-op oriented with our distribution channel. So, we're spending with them to do further sales and market development work. And that's going to be our sort of number one priority building on that.

This global coverage can boost maritime and aero. We – I mentioned that earlier that it should not be underestimated, it's one of the reasons we are confident on 2009. Another item we haven't talked that much about is, we also be introducing what we call FleetBroadband 150 or FB 150. That is a maritime product for smaller ships. And the reason I make a point of it is it really does open up the addressable market for us. We traditionally have been in the very large ships and we're making a move now into smaller ships. The ARPU or average revenue per ship will probably less in this sector, a lot of terminal sales, but it still could be a significant market for us overtime.

We will complete on Stratos, I'll talk more about the strategy around that in a moment. We will transition to a new distribution agreement. I'll discuss more on that in a moment. And we are focused, refocused I would say in our global handheld service, which I'll talk more about in a moment.

There are series of new business opportunities, which we're also pursuing, and we won't be spending a lot of time on today. One we get asked most about is at the S-band license, which is a license we're competing for in Europe. The application is in. We've partnered with Thales and ILS on it. We've made minimal investment in it to-date, but we've done a lot of work on it. It is represented in the application. We are talking to investment partners for the future on this, some on the technical and strategic side, some of them on the services side.

So we will see, number one, if we get a license. I think, we're in a good position to do that. But this is a contest, if you will, and we'll where we end up. And secondly, when we get it, we'll look to not put our balance sheet at risk, but will look to bring in all those funds to support that new opportunity. It is not a core development to us. It does not support our core business. People are focused more on mobile video and mobile radio for that with the wholly different and separate ventures.

Other pursuits are many. I'm not going to go through them today, because we don't have any announcements to make. We've highlighted them. In the future, there is no eminent of large transactions that we'll be talking about them.

As far as Stratos is concerned, we're on track to complete the acquisition. We've done a huge amount of internal planning. Some of that also coordinated with Stratos, which we've been allowed to do. This has been a long-time coming, because we've signed the deal in 2007, so we've got good opportunity to plan for it.

I would also note that Stratos, since this deal is put in place in 2007, and we more or less funded it totally at that time, has beat our expectations in terms of their financial performance. If you look at the cash they got in the balance sheet now, if you also look at their overall performance, it beat the plan, which means for us it will be a god financial investment if we bought it at six times EBITDA at that time. And if you look at it even in today's terms, so we have this question, you signed it in 2007, is it still good value in 2009? Absolutely, and the numbers show that.

So, all the regulatory approvals have been achieved. So, we're set to go for a closing on the 15th of April. There is no financing required, which will stress and stress again in this market environment. It's fully funded, basically a cash with closing process.

Our early view on integration, you should not be expecting huge synergy savings from this. There is very limited overlap. They're complementary businesses. We're a wholesaler. They're a retailer. They support small distribution. We don't. We support very large distributors. They have first line customer service. We don't. We have backup second line customer service. So this is a complementary, which de-risks this acquisition significantly. You're not going to see operating problems occur, as everything will operate as it did.

Now, there's two fundamental changes we are looking at that should produce some savings. One, is on the Land Earth Station operations. We have some operations, they have some operations. We're going to look at how that can be managed as a whole and then maybe some savings, minimal savings that drop out of that.

The second is on a financial controls and financial reporting. Clearly, this will be a wholly-owned subsidiary company and we're going to keep our hands on it for financial controls and reporting perspective. Those two areas I'll make the exception. Other than that it operates like a separate standalone entity. And this is quite important I think for other distributors. We sell primarily through others. In fact, today we sell totally through others. And we intend to keep it that way. And that means what we do through Stratos, is a wholly-owned subsidiary has to be seen as far to the other distributors as well, or that won't work.

And so, we're intense on keeping Chinese walls up for information flow and making sure that the sales that Stratos make or Stratos sales that others make and the relationships they have with other customers are there.

We also are looking to retain our key management. I think we're fairly confident that will be the case. Jim Parm is the CEO there. They're great management team overall and I think there's long-term synergies in this deal, which are primarily focused at the top line on the revenue side. And I think their management is well positioned to accelerate their growth as a result of this transaction. And that's the focus and that's one of the reasons we're looking to retain that management team.

It was the right strategic choice for us. And we'll give you updates on this as the year develops and as we complete the transaction. Obviously, you've been seeing the consolidated numbers on this. So there shouldn't be any surprise in the numbers.

On the distribution agreement, many of you know that back – almost five years ago now, when we were in essence privatized, when original private equity transaction occurred, as a precursor and requirement to that to occur, the then owners who sat on the Board, required that a new protective distribution agreement was put in place for five years so that the Company was restricted from selling directly, from raising prices, from owning distribution and a whole of variety of other things. That's why this somewhat complex arrangement was done with CIP and Stratos in the transaction that we put together.

Obviously, the distribution agreement will expire now on the 14th of April. The old terms were highly favorable, particularly to the very largest distributor. So I will tell you that we've signed a number of distributors. We will sign more in the coming weeks. In fact, the majority of them will be signed.

There's a reluctance of a few to sign-up because they're giving up a lot compared to the old agreement. From our perspective, the old agreement was restrictive, and restrictive in a very unnatural sense. So it wasn't realistic for us to renew on those terms.

The new terms are very good. We know from the commercial agreements we've negotiated with others, it gives them great incentive to continue to grow the business and to continue to grow the business with us. The risks through this in not signing people we think are very, very low. Remember our customers have terminals that are embedded on ships, on aircraft and in their operations. I noted earlier how conservative they were and how slow they were to change. April 15th and 14th is approaching very, very quickly. If in fact there are certain distributors that don't sign, the customers are very savvy. They know what service they're buying. It's just a question of who they buy it from. So the customers will shift very quickly if people don't sign on to distribute the service.

We'll begin trading on new terms on April 15th come what may. I think the main benefits for us are certainly the flexibility and influence we can have in the channel in driving growth. The benefit of recapturing some of the volume discounts that have been put out in the market, which were about 60 to 65 million in 2008. We've pointed out that over a two to three-year window, we'll look to recapture in terms of our own profitability about a third of that. We look at about a third of that coming in terms of lower prices to customers, which should help the growth and we look about a third of that being distributed across all the distributors, not in this sort of unbalanced way, with a highly disproportionate amount going to a couple of the largest distributors. So we think we're in very good shape to implement that next month.

As far as our global satellite phone service or our handheld phone is concerned, I want to point out one thing going into this slide. In 2007, we had six new service launches, a record for the Company. And most all those services we've been talking about during the course of the day, FleetBroadband, SwiftBroadband, BGAN and various permutations of those broadband services, those were there to address our core market and almost every one of them without exception came in on time to the market. This last year we had a satellite launch, which was slightly delayed due to the availability of launch vehicles, nothing on our own side caused this, so that was one. We've also done this massive repositioning of the satellite fleet, which involved 58 maneuvers over four months.

So there is a new opportunity that we've been pursuing and talking about, along with things like Aero passenger connectivity, et cetera, and that is the hand portable service. It is an incremental opportunity to us. It's not any revenue we have from this business today, so it's not like we're trying to enhance the product we have. We did run into problems with sort of the key and lead project manager on this project. Given our other priorities during 2007-2008, this wasn't top of the list, and from a revenue perspective, you can see, I think we were right in what we focused on.

We did change vendors. We terminated the agreement with a very trusted vendor that we've had for many years, particularly in the aero business, and that's EMS. We took more of the project management responsibilities on ourselves. We also signed a deal with an Indian-based company called Sasken, which will be project managing it, but with very close involvement from us, and we're now targeting to have this into the market and very confident we will do so in the second quarter of next year.

As many of you know, we're being optimistic – excuse me – opportunistic about the way we're attacking the market. It's out there, it's established, it's growing at single digit percentage rates. Despite some of the figures you see from some of these handheld operators, most of their growth is actually coming in low data rate services for terminal. So it's not that we're not in a hurry but we want to get it right. We want to hit the service with a quality – hit the market with a quality service and we are confident we'll see at least a 10% market share within two years of the launch of that service. So we'll reiterate that target but the time frames have moved a bit, admittedly.

I think again this is going to cause some big problems for competitors. If you look at particularly the two LEO operators, Globalstar and Iridium, they're sitting out there without their new constellations fully funded. They're experiencing service problems, and we're going to hit the market at a very bad time for them. And we intend to be very aggressive. If you compare us to Iridium, the handset price will be one-third of their current retail price. We intend to be very aggressive and very competitive in this market, albeit a little bit later than we'd originally intended.

Moving on to Aero passenger connectivity. Again, this is probably what people like to talk about most, because we all get on airplanes on a regular basis. We hear – people on both ends of the spectrum on this one. They don't want it. They want it. They can't wait. And it falls all over. I guess, I would say to you -- note that we're past the concept phase on this one. We're also somewhat beyond with a couple of airlines with the test mode and we're now in the rollout mode.

We've said this would be a slowly developing market. It's certainly has been that. You have to go through regulatory approvals, certification on aircraft body types. It's been complicated. We have two very solid distributors, AeroMobile and OnAir, who are out there working with the customers.

In fact, when you see their announcements, you will note that we're often not mentioned because we're the wholesaler behind the scenes enabling this. And we don't apologize for that. I think that's a good thing. The airlines are upfront with this as are our distributors and that's good.

[inaudible] signed on to commercial deployment are Ryanair and Emirates. I think Ryanair is up to 20 planes now, but continuing to install. Emirates has 30 planes. And in fact to note, Emirates has now been in service for a year commercially with this on their aircraft. The passenger feedback is very positive. If you talk to them, talk to OnAir, AeroMobile, or the two airlines, they will tell you they've had almost no complaints on this.

So despite the Telegraph running a survey to say who wants this and who doesn't, and coming out with negative answers, I can tell you the passengers, when they experience it, are not saying that, which is a good omen for the future of this service. And airlines are learning how to deal with it as well. On an overnight flight, you may have it shut off, so you can't use it. They'll be quiet zones on aircraft. There will be instructions on how you should utilize it.

The sort of – the ambient noise on an aircraft is quite considerable, so when you sit and talk on this, it really doesn't carry very far. And you will – when you do experience this yourselves, you'll see what I mean. Also, with BlackBerry access, SMS access, texting, this is not necessarily a service that's going to disrupt the passenger next to you. There are options.

So I think we're encouraged by the early stage results. If you look at Emirates, which is sort of a premium-priced airline, and you look at Ryanair at the other end of the spectrum, a value airline, you can see that this seems to appeal to both groups. And certainly both ends of this spectrum in terms of the airlines are moving on this. British Airways will be running a trial shortly on a London to New York route. Certainly, there are economic challenges for the airlines in this environment. Certainly that has slowed the rollout down.

We have a first mover advantage in this market. At this point, there's really no viable competitor on a global basis to this. There's no CapEx in this for us. There is no OpEx in this for us. It's an incremental opportunity, and we're certainly supporting it as best we can. And we think it will build momentum over time.

As far as our outlook is concerned, you can see with a very strong fourth quarter, and as we've indicated, the first quarter also looking very, very good, and you can contrast this with other industry updates. We are resilient and not immune, but certainly somewhat immune to the economic turndown.

The maritime business, I think, which people have been most focused on, is performing well. We have great visibility on the day-to-day traffic. So we do watch it on a daily and weekly basis. But even during these bad times, the sort of indicator or barometer for us is terminal sales and terminal installations [inaudible].

We're cautiously optimistic for solid revenue growth in 2009. Our cash flow -- and our very solid cash flow, even if sales were to slow, really underpins this business. Combine that with growth, it's powerful. You combine that with a CapEx holiday, and we will be tremendously cash generative as a business.

So just in summary, strong year on all levels, hitting on all cylinders. As a result, we increased our dividend. We think that's prudent given our balance sheet position. In fact, we have no financing requirements in 2009, and we're solid positioned for the longer-term financing if we need it.

Positive outlook for 2009; there's growth opportunities we haven't talked about today that some of you track, so there are multiple ways we can still drive this growth. We're delivering value to shareholders. We're on plan. And I'd like to open it up to questions if we could.

QUESTION AND ANSWER SECTION

<**Q – Christopher Nicholson**>: Christopher Nicholson from ORACA. You've obviously laid out the risk profile for a global downturn. I think everybody accepts and understands that. Can you give us some idea of the impact of a reversal of policy for Afghanistan? How would this impact your overall growth profile?

<**A – Andrew Sukawaty**>: Well, first of all, it's BGAN, and BGAN growth as you've seen has been considerable. I think on the terminal side it was 75%. BGAN is fairly well distributed globally. So I can't say its 40% of the revenues coming out of the Middle-East, and that's not just Afghanistan, it's Iraq at a much lower number than that. So if we saw things starting to stall there, it could have a 10% kind of an impact off the top of my head. But we've been beating the figures in other parts of the world with BGAN. So hopefully, we'd overcome that.

I don't see that happening based on what everyone is saying about Afghanistan at the moment. And in fact the way the troop movements are occurring much more regularly, it's actually going the other direction right now.

<**Q – Christopher Nicholson**>: Thanks very much.

<**Q – JP Davids**>: Yes. Hi there. JP from JPMorgan. Two questions, the first one on receivables. Have you seen any change in the number of days outstanding or any write-offs thus far in 2009? And then also on receivables, is the mix in line with your revenue breakout? For example, maritime is 40%, et cetera.

And then the second thing, on maritime, may be you can just give us a bit of color on ARPU evolution? We've seen data supporting ARPU in 2008. With FleetBoadband 150 coming in, can we expect ARPU to trend flat in 2009?

<**A – Andrew Sukawaty**>: Rick?

<**A – Rick Medlock**>: Yes. On the [inaudible] remind you on Inmarsat's Core sells to wholesale to our distribution partner, so there's only 30-odd distribution partners that we sell to. And we've seen no bad debts and no potential bad debts over that group either in 2008 or 2009, and actually a very long time, I think, in Inmarsat's history since there's been one.

And in terms of mix, of course, the distribution partners have a broad range of revenues in all the segments. So receivables – we don't obviously track receivables per the segments. It's across the whole business. Are you going to take ARPU?

<**A – Andrew Sukawaty**>: Yes. Actually, ARPU, I think, we've seen a slight tracking now because we've been moving in smaller, cheaper terminals for some time. So it has been somewhat of a gradual, I think, move there, somewhat obfuscated by some events that have driven a larger ARPU. I don't know if we've put out a trend on the FB 150 impact at this point, Rick?

<**A – Rick Medlock**>: No, we haven't said anything on – and we won't – I mean on BGAN, we have given disclosure of revenues and terminals, and that's really unusual for us to do one particular service, and the reason we did that, going back a little bit to the IPO, was clearly the growth plan for Inmarsat was all around BGAN, and therefore, we've laid that out since -- to help investors and analysts understand that. But FleetBroadband is a core part of our maritime business and therefore we aren't going to disclose that separately, so you won't see any figures on ARPU for that.

<**A – Andrew Sukawaty**>: But one other thing I'll point out, because a question came up earlier on this, they pointed out one of the competitors' huge growth in terminals and why aren't we seeing

huge growth in terminals? Most of the terminal growth you're seeing from our competitors is coming from what we call SLDR or low data rate satellites, which are very, very low revenue producing terminals. I mean, some of them are sort of $2 and $3 a month, some maybe as high as $10 a month, but very low. These are terminals that sit out there on a container and send up a bleep out three times a day kind of thing and so it's very low.

We don't report our low data rate customers as subscribers. We sell them wholesale through a few companies and there are a lot of terminals. In fact, if we reported terminal activations, all our numbers on terminal activations would look similar to theirs, but our ARPU would be crashing down. We, historically, before they were even in the business, have not reported low data rate customers and will – our current thinking is we'll continue that for a while, but we will see how it goes as that business develops. When it becomes material to the overall business, we may start breaking those figures out.

Henrik?

<Q – Henrik Nyblom>: Henrik Nyblom from Nomura. And just to follow-on on that sort of low rate terminal. Obviously, you had a record growth quarter, well, I think it's back to second quarter '04, you have had – not have had so strong maritime net additions or activations. How much was that related to sort of the regulatory change on the long range identification and tracking, which I think Inmarsat C has -- probably have been pretty good activations in the fourth quarter?

And the second question on – also on maritime -- you mentioned crew retention being one of the major factors for sort of FleetBroadband activations and growth. I would assume that the crew retention would be less of an issue over the next 12 months. Is that something we should therefore be slightly concerned about -- the growth outlook for FleetBroadband?

And the third question on the handheld delay. Could you perhaps be a bit more specific on what issues did EMS actually have and what was the delay in the design of the handset, et cetera? That would be helpful.

<A – Andrew Sukawaty>: Okay. On the first one, the impact of LRIT, which is this identification that you're now required in certain parts of the world to send into a port, before you come into the port. That is still taking shape, by the way. It's not fully implemented globally at all. I have to say the impact of that has been minimal at this point. And when they are doing it, they are doing it using existing communications means, which is often us, but because it's basically a report they are sending, data wise, it's very low traffic and very low revenue. So I have to say the impact to that is quite low.

On the ARPU – excuse me, the crew retention issue, and should there be caution on this, we're always cautious when it comes to maritime. I would say we've not seen the major shipping companies, say, well, we had this crew retention and welfare program we're putting in place to give them access, we're going to pull that off the board now as a result of the economy. We haven't heard that or seen that. In fact, it's just the opposite. Trends over the last few months in terms of the usage, what we call, Super Quiet Time service, has been very, very strong. So I can't say there's any indications of that at this moment. But, again, in this economy, we're not going to get too bullish about the future.

And on the handheld delays, I guess the short answer to your question is, no. We won't give much more detail. I mean every program we implement, we go after each one, they have problems, and they have things that go better than you expect, et cetera. This one, we were somewhat hands-off on because we had other priorities, frankly. And this was just an incremental opportunity to us. And you put it in the scheme of things, in terms of revenue growth to us, it was definitely not in the top-five chart.

So, yes, there were problems. I don't want to go into the guts of that. I don't see any reason to go into the guts of that. It's not a basic flaw in our approach. There's no doubt about that. We based this on basically Ericsson technology and GSM-based technology, by and large. There's not a lot of risk in the program from that perspective.

Making the satellite piece of it work, the RF side of it, is the trickiest piece of it. So to give you some focus, that's where 70% of the program is. And Sasken is well positioned to deal with that, as are we.

<A – Rick Medlock>: [inaudible] there on the Inmarsat C. There is definitely a trend in the growth throughout 2008 of increasing Inmarsat C activations as a result. It must be said of LRIT. So I think that's a fair point. I mean we're probably trending something like six to 7% growth in Inmarsat C throughout 2008. So I think that's a fair point.

<A – Andrew Sukawaty>: We had some growth prior to that as well. So how much of is LRIT. Paul?

<Q – Paul Howard>: Thanks. It's Paul Howard at Cazenove. A couple of questions. On FleetBroadband, can you – and the Fleet products, can you talk about the ARPU uplift you're experiencing on that as people are migrating to that product? And given the fact, I think, you said it's 15% of your terminals, sort of, where do you see that getting to in the near term? And then on distribution, how is the relationship currently with Vizada? Are they still appealing the sort of process on Stratos? And, what are their big customer segments? So is there any risk there in the near term on that relationship?

<A – Andrew Sukawaty>: Well, let me start with Vizada and then I'll hand off to Rick on the maritime ARPU point. We remain engaged with Vizada. Obviously, I'm not going to disclose any negotiating points at this stage. We remain engaged. They're a big distributor. 30% of our revenue flows through them. Something like 80% of their revenue they do with us actually is sold by service providers. They're big in indirect sales, they're not big in direct sales. So some of those service providers – in fact, many of those service providers – deal with multiple distribution partners, including Stratos.

We'll see whether we reach commercial terms with them or not. As I pointed out to you, I think, the risks are minimal, but at the same time, I'll tell you we've I think laid a very good deal on the table that gives them great incentive to continue to grow the business. But it is hard to come off of the old agreement. It was very, very attractive for the two largest distributors. And those days are gone.

Rick, on the --

<A – Rick Medlock>: Yes. I mean we've said, we are not going to break out FleetBroadband in either on terminals or revenues, so you won't see the ARPUs. What I would say on the ARPUs so far is that the shared corporate allowance deal that we've done for Maersk has definitely seen a substantial increase in the revenue per ship, we've seen from that -- [inaudible]

-- you've seen in the past, that sharp growth and eventually the BGAN revenue per terminal was higher than the regional BGAN's revenue per terminal. And at the moment, we would expect to say that that trend will eventually be seen in FleetBroadband. But we haven't given any figures and we won't give a disclosure on that.

<A>: John?

<A – Rick Medlock>: Yes. I think the final part of the question was, in terms of terminals, where do we expect the 15% that Fleet and FleetBroadband have of the overall terminal base. In a way, a part of it comes back to Henrik's question, in that clearly if the Inmarsat C for LRIT continue to grow, that number will grow independent of the growth in FleetBroadband and Fleet. Clearly, over time, Inmarsat B will migrate to Fleet. We've already seen that with Maersk and I'm sure others will do that over time. But it will never be well, we have such a large portion of Cs out there it will never be more than 50% and we certainly won't get more than that.

<A>: John?

<Q – John Clarke>: Thank you, John Clarke, Brewin Dolphin. The Maersk upgrade clearly has been helpful to you. Are other big shipping lines, competitors to Maersk, contemplating similar deals? And if so, to what extent have the changes in distribution or the slight flux period had an effect on any negotiations of that kind? And secondly, the slightly inevitable question with Harbinger. Could you give us any further update on them? And how much – do you have any feel on how well they've survived six of the most traumatic months in financial history?

<A – Andrew Sukawaty>: First, let me comment on the Maersk deal. Obviously, we can't disclose commercial specifics around the Maersk deal per se, but I will say as one of the world's biggest shipping lines, and certainly a leader, we went out with them first with a new structure to pricing that gave them, I would say, a good deal when you look at it on a per megabyte or per minute basis. It had pluses for us, as well. As a result of that, they get a lot more for their money, but we also get a lot more revenue. Now, we were very cautious about that because we intend to roll that out to others, but we wanted to see the impact of that on their overall usage patterns and our overall revenues.

Now that we've got a bead on that, because it's been out there now for a few months, we can watch it on a per ship basis, see the impact, use that to extrapolate as to what it might mean to others. Now we're starting – well, we have for a couple months now – talking to other ship line owners about similar packages. You almost can think of it as a cascade, starting with the larger ones and we will see how it goes. As you may see, a lot of these big merchant shipping lines have been longstanding customers and loyal to us, but we're being loyal to them, too. We're giving them the best pricing early and recognizing their growing demand for Broadband. With the new capacity on these satellites going up by 15 times on the I-4s versus the I-3s, we're in prime position to start to look at providing much more value for much more usage, and with that comes more revenue for us. On a fixed cost base, that's very attractive for us to do.

<Q – John Clarke>: [inaudible].

<A – Andrew Sukawaty>: Sure.

<Q – John Clarke>: I mean, when you deal with Maersk, I mean does that sort of deal – is that something you do direct or you go through distributors? Or just a little bit of clarification? I mean, is the distributor structure primarily with telcos?

<A – Andrew Sukawaty>: I'll hand it to the man that has scars on his back from a two-year Maersk negotiation, Perry.

<A – Perry Melton>: Yeah. Well, fortunately, we have direct contact with the key maritime end users, because they're key to us to understand why – how their businesses are going. But we also work through our distribution. So it's actually been almost like a tag team effect in terms of we let them know how the technology is developing, the -- [inaudible]

-- with some of the other fleets coming to us with an interest, and actually our partners are now picking up and saying, well, we've got vessel fleet sizes of 50 vessels, 100 vessels, saying how can we actually roll this out, to lock some of these ship management companies or fleet owners into this type of capability? So we work through our distribution [inaudible]

I think the key thing here, if you look at the decision that Maersk made, it was basically they were looking at Inmarsat versus VSAT at one time, Maritime VSAT. It's interesting the choice they made was Inmarsat because of our ubiquitous global network, and we're starting to see that same type of competition with some of these other fleets around the world.

<A – Andrew Sukawaty>: Thanks, Perry. Your second question was on Harbinger. Obviously, we get asked that a lot. We love large shareholders, 28% plus shareholders, and we treat them very carefully. Harbinger, as you know, came in on a three or four month window and bought that share some time ago now. I won't give you an update on Harbinger itself and the impact of the pullback from hedge funds and what's it had. I think you can read about that. It's been out there. Obviously, they've taken redemption hits like everybody else, but they appear to be stable now is what we've seen and what they've reported. They've been extremely supportive of us and this investment in terms of their words, and their holding has not shifted.

As you know, we disclosed last summer that they approached us about acquiring the entire Company through a company that they have applied for control of and made an additional investment in, SkyTerra, in the U.S., which works in the same L-Band spectrum as we do. And they expressed their intent and desire to acquire us through SkyTerra in total. No offer was forthcoming. They then indicated that they were going to go to regulatory bodies and petition and apply for change of control, even though they hadn't made an offer yet. They've done that, I think, with the Department of Justice in the U.S., a Hart-Scott-Rodino filing. The approval was granted there because there was no review done. They determined from a competitive standpoint it was not an issue.

It's really left to the FCC. The FCC -- the application they submitted to the FCC combined a change of control of SkyTerra, which they were taking as a result of their investment, along with a change of control in Inmarsat at the same time. That was filed, I think, in the autumn. A week or so ago, they made an announcement that they were bifurcating the two applications, so the SkyTerra application and change of control of it by Harbinger would be separate from the application for change of control by SkyTerra on Inmarsat. That was the only bit of news, I guess, that's really come out since then. The FCC, our understanding is, has not agreed to actually review the change of control on Inmarsat yet, and I guess there is a question mark as to whether they will, because they don't normally review deals that aren't deals yet.

We are very comfortable as an independent company. You can see from the results. You can see from our balance sheet that we're strong. We're not in need of cash. We're not in need of strategic investments. We're growing very strongly on our own and that's our path forward and our plan A. If anyone comes along, I don't care if it's a 28% shareholder or a 0% shareholder, and makes an offer that -- it would be beneficial to our shareholders -- we are open to it, and that's why we've not been obstructive on what Harbinger's tried to do. If anything, we've been slightly constructive in trying to -- when there is a filing, we make sure it's factually correct, et cetera. But we don't need to do it.

You can talk to Harbinger as to whether they need to do it or SkyTerra needs to do it. You can make your own judgment as to their capability given the downturn in the market to do it. For us, it's business as usual, full steam ahead and we're happy as an independent company. If a better offer comes along for our shareholders, we'll look at it.

<Q – Wilton Fry>: Hi there, it's Wilton Fry from Merrill Lynch. Two hopefully quick questions, if I may. First, can you give us a quick update on the Europe's S-band project, specifically what you actually see as the market opportunity? Is it some sort of video to mobile application or an ATC in Europe? Secondly, can you give us some more flavor on the passenger connectivity usage data? The Emirates press release said they ran up 100,000 calls in 370,000 flying hours. My basic math tells me that's 0.3 calls per hour. It doesn't seem like very much revenue for you. Would you give us any other data you've seen that could make us form a more positive view that'd be great. Thanks.

<A – **Andrew Sukawaty**>: Okay, let me start with part S-band. I mean, we've submitted an application. It has the various specifics in there about our view of the market and I'm going to be somewhat cautious about what I say about it, because it is a competition. We see it supporting both two-way communications, as well as broadcast TV and radio. It's unclear which of those applications is the dominant one for revenues. What we've submitted for an application has the capability to support both.

We think our application is strong. The footprint that we provide and the coverage of all of Europe we think is superior to some of the other applications we're competing with. I think our operational and commercial capability is quite strong, and I think some of the partners we've aligned ourselves with is quite strong. I'm not going to give you much in terms of specifics on what do we see coming out of S-band. I would guess that this whole idea of ATC or CGC as it's called in Europe is a major reason I think the EU has moved forward to award this license.

So we're looking at terrestrial type applications that are quite different than what we've supported in these remote environments. And that's why I make the clear distinction this is a separate line of business, particularly – potentially a separate company eventually. These types of applications will be things like enhancement to mobile coverage, adding a TV layer that could be used both terrestrially to transmit or an XM-Sirius Radio type of implementation over Europe, which you could with spot beams start to separate by country and that is a very attractive piece of this currently theoretically, but you've got to have the media companies playing when you do that and that's why we're so focused on having partners in this thing.

On the second point, Aero passenger connectivity and numbers, I'm going to hand off to Rick and/or Simon on this one, on the aero usage. Let me just say before they answer at all, remember we're in the cockpit being used and often we're getting added on the same terminal and same device for the passenger connectivity piece. So for the airline it's not necessarily is the passenger usage supporting that installation up front or not. That's not the issue because they already have on board and it's a small incremental additional investment.

The other issue is, they're often using it as an attractive element of the overall service they offer and potentially having other services connected to it. So, in the case of Emirates, for example, if you're in first class you may not pay anything for it. It's an enhancement to your first class ticket, if you will. In the case of Ryanair, he intends and he's been quite open about this, to offer gambling services when you get on the aircraft. You'll get welcome to the new service when your plane hits 3,000 meters and they flip the system on. And there'll be all sorts of promotional offers given you. And that's by the way, onboard communication that doesn't hit our satellite.

In terms of your comment about do we get much revenue out of it, if you took your percentage of aircrafts in the world and put this additional service on it, on a per aircraft basis they don't make that many calls it may not be a big revenue stream for us, but when you start adding them all up it would be significant. Rick, do you want to...

<A – **Rick Medlock**>: Yeah. I mean, I can't disagree with Wilton's calculations, basically because I don't understand them, so I'll take your word for it. But I mean, I think Andy's point is right. I mean, this is a volume business. It's going to be low ARPU per plane. It's going to be low ARPU per hour if you like, but as far as we're concerned it's all incremental revenue. And we're talking about 20 plans on Ryanair, we're talking probably only 30 planes on Emirates to date. These are infinitesimally small percentages of our terminals out there. All we can say is that with zero CapEx whatever revenue we do get in the long term will all be extra margin for us. Michael wants to add something but do you want a microphone?

<A – **Michael Butler**>: [inaudible].

<A – Rick Medlock>: Yes, and that's entirely right, it is building and I think it took Emirates more than nine months to get to 50,000 calls and then another two months to add another 50,000. So clearly, from their perspective volumes are going up.

<Q – Wilton Fry>: You know, people ask the question often, well, is this really safe on flights or not? And we usually answer that by saying well remember 20 to 30% of the devices don't get turned off anyway, so if they have been a safety issue even, airlines have been dealing with that for a very, very long time. But the other side of that on the opportunity side, as I was sitting with OnAir and they have systems that monitor every aircraft that goes up and so in fact they use Google Earth. And it's a 3D and you can see an aircraft taking off from Charles de Gaulle airport, hits 3,000 leaders, the switch flips and turns on the system on the plane. And it is amazing because they also have another screen that shows number of devices that then register.

And so all those devices that didn't get turned off, all of a sudden on. So if you have your Blackberry on so all of sudden all the messages come piling in. And we didn't fully appreciate I guess how much impact that has on, and you could argue well that's Blackberry usage and pretty low revenue, that's true because it's packet and it's not voice. But I think it's unclear as to whether this could be primarily packet service, which would be low incremental revenue per aircraft, or it's going to be voice dominated. Some people argue it's primarily voice, some people argue it's primarily data. I can tell you this, a lot a people are going to be aware it's working from the first day they get on an aircraft and see that system light up because the phones go on all around you and the devices go on all around you. It's a good promotional tool, if you will. Another question?

<Q – Paul Sidney>: Thank you. It's Paul Sidney from Credit Suisse. Just going back to the new distribution agreement. Could you quantify the total number of distributors that you are yet to reach agreement with? And also could you quantify the number of your terminals which that effects, please?

<A – Andrew Sukawaty>: The number of terminals it affects? I'm sorry.

<Q – Paul Sidney>: Yes. The number of your terminals that were – that you have connected through those distributors?

<A – Andrew Sukawaty>: I don't think any of any of us have a number of terminals off the top of our head. We know it in terms of revenue percentage. Again I'd just stress to you, if you're a distributor, these big master distributors, they're primarily selling through what we call service providers. Often the service provider is billing the customer; it's not the master distributor. The master distributor historically has been providing connection for them, which by the way, Stratos can now do globally for all services as well. So, I'm saying to you is, the number of terminals that a big master distributor may control are not a very relevant statistic because those terminals can switch with one [inaudible] keyboard to another distributor.

So I can't give you a number off the top of my head as to what one distributor has versus another in terms of total terminals. And you almost would want to differentiate it by existing and evolved services versus new services because the new services actually go though our land earth station, not through their own. So anyway, Perry, do you want to take that further?

<A – Perry Melton>: Yes, just to amplify what you just said about this – how the end users and service providers buy their service. Even today many of the maritime or land customers have choice. And depending upon what their plan is they might use one, two or three different distributors to access the Inmarsat system. And the service providers the same, because they will compete to get the best wholesale rate that they can at their level. So that already happens in terms of the dynamic within the customer base, that they have choice amongst the distribution.

<A – Andrew Sukawaty>: And a good example of how this plays out is a few years ago we had a payment issue with a distributor and the first thing we did is we stopped activations by that distributor. And you say, well, why did you do that? It would cut off your growth. Well, obviously there's a payment issue, which is why we did it. But what happened with those activations, they didn't stop, they just shifted to another distributor. Because these customers, remember these are not millions of customers, there's hundreds of thousands and many would argue most of the revenue's among a couple of thousand. And they know exactly what they're buying, they know where they can get it. They usually are playing one distributor off another. So this is a very fluid situation in terms of the shift.

But I think what you're looking for is, is there a dependency on someone that may just cut off one day. Remember [inaudible] they also have in fact a disproportionate dependency on those same terminals and seeing revenue come through them. It could be a disaster for them.

<A – Rick Medlock>: Andy, we should also probably address Paul's point that I think current status inevitably with contracts they always get left to the last minute for final signing. What we would say is that certainly a majority of our revenue, the distribution partners, have either signed already or are in the final throes of just putting the final dots to contracts and we would expect those to be signed in the near future.

<A – Andrew Sukawaty>: We will have robust indirect distribution. We could almost say we have it now based on what's signed or what's in final, so we'll be a good position here. And remember April 15th we will own our largest distributor that has 46 or 47% of our total revenues flowing through it. Has global land earth station operations to support all services. And has an extensive super SP network or service provider network themselves. I think we go from having four offices globally ourselves to having 28 as a result of the acquisition. That's to give you some idea of Stratos's scope globally to cover the market.

Yes. I'm sorry, where's the microphone.

<Q – Andrew Entwistle>: Andrew Entwistle from New Street. Two quick clarifications really. The implication from what you're saying is that Vizada hasn't signed on the dotted line yet. But whether that's a technicality or whether it's still ongoing. The headline figures on how the volume discounts played out actually look quite generous. But is it right reading between the lines of what you were saying, that that's a sort of reallocation of volume discount to where you want them to be rather then necessarily just generous terms for Vizada, what are clearly the main beneficiary of that.

<A – Andrew Sukawaty>: Well, I think we have been generous. I think we've put forward as a plan that allows people to gradually move off the volume discount. We don't want to create something precipitous or create undue risk for our distributors. We want them to be healthy and grow and survive. And certainly I won't comment on any specific terms for any specific distributor, but the Vizada and everybody else, we've given very attractive terms in terms of how this winds down over time. And I think that's good for them and good for us. So you could call the generous if you will but I think it's in our interests and it's in their interest to have a healthy business that's growing alongside each other. And that's our primary focus. And what we put on the table.

<A – Rick Medlock>: And just to clarify that point. When the volume discount scheme was put in place back in 2003 the overall intention was for about 7% volume discount, which works out at around 30 to $40 million per year over the last few years. And you can clearly see as a result of the mergers both of Stratos's own merger and then Vizada's merger, that's increased more than we would have liked.

And Michael always used to describe it as the wedding present that Inmarsat gave them, these mergers. And now that we want to recover that, I mean that's the plan. But clearly, we don't want to do that overnight because it will disrupt some of the business models. So it's a transitional phase and it will clearly changes after April, it will phase in over a number of years. We have certainly retained some aspects of the volume discount, which will play out over time. And we are replacing some of the volume discount with expected lower prices, particularly with the BGAN, at the wholesale level.

<Q – **Andrew Entwistle**>: Thank you. Just on the S-band, I assume you're still standing by previous statements that you won't be the risk bearer on S-band. I mean, we're a lot closer now to the sort of escalating commitment that the commission's going to want before licenses are given. But you've not said anything today that softens that [inaudible] and they will come.

<A – **Andrew Sukawaty**>: Absolutely not. Anyone else, down here.

<Q – **Hugh McCaffrey**>: Hi, it's Hugh McCaffrey from Goldman Sachs. Just three, hopefully very quick questions. On the changes in supplier agreement, the payment terms, what's the impact on working capital? Secondly, this is for Rick really, can I get a blank sheet of paper for...

<A – **Andrew Sukawaty**>: [inaudible].

<Q – **Hugh McCaffrey**>: Yes. Well, it's just that if you had a blank sheet of paper what do you think the cost of debt financing would be very much out at the moment? And thirdly, just as BGAN has grown what kind of data packet traffic growth have you seen relative to the terminal growth?

<A – **Andrew Sukawaty**>: The last – the question we'll answer first if you don't mind, and, Perry, I'll hand off to you on the data packet growth.

<A – **Perry Melton**>: Well, if you look at – it's been growing at multiple double digits for years. If you look at our overall data revenue, our revenues in terms of data, it's well over 70% for some time. Something I think all telco's have been looking for. So that even today now we're seeing, between both FleetBroadband and BGAN, significant growth rates and just the use of data IP services in that mix. So it's a continuing growth trend for us in terms of comparable data use on prior generational services.

<A – **Andrew Sukawaty**>: Rick, can to you – have you got your working capital calculation there?

<A – **Rick Medlock**>: Yes. On the supplier's payments term, it's phased in over a three-year period to move existing payment terms, which are 90 days on existing and evolved services, down to a more normalized, BGAN today for example is 60 days, we're going to – we can expect to move that to around 55 days over a three-year period.

So, yeah, it's a phased in, we certainly get a boost in working capital in 2009. Remember, of course, that Stratos will provide about 45, 46% of that. So we don't get completely all that, it comes out of Stratos's pocket into ours. But it definitely is a working capital boost for us in 2009 and going forward from that.

Cost of debt, now that's an interesting question given that some of our banks are sitting in the room. I'd certainly say on the bond side, if we went out and raised bonds I would believe we would be able to raise bond financing at between the rates of the two bonds that we have today. The senior discount notes are 10.375 and the senior notes are 7.625 and I think somewhere between those two lies the truth. Obviously market conditions dependent. On the bank debt, I mean, clearly the bank terms we have today are excellent and we're very pleased with them. Clearly on the newer I would expect the spread to widen but obviously interest rates, we don't know what those will be according to loan interest rates at that time.

<A – **Andrew Sukawaty**>: Can I also stress, we don't have anything coming due during the course of [inaudible], no financing required for Stratos.

Andrew Sukawaty, Chairman and Chief Executive Officer

There are no more questions. I don't see any. Thank you for coming today, we really do appreciate it. Again, I'll stress since the IPO we've been saying we have a good solid franchise here. We're not a consumer business. We're not totally understood as to how sticky these customers are. You're seeing it demonstrated today and hopefully on the top of this investment we've made you'll see more growth to come. Thanks for coming.

MANAGEMENT DISCUSSION SECTION

Operator: Good afternoon, ladies and gentlemen and welcome to the Inmarsat 2008 Preliminary Results Conference Call. At this time, all participants are in a listen-only mode. Later, we will conduct a question-and-answer session and instructions will follow at that time. [Operator Instructions]. And just to remind you all that this conference call is being recorded.

I would now like to hand over to the Chairperson, Simon Ailes, Director of Corporate Finance. Please begin with your meeting and I will be standing by.

Simon Ailes, Director of Corporate Finance

Thank you. Good afternoon and welcome to Inmarsat's fourth quarter and full-year 2008 results call. On the call today, we have Inmarsat's Chairman and Chief Executive Officer, Andrew Sukawaty; our Chief Financial Officer, Rick Medlock; and Michael Butler, our President. The management team will discuss our results before inviting your questions.

I would remind you of our Safe Harbor statement that you can find included in our press release and you are asked to note that certain statements made by the management today may constitute forward-looking statements within the meaning of US Securities laws. These forward-looking statements involve risks, uncertainties and other factors, which may cause our actual results, performance or achievements to be materially different from those projected. With that said, Andy will now begin today's call.

Andrew Sukawaty, Chairman and Chief Executive Officer

Good afternoon, everyone and welcome to the call. Today, the management of Inmarsat is pleased to be delivering our fourth year of public company results our first as a FTSE 100 company and another year of performance substantially ahead of plan. The results reported today consolidate a full year of financials for CIP and Stratos Global Corporation and show how are our acquisition of Stratos Global will significantly increase the scale of our business.

Reported revenue today for the full year jumps to almost $1 billion while EBITDA increases to $531 million from $388 million in the prior year. Of course, although, we already consolidate the results of Stratos in these numbers I have cited, we have not yet completed the acquisition and later on the call, I will take some time to outline our integration plans. In the meantime, I will focus on the results for the Inmarsat core business, which excludes the results of CIP and Stratos, clearly because we haven't acquired them yet. We will focus on what we have controlled over the last year.

The directly comparable result for Inmarsat core shows that our business has continued to strengthen. In 2008, we outperformed the strong results we reported for 2007 and delivered results well ahead of market expectations. Inmarsat core revenue grew by 13.9% to $634.7 million, outperforming the 11.4% growth we reported for 2007. Core EBITDA for 2008 was $431.6 million, an increase of 12.5% over the prior year and would have been ahead of revenue growth if it were not for the impact of foreign exchange.

Furthermore, this performance for the year was distinguished by strong third and fourth-quarter results, a contrast to many other businesses where the deteriorating economic environment was already impacting results last year. We believe that these results demonstrate that our multiyear investments in new satellites and cheaper, faster, smaller terminals are hitting home with customers even in times of economic difficulty.

Throughout 2008, our results have shown that there is a real economic resilience in the markets we serve and services that we offer and as we look into 2009, we are cautiously optimistic about our prospects.

Turning to the full-year trends, on revenue, our core MSS business enjoyed healthy growth across all four of our market sectors. Maritime revenues grew by 7% overall, combining growth of almost 10% in data services with growth of 2% in voice services. Maritime revenue growth in 2008 was predominately due to increased usage of our services by ship operators, as well as an overall increase in our installed customer base due to the growth in the global shipping fleet, as well as our success in penetrating the market for small vessels.

Ship operators have been increasing the use of our services in order to drive efficiency gains through technology and automation, as well as to provide much wider levels of connectivity for seafarers wanting to keep in touch with their families and friends. All of these factors continue to contribute to our growth.

Our total population of maritime terminals grew by almost 6% and within this figure, we saw growth in the combined number of our newer fleet and newest FleetBroadband terminals of over 36%. This was the first year of our FleetBroadband service, which extends our broadband capability to our maritime customers for the first time. The feedback to this service has been strongly positive and this puts us in a very good position to retain our market leadership and to capture further growth from the increasing demand for data services at sea.

Towards the end of the year, we saw that the merchant shipping industry was hit hard by the global economic slowdown and that there has been widespread media coverage of falling shipping rates and stories of ships lying idle outside ports. As a result, we have faced a lot of questions about how this situation will impact our results. In response, we have pointed out that the use of our services by vessels sailing is largely fixed. Simply put, if the ship sails then Inmarsat services will get used. This means our revenue does not correlate to the rates that ships earn for journeys, but rather for the nautical miles traveled. However, where we can be impacted is by shipping capacity being taken out of service by operators scrapping older vessels or waiting for demand to pick up.

Although, we are aware of such capacity reductions, this has not yet been significant enough to impact our overall growth trend. Nonetheless, as our maritime customers' only pay for services used on a postpaid basis, so our revenues for 2009 will have some exposure to the number of ships taken out of service and this is something we need to keep a close eye on.

So far, the news remains positive. Maritime trends since the start of the year have shown that traffic and active terminals are still growing. It would be very foolish to call the year now, but with the trends we are seeing and the global broadband service available to maritime customers for the first time, I think we are well-positioned and we are optimistic about the year ahead for maritime.

Land mobile revenue for the year was almost up 13% with land data revenue growth of over 17%. While land voice revenue was down slightly due mainly to competition, the dollar value of the loss of voice revenue was not material and offset several times over by growth in our data services. Land data growth was dominated by growth in BGAN, which continues to attract new customers and drive migration from older services. The number of active BGAN terminals was up 75% year-over-year to 27,600 terminals, while total land mobile terminals as a whole were up 2%.

Land sector revenue comes from a wide range of customer groups and the economic sensitivity across this diversified group is a hard number to gauge. By far, the largest contributor to land revenue is the government sector, usage by government branches is hard to predict and can be volatile from quarter-to-quarter. However, the use of our services by governments around the world has not been particularly sensitive to the economic climate and that is an important factor as we think about our outlook for 2009. Many investors have asked us if the Obama administration's pledge to reduce US forces in Iraq would impact our revenues. Certainly we believe there would be a minimal impact, but incremental commitments by the US and other countries to the situation in Afghanistan may offset any impact. The more active movement on the ground of operations in Afghanistan is likely to drive more usage of our services than does the more fixed nature of current operations in Iraq.

The other main driver of our land sector are oil and gas extraction and exploration, usage by media for on-the-spot news gathering and beyond this, many other industries operating in remote areas. The usage profile of these customers' groups is that they rely on Inmarsat to provide a central value-for-money communications for remote operation and unless these operations are entirely withdrawn, this day-to-day reliance should help us sustain revenues. We have already seen in the past two years that providing broadband to these customer groups has been successful in driving higher usage profiles. As the migration for older Inmarsat services to BGAN is far from over, I think we can continue to target growth from these customers in the years ahead. We therefore remain confident that BGAN will continue to attract new customers and drive incremental revenue.

Turning to our aeronautical business, we have completed another year of stunning growth thanks to our Swift 64 service, the only global and reliable data access service for the aeronautical market. Swift 64 drove our aero revenue growth to 45% for the year. This growth continues to come from demand from government aircraft and business jets. The penetration of in-flight cellular services, which I will discuss in more detail later was not sufficient to be a material factor in our 2008 results, but remains an exciting opportunity for future growth.

Aeronautical active terminals were up 13.5% year-over-year. Swift 64 was the main driver, but some encouraging orders for Swift broadband were beginning to be seen towards the end of the year. As with our maritime sector, the availability of a broadband terminal, coupled with global coverage following the deployment of the third Inmarsat-4 satellite, has combined to significantly increase the customer offer in these sectors and we are excited to see how these can take our development to the next level in this market.

Looking ahead, the significant growth we have enjoyed in our aeronautical sector has been in part due to the growth in the use of business jets in the US and around the world. Prior to 2001, our penetration of the business jet market was minimal and since then, we have seen uninterrupted growth. It is therefore hard to say how reduced demand will feed through to our aeronautical results. We think it is reasonable to expect some minimal adjustment for reduced business jet activity, but we think that much of this effect can be offset by continued growth in government business, our increased service propositions through SwiftBroadband, further penetration of business jets and to a lesser degree, by early contributions from new in-flight passenger services. Aeronautical results in the early part of the year have been positive and we are not seeing any significant negative pressure at this stage.

Finally, our leasing sector was up an impressive 20% for the year. This strong performance was mainly due to a very high level of success in converting a pipeline of new leases early in 2008 and which contributed new revenue for much of the year. However, in a few instances, some of our customer traffic reported in our other business sectors was migrated by distributors to a lease basis and this shifted the mix in favor of leasing. Our recent hit rate on lease renewals has been consistently high and from an economic perspective, this perhaps reflects the very high level of government business that makes up our leasing numbers. We think we have a good chance to consolidate and build on leasing revenue in 2009.

As a result of this strong revenue performance and tightly controlled operating cost, which Rick will speak to in more detail in a moment, the Inmarsat core EBITDA reported for the year was $431.6 million, up 12.5% year-over-year. The 2008 EBITDA margin was 68%, broadly in line with 2007 and would have been even higher but for foreign exchange rate shifts. We remain comfortable with our objective to reach 70% EBITDA margins by 2010.

This brings me on to dividends. In light of this performance, the Board of Directors is recommending a final dividend of $0.182 per share. This brings a total dividend for 2008 to $0.3033 per share or an increase of 5% year-over-year. We are proud to be one of the few companies still increasing dividends at this time and we continue to target increases in line with our sustainable growth. This increase also underlines our confidence in our balance sheet or our liquidity position and that our capital base remains appropriate to our ongoing needs in the current market environment. It is also interesting to note that while dividends are declared in US dollars, they are paid in sterling and as a result of current exchange rates, the dividend in sterling terms, which many of our investors convert to, will be up some 40% on last year.

To round up my review of the year, I want to update you on the very significant development that was the launch of the third Inmarsat-4 satellite. The satellite was successfully launched using a Proton Breeze M Launch vehicle on the 18th of August and was subsequently brought into commercial service at 98 degrees west in October on an initial basis and then fully operational in January of this year. Every aspect of this process has gone to plan and we are extremely pleased with the health of this satellite. Following the launch, we also embarked on a long-standing plan to relocate a number of satellites to optimize the Inmarsat-4 coverage. This sequence of moves, one of the most complex in satellite history and which we have referred to as repositioning, was completed without problems on the 24th of February. As a result, we are now fully ready for global broadband services for the life of the Inmarsat-4 constellation, which means at least the next 14 years.

In addition, as the Inmarsat-4 satellites also extend the lives of the older generation of services, we are in the enviable position of being able to say to our customers that, unlike our competitors, all of our global services can be relied on for the long term. They are fully funded and in place. No one else in the satellite industry can make this claim. Our unique asset base is the result of decades of success in building a deeply embedded customer franchise across several markets and provide evolving services to meet customer needs. Only in this way can successive generations of satellites deliver consistent and healthy returns to our investors. With the Inmarsat-4s now deployed, our space engineering team has fully turned their attention to our next satellite, Alphasat, which began construction by Astrium early last year. Alphasat is an extremely important investment for Inmarsat, allowing us to progress new technology for our next-generation network, as well as providing network redundancy that will further enhance our business position. Alphasat will add both capacity and capability for service enhancement and enable us to target further growth. I am pleased to report that the Alphasat construction phase has started well and we remain on schedule for a 2012 delivery.

Finally, I would like to comment on the important management change that we announced in 2008 and which is now in effect. Perry Melton was appointed as our Chief Operating Officer with effect from the first of January and has taken over from Michael Butler who, as announced last year, will leave the business in April. Perry has 16 years experience with Inmarsat and was most recently our Vice President of Sales and Marketing. This means Perry has been at the very center of our growth and success over the last two years and is the ideal candidate to take the reins. I would also like to take this opportunity to thank Michael Butler for his contribution over the last nine years and we wish him well in his future. With that, I will conclude my opening remarks and let Rick take us through the financial review and Q4 update and then I will come back to finish the discussion with an overview of our strategic objectives and outlook for 2009. Rick?

Rick Medlock, Chief Financial Officer

Thanks, Andy and good afternoon, everyone. Today, I will initially cover the key financial results for the group, then spend some time discussing the fourth-quarter results at the Inmarsat core level.

First, what we have reported today at the Inmarsat PLC level is the first full year of consolidated results incorporating Stratos Global. When we consolidate the two companies, the main adjustments we make are to eliminate our sales to Stratos which are recorded in revenue and eliminate Stratos' purchases from Inmarsat, which is recorded in net cost of sales. These are effectively equal and opposite adjustments. They're relatively straightforward. At the end of the process, we still see a significant increase in scale. Consolidated revenues are now almost $1 billion, while EBITDA reaches $532 million, a 53% margin on the combined business. Below the EBITDA level the only material adjustment is the elimination of the intercompany interest which accrues on the Inmarsat loan to CIP. This means probably before tax increases to $194 million, and this feeds through to net income. There is a one-off tax credit in the Inmarsat core business, and I will come back to talk about that in a moment.

As I have discussed before, it may seem strange that we are already having to consolidate Stratos even before the acquisition is actually complete. But this is a consequence of the accounting rules and reflects the fact that the acquisition process really started in December 2007, and we will simply complete our exercise at the call option in April 2009.

Looking back on the slightly unusual situation, we can now perhaps see a benefit in that we have completed a familiarization process with the impact of consolidation and we will have comparable results in future periods.

Turning now to the results for Inmarsat core, which excludes CIP and Stratos, Andy has already highlighted the fact that we finished the year with 13.9% revenue growth. This remains well ahead of our management growth plan, which aims to deliver average annual growth in revenue of 6 to 8% over the five-year period to 2010. The results for 2008 underline the fact that we are well ahead of this plan.

At the EBITDA level, we recorded growth of 12.5% after operating costs of 203 million and this was despite a 12.5 million increase in volume discounts year-over-year to 63.8 million. Although operating costs increased, the shift in our hedged rate of exchange accounted for approximately 12 million, or 41% of the increase in our costs year-over- year. The underlying cost increase is mainly in connection with our Hawaii Earth Station, which supports the operation of our third Inmarsat-4 satellite and therefore is a step change, but not a recurring increase.

Depreciation and amortization for the year fell just over 4% and that may appear odd in a time of CapEx investment. However, I would remind you that in 2007, we took a 9 million one-time depreciation write-off of a launch vehicle option for the launch of the F3 satellite. Net interest payable also fell slightly to 78.2 million mainly reflecting lower interest rates on floating debt and a foreign exchange gain on our pension liabilities. Profit before tax was therefore 186 million. That is up 48% on 2007 and a very strong and pleasing performance for the year.

Looking down to profit for the period, the result for the year was boosted by a non-recurring deferred tax credit relating to a leasing transaction in our Inmarsat-4 satellites. This tax credit has reduced cash tax in 2008 and will help reduce cash tax in the next few years. Excluding the credit, the tax charge would have been broadly in line with the UK corporation tax rate.

So how did all this growth translate into cash, well, we generated 425 million of operating cash flow in 2008 and that's up 14% on the prior year. Our principal use of cash in the year was 211 million for capital expenditure, which includes deferred satellite payments of around 12 million.

Capital expenditure was around $45 million lower than guidance. This saving was due to later phasing of payments under a number of contracts and a deferral of some activities. Meaning that expenditures moved into 2009 rather than being an overall reduction in the plant spend.

Taking this into account, our capital expenditure guidance for 2009 is for 150 to $160 million, excluding deferred satellite payments, which are expected to be around 10 million, so altogether, 160 to 170 million in total.

With apologies for the mental gymnastics it takes to work this out, this means that capital expenditures are fully in line with all of our previous statements. There have been some small increases in CapEx that we have announced since our last full-year results of around 10 million, which relate mainly to our S-band license application and the development of a new smaller variant of our FleetBroadband service called FB150, which we expect to launch in 2009. So the majority of 2009 CapEx spend will be related to Alphasat and our global satellite phone service.

Cash interest was broadly in line with 2007 at 37 million, but will step up by approximately $47 million in 2009 as we will begin paying cash interest on our senior discount notes for the first time and therefore, cash interest will tie much more closely to our P&L interest charges in the future. Once again, cash taxes were not material in 2008, we do expect to start paying some cash taxes in 2009 on the order of 10 to $20 million but well below the P&L tax for the year as a whole as a result of the additional capital allowances as a result of the leasing transaction.

As a result, we generated 175 million of free cash flow and from this amount, funded dividends of just over 130 million, a very healthy payout ratio, which of course, will increase with the impact of the dividend increase that we have announced today. So let me now switch to the balance sheet and our liquidity position. Right away, I would make the point that amongst satellite operators, Inmarsat has historically maintained one of the lowest levels of debt leverage in the industry. This prudent approach means that we are today well-positioned to access capital markets where needed to meet our financing needs. Inmarsat has no debt maturities in the next 12 months and the majority of our debt does not fall due until 2012 and beyond. We have significant headroom to all of our debt covenants and we will be comfortably able to operate within these covenants in the coming year. In addition, our business remains highly cash generative, meaning that we can reduce debt and continue to fund dividends to shareholders in the future.

Our Inmarsat core net debt at the end of the year equated to a debt to EBITDA level of 2.8 times. At the end of the year, we had cash and undrawn bank facilities of over $200 million and therefore, ample liquidity to manage the business. We expect to make scheduled debt repayments of about $50 million during the course of 2009 and we will consider renewing or extending current bank facilities to address the maturity of this bank borrowing in 2010.

Switching on CIP and Stratos, their consolidated net debt at the end of the year is now below $200 million, including cash on hand of 105 million. Stratos has no debt maturities in 2009. The consolidated debt level at Stratos is now two times EBITDA, less than half of what it was when we started the acquisition process in 2007. And the consolidated net debt position for CIP, Stratos and Inmarsat is 2.6 times EBITDA.

So before I switch gears to review the financial results for the fourth quarter, I would wrap up on the financials for the full year by saying that the results reported today show what a terrific year we had in 2008. Revenue growth at 14% is well ahead of plan, ahead of market expectations and ahead of 2007. This growth was captured in operating cash flow and profitability and demonstrates how our investment in new satellites is creating value. In terms of our position entering 2009, we have an excellent liquidity position and with capital expenditures substantially behind us, we have the advantage of a strong balance sheet and increasing free cash flow. This position helps underpin our dividend to shareholders even as we see tougher economic environment outlay. As a result of these factors, the Board is recommending a substantial dividend increase for the year of 5%.

Okay. Now, before I hand back to Andy, I am going to go through the fourth-quarter operating and financial results. Fourth-quarter results relate to those at Inmarsat Holdings Limited, our quarterly reporting entity whose results are those most closely followed by the analysts and investors. The full-year results for Inmarsat Holdings Limited will be filed on Form 20-F with the SEC towards the end of April.

Q4 revenues were up 20% year-over-year and clearly demonstrate how the Inmarsat business was continuing to perform very strongly in the otherwise deteriorating economic environment. We recorded strong revenue growth in all our market sectors and this meant for a very strong finish to the year. It also shows that our growth continues to be spread across a broad range of markets where the interdependence is very limited. This is an important defensive quality to note because we are not dependent on a single market for continuing growth. We do have considerable government revenue, but it is across all our sectors and we are embedded into the operations of commercial customers as well.

Turning to the maritime sector, Andy has already made a number of points about our maritime performance and outlook. If we look at Q4, I think the results simply underlines that while maritime industry problems are well reported in the media, the nature of the difficulties was not in any material way impacting our result on any reported metric. Combined voice and data revenue growth of 9.8% was complemented by growth in both terminals and ARPU.

The number of active terminals added in the fourth quarter was actually the strongest quarter of the year and this included steady acquisitions and FleetBroadband terminals, which are the essential terminals used by the shipping industry and which generate the highest traffic figures.

The land mobile sector saw overall growth of almost 23% in Q4. This was driven by very strong results for land data and BGAN, which offset the decline in our small land voice business. BGAN is now fully established and growing by attracting new customers and we are starting to see migration from other services. BGAN subscribers grew by a headline 1400 terminals for the quarter, but this figure was impacted by the decommissioning of 1200 terminals that were used on a temporary basis to support the municipal elections in Brazil in Q3. So adjusting for this, the activation of 2600 BGAN terminals remained at normal quarterly trend levels. BGAN subscribers were up 75% for the year, driving overall growth of 2% in active land terminals, declines were seen in our population of low ARPU Mini-M and MRC terminals and in our figures for GAN and regional BGAN due to migration.

As we already planned and announced, the regional BGAN service was switched off on the 1st of January 2009. At the end of December, we still had 4708 active regional BGAN terminals. These terminals will not be counted from the 1st of January, so this will impact the report of terminal numbers in 2009. However, due to the long notice period, the remaining regional BGAN terminals were not generating material revenues by year-end and we expect that the remaining users will have now moved their traffic to BGAN. The decision to withdraw regional BGAN was announced more than two years ago to our distributors and customers and is driven by our desire to move users onto more capable and spectrum-efficient platforms.

The aero sector had another strong quarter with 53% revenue growth fueled by the continuing strong take-up of Swift 64. SwiftBroadband is also gaining momentum and active terminals for SwiftBroadband at the end of the year were around 120. Initially, in leasing, the success in the Q4 figure of 44% growth was mainly due to new leases and high renewal rates that really started earlier in the year. The year-over-year comparison is flattered though by the fact that Q4 2007 was a slightly weaker quarter for leasing as some of our customers reduced their take-up of leasing.

Turning to Q4 operating costs, the headline rate of 23% growth in costs is very misleading for the underlying position and the trend. Of the total increase in costs for the quarter of 11 million, approximately 3 million is due to the impact of foreign exchange due to a weaker hedge rate in 2008. Staff costs were, in fact, down year-over-year despite foreign exchange mainly due to some one-time costs taken in 2007 in Q4 and bonuses being recorded earlier in the year in 2008, increases in network and satellite operations costs mainly related to the operating costs we now incur for the Hawaii Earth Station that supports the third Inmarsat-4 network. There will be some modest increases here in 2009 as we complete the upgrade of the grand infrastructure needed to support a global broadband network. So that leaves the bulk of the cost increase year-over-year in other operating costs. The majority of the increase relates to professional fees related to the leasing transaction and some other business development projects that we were working on. These fees were largely nonrecurring in nature in terms of their projects that they support. Underlying cost increases relate mainly to additional marketing spend to support our broadening distribution channel.

These operating costs therefore contributed to EBITDA for the quarter at 101.4 million. That is just under 19% on the fourth quarter 2007 and an exceptionally strong result. That concludes my remarks, so I will now hand back to Andy.

Andrew Sukawaty, Chairman and Chief Executive Officer

Thanks, Rick. I will round out this call with a few comments on our strategic plans and outlook for 2009. First and foremost, we will be keeping our focus on building on our revenue growth momentum. With the recent addition of global broadband coverage, we have dramatically improved the proposition of both our FleetBroadband Maritime product and our SwiftBroadband aero services. Customers have been waiting for the global service to be added. They can now buy these services with confidence and we will be targeting more take-up in 2009.

Our second priority will be both the completion of the Stratos transaction and the smooth transition to new distribution arrangements. We have received all of the regulatory approvals necessary to complete the acquisition of Stratos and these approvals have been received without any material conditions. As a result, I am pleased to announce today that we expect to exercise the call option on the 15th of April. It is worth reminding you that as we partnered with CIP to acquire Stratos in December 2007, the transaction financing was completed at that time in 2007. And as a result, there is no financing requirement when we exercise the call option and it is essentially a cashless closing process. While it is still very early, I think we can provide some guidance on our post-completion strategy.

First, we intend for Stratos to continue to operate very much as it does today. There is very limited overlap between us and it was never our plan that the combination should be driven by integration synergies. This means combining the two companies is low risk while the objectives for revenue and profit growth remain firmly aligned. The successful Stratos management team will also remain with the business. The day-to-day relationship between the Inmarsat and Stratos operational teams will remain firmly at arm's length in the same way they operate today. It is essential to manage our channel on a level playing field so as to encourage other distributors to continue to develop and expand their distribution efforts. This is the same channel management approach seen in many other industries and is one already managed by Stratos itself as it sells both direct to the end customers and at its own channel of service providers and distributors.

Importantly, however, we will work with Stratos management and our other distributors to sponsor new pricing and distribution initiatives into end customer markets. In time, I think there will be some synergy opportunities. However, these are medium-term objectives and will not be realized in 2009. We continue to believe the acquisition of Stratos was the right strategic choice for Inmarsat and as we get closer to it, we are more convinced than ever.

Financially, they have outperformed our assumptions and I look forward to updating investors as we make progress post-completion. In terms of our distribution agreement, as many of you know, the existing five-year agreement comes to an end on the 14th of April. The majority of our distributors have now agreed to new terms and know from their long-standing partnership with

Inmarsat that the distribution of our services remains an attractive and profitable business opportunity for them.

Of course, a small number would like to see the old terms prevail as these were more favorable to them. These terms were negotiated where the distributors were both owners and distributors of Inmarsat, so it is understandable that they got a good deal. However there is a very good reason why we are extremely confident that the new agreement will be implemented as the end customer base has invested and embedded Inmarsat equipment in their operations on ships and planes for example. And they are very sticky to us and they will be motivated to continue their access to our services. We are an essential service for them. We expect both their stickiness to us and to our distributors will mean transition to the new distribution terms happens on schedule.

In short, we will begin trading under the new terms on the 15th of April. The benefits for Inmarsat of the new terms will be mostly felt in increased flexibility and enhanced opportunity to influence end customer markets, but there will also be some financial benefits that will accrue over a period of years. We expect benefits from revised volume discount terms to accrue over two years and revised payment terms, which will improve working capital to be implemented over three years. We propose to address both operational alignment with Stratos and the impact of new distribution terms in more detail after the 15th of April and we will discuss these matters on future calls.

Looking further ahead, we have announced today that our hand-held global satellite phone service has been impacted by our decision to bring in a new partner, Sasken Communication Technologies, to help develop the service's core module. The consequence of this switch is that we are revising our service launch date to the second quarter of 2010. While the change of partner has directly resulted in a later date, we believe it provides greater certainty that the revised dates and costs can be met. Let me be clear that our objectives for this program remain unchanged and we continue to believe this is an attractive incremental market opportunity for us, particularly as the prospects for certain competitors to fund replacement constellation of satellites looks increasingly challenging in the current financial market environment.

We are highly confident that we will bring a high-quality service to market that will be cost-competitive on service and on handset price. Indications are that our customers will be receptive to this new service and that we will take a significant share from our competitors. We have moved to strengthen our internal effort on this program and we are reiterating our original marketshare objective of 10% within two years of service launch and remain confident in achieving this. In fact, we think it is conservative.

Finally, a quick update on the opportunity of in-flight passenger service. The list of airlines attracted to offering this service continues to grow. This is hardly a surprise given the strongly positive passenger reaction to the service that we have previously discussed.

Recently, we saw Ryanair start service on 20 aircraft with significant marketing promotion. It is interesting that the two most committed airlines are essentially at opposite ends of the spectrum in terms of the markets they serve. Emirates, a full-service global carrier and Ryanair, a low-cost short-haul airline. I think this is an early indication of just how widespread the eventual deployment of these services will be and how much potential there is for Inmarsat.

Three years ago, we were wondering if this opportunity would develop. Now I think we firmly believe this will happen and it is a question of how long it takes to gain critical mass as a revenue generator for us. Although the number of planes fitted today is still modest, we can count the additions month-by-month and so too the increasing number of calls and traffic being generated on the equipped planes. Later this year, we will see British Airways launch a trial service on a London to New York route and I think this shows that there a number of market leaders are becoming interested in this service, while I agree with those who say that this market is likely to develop more slowly due to the economic challenges faced by the airline industry, I think this also plays to our advantage as it will be significantly harder for a rival to commit the resources to an alternative service, particularly in terms of the satellite capacity they would need.

This leaves us with a first-mover advantage. We have a global network of satellites in place, a capable global terminal in SwiftBroadband and established distributors in AeroMobile and OnAir. In short, everything is in place for an opportunity that requires no further capital investment by Inmarsat and virtually no additional operating expenses to support the additional traffic. This remains a very attractive growth opportunity for the company.

So let me now conclude today's call with a summary of our outlook for 2009. The results we have reported today show that we continue to have growth momentum across all our market sectors despite the downturn other industries are seeing. These positive trends have continued in the early part of the year and indicate that we are not yet seeing a material negative impact on our business. In particular, the trends in our maritime business continue to show that our revenues are holding up. We can't be absolutely certain that continued difficulties for the industry will not feed through to us at some point, but I believe that we have amply demonstrated already how hard it is to knock us off our business course and plan. The makeup of our overall customer base is highly defensive. Not only do we have a high proportion of government business, but in the commercial applications we support, customers are often very reliant on our communications to keep operations running day-to-day. All of this leads us to conclude that we can be cautiously optimistic for further solid revenue growth in 2009. At the same time, our cash flow is underpinned by a fast-reducing capital expenditure requirement.

So in summary, a strong year in 2008 delivered on all levels. Dividends to shareholders increased, a positive outlook and very defensive qualities to steer us through the difficult economic times. This is a mix that can continue to deliver value to shareholders while at the same time we still have developing options for future growth and value creation. Now I'd like to thank you for your time today. We will now walk through the session for questions and answers. Operator, can you invite questions now, please.

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions]. The first question comes from the line of Christian Taylor. Please go ahead, announcing your company name and location.

<Q – Christopher Taylor>: Thank you. It's Chris Taylor, Evergreen. I wanted to ask about your capital structure. We are coming up to 2010 for your bank debts and then you have obviously the notes in 2012. Not a significant amount. Are you planning to be proactive with that or are you planning to wait until 2010 and 2012 to deal with these issues

<A – Rick Medlock>: We clearly are very cognizant of the maturity on both our bank debt, as you say that is in the middle of 2010 and the two sets of notes that are in 2012. Obviously, the bank debt is closer and today, it is about 350 million drawn on that. We think that is a very manageable amount of debt and we don't anticipate any particular issues with renewing that debt when we come to do that and clearly it is one of the priorities for 2009 to look at that. But we certainly don't anticipate any particular problems with our existing banking group who are very supportive of us.

<Q – Christopher Taylor>: Well, let me ask you the question more conceptually is once you merge with -- once you take on the debt your consolidated debt will be more significant. You will have facilities at both entities. Will your capital structure be hopelessly complicated, do you plan to take advantage of all this to simplify it and what are your plans here, how do you envision your capital structure post 2012?

<A – Rick Medlock>: Well, capital structure you may describe it as hopelessly complicated, I think is pretty simple...

<Q – Christopher Taylor>: Well, that's helpful.

<A – Rick Medlock>: Especially compared to Intelsat's capital structure.

<Q – Christopher Taylor>: No, no fair enough, thank you. It is complicated.

<A – Rick Medlock>: Anyhow, it is complicated. But it is a function of one Inmarsat's previous ownership and private equity and secondly, obviously the acquisition of Stratos and where we sit today is we don't actually think the cost of the debt that we have in place either at Inmarsat or Stratos is particularly expensive in terms of the current environment. Clearly, there are different maturities. The net debt level rises by $200 million on consolidation with Stratos to about 1.4 billion and the interest cost is more than four times covered by the EBITDA of the business. We feel those are pretty comfortable ratios. As I mentioned on the call, at 2.6 times last 12 months, EBITDA on the consolidated business is very modest compared to the rest of the industry and we don't think there is any particular issues with renewal of the facilities and we think a company like Inmarsat with the very strong characteristics of cash generation, defensive capabilities and our existing credit ratings should enable us to be able to refinance as and when we need to.

<A – Andrew Sukawaty>: I think I would also point out we are reaching, we are at the end of our CapEx cycle. So we've got new satellites up in place and we become tremendously cash generative over the next few years. So I think that will serve us well again there is nothing coming due in 2009, but in 2010 and beyond with the cash generation we will experience and we can clearly show and predict that, we will be in good shape to do what we want to do, either deleveraging and reducing debt or resetting the debt in a different structure.

<Q – Christopher Taylor>: Well, I am not in the least bit worried about your ability to refinance. My question was more how? What type structure do you envision? You have debt, you have just a lot of different structures, a lot of different entities. Do you envision a much more cleaner capital structure going forward?

<A – Andrew Sukawaty>: Well, before Rick jumps in, I guess we look at it as more of a cost basis. We don't think the current complexity is actually that complex to manage for us. It is in place, it has been there, it is being managed.

<Q – Christian Taylor>: You know, I am asking forward-looking question, is – are you planning to – just to, I mean, just everything is coming due in the next couple of years. So, that's a good opportunity to totally change your capital structure.

<A – Rick Medlock>: Well, it matures between the middle of 2010 and 2013. So there is a reasonable spread period over there. Look, clearly, we will look to try to simplify things. We will also look to take advantage of the right instruments for a company of our size to optimize both our capital structure, our flexibility and our cost. Clearly, we don't want one jumbo facility that matures at one possible date. We want a mixture of fixed and floating debt and we want a mixture of maturities. I mean this is a highly experienced team of people here at Inmarsat that manage this. We've got great relationships with our banks. I am not going to tell you exactly what the structure is going to be because, to be honest, we haven't decided on that yet. But don't worry, it is something that we have at the top of our agenda.

<Q – Christopher Taylor>: Well, General Electric didn't worry either and look at their stock price. I mean this is an environment where you do need to worry about these things. That is why I am asking.

<A – Rick Medlock>: Yeah, I am absolutely worrying about it and if you've got any good ideas, please send me an e-mail on this.

<A – Andrew Sukawaty>: I will also repeat, six weeks after we completed the original privatization, we had our first bond-out. We watch the markets very closely. If windows open, we will be jumping.

<Q – Christopher Taylor>: And do you plan to combine stock, do you plan to keep the separate capital for Stratos or do you plan to finance all in one?

<A – Rick Medlock>: For the immediate future, the answer for that question is yes. And I probably wouldn't go further than that.

<Q – Christopher Taylor>: Okay. Thank you very much.

Operator: There are no other questions registered at this moment. [Operator Instructions].

<A – Andrew Sukawaty>: Any other questions out there?

Operator: We appear to have no further questions at this time. So, I will hand the conference back to you.

Andrew Sukawaty, Chairman and Chief Executive Officer

Very good. We did have an investor session here this morning with a lot of the London analysts in attendance and we got a lot of questions, so I assume that has cleared the decks on a lot of these. Thank you very much, all of you, for your attendance. Again, feeling very good about not only the year, but the fourth quarter and the start of the New Year, which obviously, in the first quarter, we have great visibility on right now. In this environment, of course, we are all cautiously optimistic, but if you know services business, if you have a strong start to the year and you are seeing terminal activations and subscriber activations, that is a good harbinger for where the thing is going and I think we're looking forward to a very strong year. So thank you all for your attendance.

Operator: Ladies and gentlemen, thank you for your participation. This concludes today's conference. And you may now disconnect your line. Thank you

Attachment H

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Broadband behind 55% advance at Inmarsat

Print

By Maija Palmer, Technology Correspondent

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Like its satellites, **Inmarsat** appeared to defy gravity on Thursday as it announced a 55 per cent rise in annual pre-tax profits.

In spite of the downturn, the British satellite operator has benefited from growing use of broadband internet communications on ships and aircraft and in remote areas of the globe, boosting pre-tax profits from $124.7m to $193.8m (£140m).

Andrew Sukawaty, chief executive, said the company's satellite technology tended to be seen as essential equipment by its customers.

"We are used in places where there is no existing infrastructure. There is no alternative," he said.

Some analysts had feared that Inmarsat's largest business sector – providing shipboard satellite phones and internet connections – could be hit by the reduction in global shipping. However, maritime revenue rose 7.2 per cent in 2008.

"Communications is only about half a per cent of the cost of operating a container ship, while fuel is about 20 to 30 per cent. Running a monitoring programme, via satellite, that allows you to get greater fuel efficiency from the engine will save more money than cutting back on communications," Mr Sukawaty said. "There is a trend to use more rather than less of this equipment."

The biggest growth came in the aeronautical sector, where revenue rose 45 per cent to $64.4m. Inmarsat allows phone calls and internet access on corporate and government jets. Commercial passenger airlines such as Emirates and Ryanair have also begun allowing passengers to make mobile calls in mid-flight, using Inmarsat's satellites.

Mr Sukawaty also said the company, which owns 11 satellites, was planning to launch a mobile satellite phone in the first half of 2010, with a target of 10 per cent market share in two years.

Revenue for the year to December 31 was up 72 per cent from $576.5m to $996.7m, although this in part reflected the acquisition of Stratos Global Corporation, one of its distributors, which Inmarsat is to complete next month.

The final dividend rises 5 per cent to 18.2 cents, bringing the total to 30.33 cents (29.46 cents).

Shares in Inmarsat, which have fallen more than 22 per cent since last September, rose 29p to 459pp.

FT Comment

With about 40 per cent of its business coming from government and defence, part of Inmarsat's revenue is always going to be fairly secure. Thursday's news that shipping revenue is holding up well is added relief. Two things make Inmarsat potentially exciting. First, the prospect of a takeover by Harbinger, the US hedge fund, if it can get approval from US government. That could come this summer. Even if there is no deal, Inmarsat's satellites are becoming more important as governments want to ensure ubiquitous broadband access. Satellite coverage will become an important way to achieve those hopes. The stock looks fairly resilient with some long-term upside potential, and is therefore not a bad bet.

APPENDIX B

APPENDIX B
TO VIZADA'S REPLY, IB DOCKET NO. 08-143

BECAUSE OF THE SERIOUS PUBLIC INTEREST HARMS PRESENTED BY THE INMARSAT/STRATOS MERGER, COMPETITIVE SAFEGUARDS ARE ABSOLUTELY ESSENTIAL

No Inmarsat acquisition of Stratos should be allowed absent, at a minimum, Inmarsat's agreement to abide by Commission-required and Commission-monitored and strictly enforced competitive safeguards.

Harms to be Prevented: As Stratos' owner, Inmarsat will have the incentive and ability to harm downstream competition in the distribution and sale of Inmarsat-based services, particularly in customer markets where Inmarsat is the dominant or only wholesale input provider, by:

- **Misusing** for its own distribution subsidiary's downstream sales purposes **confidential information** regarding rival Inmarsat distributors' customers, information that Inmarsat necessarily receives in its upstream input-supplier capacity;

- Raising costs of rival Inmarsat distributors through **strategic or discriminatory pricing** of critical Inmarsat inputs;

- Providing **discriminatorily preferential commercial terms and conditions** to its own distribution business and refusing or failing to provide such terms and conditions to unaffiliated Inmarsat distributors;

- Providing **preferential or prioritized space segment access** to its own distribution entity while affording inferior or lower priority access to independent Inmarsat distributors; and

- **Denying or strategically delaying access** by rival Inmarsat distributors **to important Inmarsat new product, new technology, technical and product development, regulatory, and similar**

information while Inmarsat timely provides preferential access to such information to its own distribution affiliate.

Competitive Safeguards Needed: The Commission should make Inmarsat's agreement to comply with the following safeguards an express condition to any grant of authority to transfer control of Stratos from the Trustee to Inmarsat:

1. Comprehensive **confidentiality firewalls** between the Inmarsat distribution business and the remainder of Inmarsat's business to ensure no access or misuse by Inmarsat's distribution business of any confidential information (including but not limited to customer data) obtained by Inmarsat from its independent distributors.

2. Comprehensive **non-discrimination commitments** that prevent Inmarsat from using its dominance over key wholesale inputs to discriminate unreasonably against independent Inmarsat distributors, or to provide any unfair preference or advantage to Inmarsat's own distribution business, with respect to or affecting any aspect of the distribution business. These include restrictions on:

- Financial, commercial, or other terms and conditions offered, including, for example, pricing, payment and credit;
- Access to Inmarsat's products and services for distribution;
- Performance of any service by Inmarsat for use by the distributor;
- Access to Inmarsat's technical infrastructure, systems, and information as may be necessary or useful to enable the distributor to develop, maintain, perform, or operate Inmarsat services and any value-added services, applications and solutions;
- Access to Inmarsat space segments, at times of system congestion and in the ordinary course of business;
- Nature and timeliness of information on new or improved Inmarsat products and services or changes in Inmarsat capacity constraints; and
- Access to, and the level, timeliness, and quality of support, including but not limited to commercial, operational, technical, engineering, legal, regulatory, customer care, pricing, and billing matters.

3. **Arms length structural separation** (i.e., separate legal entities, officials, books and records, etc.) of Inmarsat from its downstream distribution business (namely Stratos and whatever other assets Inmarsat uses in its

distribution functions) to ensure full compliance with the foregoing confidentiality and non-discrimination conditions.

4. Quarterly or other periodic Inmarsat **compliance reporting and third party auditing** (with opportunity by independent distributors to access and comment on such reports and audits) to further ensure full compliance with the foregoing conditions.

CERTIFICATE OF SERVICE

I, Sarah Reisert, hereby certify that on this 17th day of March, 2009, I caused to be served a true copy of the foregoing "Vizada's Reply to Opposition of Inmarsat and Stratos Global to Application for Review" by first-class, postage-prepaid U.S. mail upon the following:

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