The mobile satellite company™

SERVING MISSION CRITICAL COMMUNICATION NEEDS

INMARSAT PLC

ANNUAL REPORT AND ACCOUNTS 2010

OUR BUSINESS

Inmarsat is the world's leading provider of a comprehensive portfolio of global mobile satellite services for use on land, at sea and in the air.

We provide voice and data connectivity to end-users through the most versatile and reliable network in the world, giving us the capability to deliver innovative services and solutions on an unprecedented scale.

We have been able to sustain strong revenue and profit growth because our experience, commitment, people and network infrastructure enable us and our partners to benefit from market opportunities in both buoyant and turbulent economic conditions.

GLOBAL REACH

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2010 HIGHLIGHTS

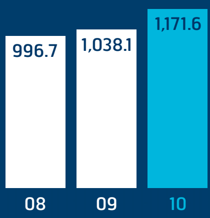



FINANCIAL HIGHLIGHTS

TOTAL REVENUE

US$**1,171.6**m

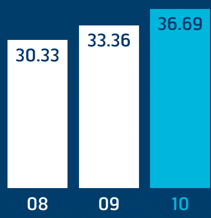
2009: US$1,038.1m



TOTAL DIVIDEND PAYABLE

36.69¢(US$)

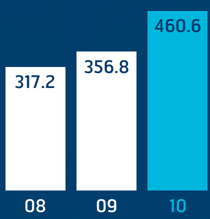
2009: 33.36¢(US$)



OPERATING PROFIT

US$**460.6**m

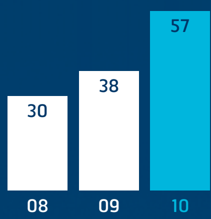
2009: US$356.8m



BASIC EARNINGS PER SHARE

57¢(US$)

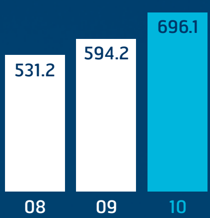
2009: 38¢(US$)



EBITDA

US$**696.1**m

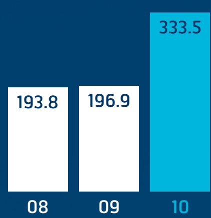
2009: US$594.2m



PROFIT BEFORE INCOME TAX

US$**333.5**m

2009: US$196.9m



OPERATIONAL HIGHLIGHTS

- Launch of IsatPhone Pro global handheld phone
- US$1.2bn investment in Global Xpress network announced
- LightSquared triggers agreement for roll-out of ATC
- New 176kbps entry-level BGAN streaming service
- New SB200 SwiftBroadband service and terminals for smaller aircraft
- Eight-year facility signed with European Investment Bank to build and launch Alphasat

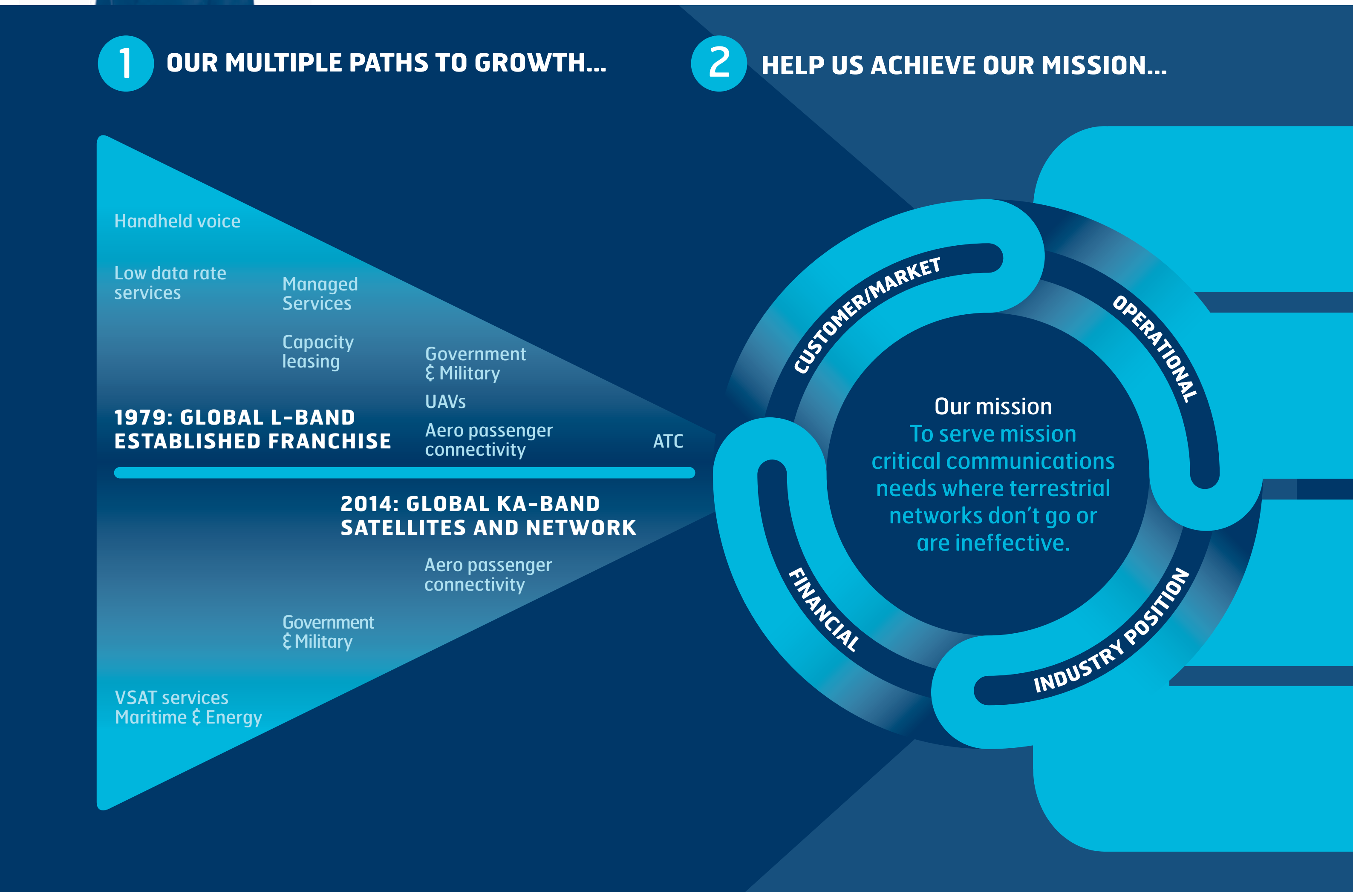
FOR MORE INFORMATION inmarsat.com

CHAIRMAN AND CHIEF EXECUTIVE'S REVIEW

IN THIS SECTION

ANDREW SUKAWATY
Chairman and Chief Executive Officer

We aim to deliver superior shareholder value based on a strategy of pursuing multiple paths to growth. We underpin this by a rigorous focus on customer needs, as well as the ongoing efficiency of our operations, the preservation of our position as market leader, and on a disciplined assessment of the financial returns.



STRATEGIC PERSPECTIVES

We are proud to be the leading provider of mobile satellite communications services, serving mission critical communications needs where terrestrial networks don't go or are, at times, ineffective. Our strategy has evolved over the years as we have seen the number of data applications used by our customers increase, the size and cost of the terminals dramatically reduce and the spectrum efficiency and throughput of our satellites greatly increase.

In the chart above we show how our strategic roadmap links with four focus areas across the business, working together to deliver shareholder value.

We have continued to lay the groundwork in the past year for driving additional growth opportunities in the future to maintain our leadership position over the next decade.

We consider four perspectives when we plan for the future. First and foremost is our focus on customers and their diverse needs in the markets we serve. Second, we look internally at how we are positioning ourselves operationally to efficiently and effectively service those needs. Third, we look at our ability to embed and

INMARSAT PLC BOARD
The Board is collectively responsible for the long-term success of the Group and determines the nature and extent of the risks the Group should take to achieve its strategic objectives.

3 AND DRIVE OUR STRATEGIC SUCCESSES

CUSTOMER/ MARKET	→ Highly reliable comms for data transmission on the move → Bundled value voice → Competitive reliable handheld service → Premium services – good value → Innovative services	→ We are driving growth in our established BGAN, FleetBroadband and SwiftBroadband services with new applications, delivered to new industries, in targeted geographic areas.
OPERATIONAL	→ Highest reliability standards → Accelerated revenue growth in our core business and new services → Fixed-cost base through primarily wholesale approach and careful capex planning → Professionally rewarding, challenging and enjoyable place to work	→ We will maintain our L-band network with satellites purchased on a rolling basis to offer a range of new and enhanced Inmarsat products and services.
INDUSTRY POSITION	→ Our position as the leading mobile satellite services ('MSS') provider → Being technology leader in MSS → Providing a broad range of leading innovative services → Offering premium services – at good value	→ With the launch of our IsatPhone Pro global handheld phone we can now offer unrivalled voice quality and reliability for years to come.
FINANCIAL	→ To deliver superior total shareholder returns by increasing revenue growth on a largely fixed-cost base → Build sustainable cash returns to shareholders → Prudent capex planning	→ Continued investment in the L-band through Alphasat and the development of the Global Xpress platform are designed to accelerate cash flow growth as revenues increase.

sustain the leadership in our offer. Finally, we do a full and disciplined assessment of what returns we can deliver to our shareholders as we tackle the marketplace opportunities.

With a focus on these four perspectives, we announced a new investment programme. This programme has become our next-generation Inmarsat-5 ('I-5') satellites and services which we have named Global Xpress™. Global Xpress ('GX') is targeting a US$1.4bn existing market opportunity. This US$1.2bn capital programme will launch new mobile broadband satellite services significantly faster than our current available services. We will be the first to offer true global mobile VSAT-type services. This will open up broadband opportunities in the maritime, energy and government sectors. With this investment we are targeting our existing customers and distribution channel with services many are already using or demanding for the future as their bandwidth needs grow.

In our review of the multiple paths we are pursuing to achieve our targeted growth, the Global Xpress programme is expected to start commercial operations over two satellites in 2013. In 2014, we expect to have a global service operating over the three satellites. These satellites are being built by the world leader in this Ka-band satellite technology, Boeing Satellite Systems International, Inc. ('Boeing'). We are targeting US$500m of annual revenues, five years after we offer a global service.

Whilst Global Xpress complements our L-band franchise, it can also provide an upgrade path to existing customers who may develop higher bandwidth needs, and affords them the opportunity to migrate over time from existing services to the new GX services. Some customers may also choose to use both services simultaneously in the future through hybrid packages we plan to offer. With Global Xpress we also intend to pre-sell some of the capacity, as most Fixed Satellite operators do today. In the first demonstration of this we have signed Boeing as a distributor with a significant commitment for capacity on the Inmarsat-5 ('I-5') constellation representing 10% of the planned income in the first five years of operations.

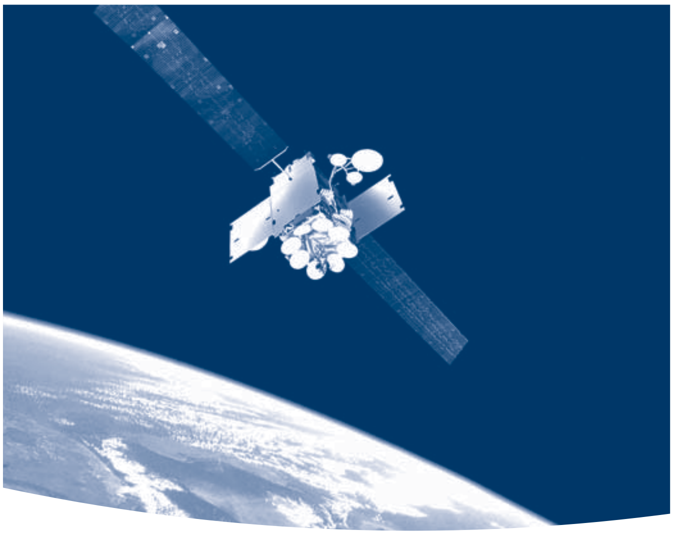
Of course, we remain well-positioned to continue growing our core L-band franchise as well. With three generations of satellite constellations in operation, another one currently being built – Alphasat, which will operate in the L-band spectrum – we continue to invest for the future here as well. We have also recently launched new services such as our global handheld phone, IsatPhone Pro. New low data rate services and the next generation safety services are examples of more to come. We intend to maintain our L-band network, and will purchase new satellites for this network on a rolling procurement basis, which means that they will be replaced over time rather than in a concentrated investment period. This allows a smoother investment and cash-flow profile that benefits our capital requirements.

The chart on the previous page reflects the different market opportunities we see for our business. These all build upon a successful broadband business which has been developed over the last five years. Our Broadband Global Area Network ('BGAN') business was first introduced to land mobile users and then expanded into FleetBroadband services for maritime users and SwiftBroadband for aeronautical users. We see more growth ahead for this platform as we benefit from more applications, penetrate new industries and target specific geographic areas.

An important new addition to our L-band satellite constellation will be the Alphasat satellite, being built by Astrium, which is currently due for a late 2012 delivery. This project involves us as the commercial partner for the European Space Agency ('ESA') and our investment in this satellite will provide additional capacity and redundancy, so enhancing our L-band services. We are already in advanced discussions with manufacturers for a range of new and enhanced Inmarsat products and services to work on the Alphasat platform and our existing L-band satellites. With this investment we give our customers even further assurance that their existing services will be supported well into the next decade, protecting their investments – something most of our competitors cannot currently match.

Two new offerings, which are supported on our L-band satellites are our global handheld satellite phone, the IsatPhone Pro, and our satellite low data rate ('SLDR') services.

The Global Xpress network will be delivered in the Ka-band via the new series of Inmarsat-5 spacecraft being built by Boeing in the U.S.



ALPHASAT SATELLITE

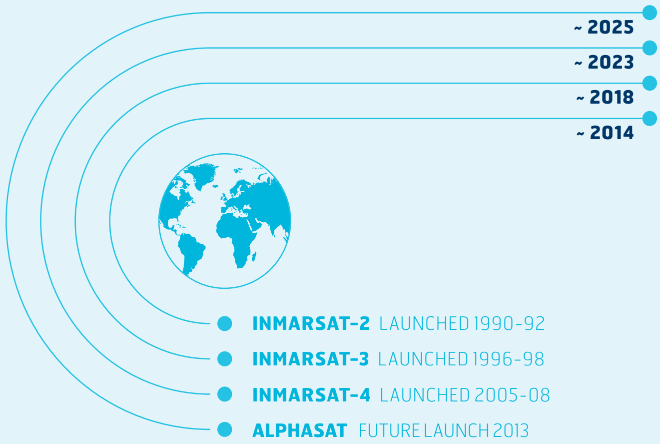
L-band

An important new addition to our L-band satellite constellation will be the Alphasat satellite, being built by Astrium, which is currently due for a late 2012 delivery.

FUTURE INVESTMENT

Inmarsat-5

Global Xpress will be delivered over our next-generation I-5 spacecraft, built in the US by Boeing, the world leader in Ka-band satellite technology.



FUTURE PROOF
Our latest generation of award-winning Inmarsat-4 satellites, supplemented by our new Alphasat I-XL satellite, will continue to deliver a range of L-band services to customers well into the 2020s.

We have seen our land voice revenues decline over the years and the introduction of IsatPhone Pro is our opportunity to reverse this and grow voice revenues over the coming years. The IsatPhone Pro is a small handset, with a ruggedised design and clear voice quality for the special remote environment market we serve globally. It has the longest battery life in the industry and the lowest retail price for the handset. Initial sales have been positive and we expect to take a 10% share in the established market within the next two years. Although this market segment is already very competitive with offerings from regional and global providers, we believe the voice quality and reliability we can offer for many years to come is unmatchable by our current competitors. In a recent independent survey, the IsatPhone Pro was rated the best-performing product in the market compared to handsets from two other MSS providers, and is being offered at the lowest price.

The SLDR services referred to above were first highlighted in last year's annual report, when we commented about the opportunities we saw through expanding our services in the telemetry market which would drive more traffic onto our network without us having to incur any significant investment – either capital or operational. This vision has started to provide a revenue benefit as the number of applications using telemetry units has increased. Our investment in SkyWave Mobile Communications ('SkyWave') came at a good time in its development and for our expectations of market growth in that sector. We also have seen development with a BGAN-based telemetry service which will be offered through all of our Distribution Partners.

Another important development in the year was in the area of satellite/terrestrial hybrid networks. In December 2007 we signed an agreement to work with another satellite operator, LightSquared, to enable the rebanding and efficient reuse of L-band radio spectrum covering North America. It was intended this would provide flexibility and operational terms to support the development and deployment of 4G ancillary terrestrial component ('ATC') services by LightSquared. In August 2010 we received notice from LightSquared triggering Phase I of this agreement and in January 2011 we received Phase II notice. Payments are now to be made to us on a quarterly basis, which would result in US$368.8m of payments for Phase I (within 18 months) and US$115m per annum (with a 3% annual escalator) for Phase II. After significant planning for this, we are now ready to make the required changes over the next few years to protect our customers from the effects of the terrestrial implementation. Of course, we will incur costs, particularly in the first few years of this development and these are more than adequately covered by our income from the agreement. However, assuming LightSquared completes its implementation, we do expect this to represent a steady income stream for the future. Also, we are exploring similar hybrid activities through our S-band satellite programme in Europe and other activities in our existing L-band system. As a business, we continue to explore optionality in our business that can deliver incremental value to shareholders.

In January 2010, we successfully completed the acquisition of Segovia, which provides secure internet protocol ('IP') managed solutions and services to government defence users. Segovia is now part of the financial reporting group of our Stratos segment. Our decision to acquire this business is to position us more deeply with key customers and offer integrated edge to edge solutions using our network and other technologies. Segovia met our expectations in its first year in the Group, and our other operating government subsidiary, Stratos Government Services, saw strong growth in the year as well. We continue to work closely with all our distributors to profitably grow together in the diverse markets we and they serve.

As part of our ongoing strategic decision review, we look at opportunities to profitably grow our business and manage the risks we face. At the time of our IPO we laid out a roadmap with multiple paths to accelerate our growth. Achieving the growth targets also demonstrated our ability to leverage our fixed cost base to accelerate cash flow growth as revenues increase. With an established and successful track record for strategic development, we are well positioned to achieve more in the coming years.

Our first global handheld phone, IsatPhone Pro, was launched in 2010 and joins our existing BGAN service in the land market.

A BGAN-based telemetry service is being developed for the monitoring of remote assets, such as electricity sub-stations.

BUSINESS REVIEW

2010 was another strong year of revenue and profit growth for Inmarsat. Importantly however, 2010 also marks a significant milestone for Inmarsat as a publicly listed company – the end of our fifth year as a listed stock. This is important because in 2005, when we listed our shares on the London Stock Exchange, we set a target for ourselves. That target was to take a company which had historically grown revenue at a 2% to 3% rate and accelerate that growth. Initially we targeted a 5% to 6% compound annual growth rate ('CAGR') and 18 months later increased that target to 6% to 8% CAGR.

Five years on, we can now proudly report to you that we exceeded our goals significantly. We not only achieved 9% compound annual growth in revenues during this period, but we also achieved 13% growth in EBITDA and 28% growth in pre-tax profit. We also increased our dividend by 7.4% CAGR during this period. This is an impressive achievement for our staff and one for which they should be congratulated. This tremendous result for our shareholders complemented the continued high satisfaction levels of our staff and a dramatic expansion of next generation services for our Distribution Partners and customers. In other words, in achieving this growth, we invested and laid the foundation for further progress.

Of course, we need to continue to look ahead. In mid-2010 we announced a new set of five-year targets for Inmarsat and much more. Again, we've set a five-year revenue growth target for our Inmarsat Global MSS revenues of 5% to 7% (CAGR through 2014 with 2009 as the base year). With this growth, on our largely fixed-cost base, we would expect a higher rate of profit growth.

Significant work has been taking place to prepare our next-generation platforms to support the Global Maritime Distress and Safety System (GMDSS) as well as aero safety.

9% COMPOUND ANNUAL GROWTH

2006-2010

We achieved 9% compound annual growth in revenues during this period.

DIVIDEND INCREASE

+7.4%

We also increased our dividend by 7.4% CAGR over the same five years from 2006.

GROWTH IN EBITDA

+13%

At the same time, we achieved a 13% growth in EBITDA, from 2006-2010.

GROWTH IN PRE-TAX PROFIT

+28%

And five-year growth, from 2006-2010 in pre-tax profit of 28%.

In addition, to underline our confidence in our future, and to highlight the strength of our balance sheet and cash flows, we are recommending a full-year dividend of 22.69 cents (US$). This will bring the total dividend payable for 2010 to 36.69 cents (US$) per share, an increase of 10% on the total dividend paid in 2009. We have also announced that we expect to sustain at least 10% dividend growth for the subsequent two financial years 2011 and 2012.

We have continued our focus of ensuring a healthy financial position for the Group and during 2010 we actively pursued several strategically beneficial financial transactions which have helped our balance sheet and provided competitive debt arrangements for us. Further information on these are referred to in the CFO section on page 19.

Our healthy financial position has been supported again by good results for last year. Group EBITDA for 2010 increased by 17% over 2009. Our EBITDA margin has increased to 59% for 2010 compared with 57% for 2009, helped by the inclusion of revenue from our Cooperation Agreement with LightSquared which started to be received in August 2010.

Total Group revenues for 2010 increased by 12.9% compared with 2009. For our two operating segments Inmarsat Global reported a 10% increase in revenues to US$764.1m with Stratos up by 11.3% to US$716.8m. After eliminating intercompany sales of US$309.3m, total Group revenues were US$1,171.6m. We maintained tight control of our costs during the year, with total Group net operating costs for 2010 increasing by only 7%, with the increase principally related to Segovia which wasn't part of the Group in 2009.

Our strategy remains focused on providing services to meet mission critical needs where other networks generally don't go – on land, at sea and in the air. Our commitment to safety services at sea and in the air also remains, with significant work occurring to take our Global Maritime Distress and Safety System ('GMDSS') and aero safety to the next generation platforms, ensuring the availability of these services beyond 2020.

The IsatPhone Pro is a small handset with a ruggedised design and clear voice quality for the special remote environment market we serve globally.

We continued to support critical humanitarian and emergency activities during the year. In the earthquake disaster in Haiti, our terminals were deployed through organisations we support charitably, such as Télécoms Sans Frontières and the ITU's Framework for Cooperation in Emergencies programme, together with numerous aid and other NGO bodies. In the floods in Pakistan and Australia and in countless other situations, we were there with our distribution partners providing vital support and monitoring system performance and capacity 24x7. As in previous years, we have had another year of the highly reliable performance that our customers have come to expect from us with an overall satellite and network availability of 99.99%.

This has been another highly successful year and our work has been recognised by a number of independent bodies. A highlight in June 2010 was the recognition of our engineering expertise with the award of Britain's most prestigious prize for innovation. The 41st Royal Academy of Engineering MacRobert Award was presented to four of our senior managers in the business: Eugene Jilg, Franco Carnevale, Alan Howell and Marcus Vilaça. The award recognised the pioneering development of the Inmarsat-4 satellites and the Broadband Global Area Network ('BGAN') family of services. In the UK publication 'Management Today', Inmarsat was cited as 'Best Telecoms Company' in its prestigious Britain's Most Admired Companies Awards. Other notable awards included being voted for the second consecutive year by Samena as the 'Best Satellite Service Provider of the Year' in recognition of our leadership and excellence in the telecoms sectors of South Asia, the Middle East and North Africa.

We have continued our work with industry and government on the future growth of the UK space industry. The Right Honourable David Willetts, MP, Minister of State for Science and Universities, visited our offices in November 2010 to present a new government report highlighting the growing strength of the UK space sector entitled 'Size and Health of the UK Space Industry'. The report shows that the British space industry has grown by nearly 8% through the recession and is now worth over £7.5bn to the economy and that against the backdrop of difficult economic conditions, the space industry has maintained its momentum, as it recorded an average growth significantly ahead of the national GDP growth of 0.3%.

2010 Awards

We are delighted to have recently received a number of high-profile industry and consumer awards, including:

Inmarsat crowned 'Best Telecoms Company' in Britain
Management Today magazine named Inmarsat as 'Best Telecoms Company' in its prestigious Britain's Most Admired Companies Awards, beating 2009 winner Vodafone.

Royal Academy honours Inmarsat's engineering innovation
The 41st Royal Academy of Engineering MacRobert Award for Innovation was presented for the pioneering development of the I-4 satellites and BGAN family of services.

505 Emergency Calling wins Safety At Sea International award
The free FleetBroadband 505 Emergency Calling won the Safety At Sea International Award for helping seafarers in distress to connect directly to a rescue centre anywhere in the world.

BGAN recognised for outstanding achievement
BGAN won the CommsMEA 2010 'Most Innovative Non-Voice Service' award, recognising Inmarsat's outstanding achievement in the telecom sector in the Middle East and Africa.

Best satellite service provider for second year
Inmarsat was awarded 'Best Satellite Service Provider' by Samena for its leadership and excellence in the telecoms sectors of South Asia, the Middle East and North Africa.

FleetBroadband 150 lifts electronics innovation award
Sail Magazine, which reports cruising and sailing news, picked FleetBroadband 150 as the most innovative new electronics product in its annual awards.

Helene Bazzi, one of our senior managers for the Middle East and Africa, receives the CommsMEA award for 'Most Innovative Non-Voice Service'.

Lord Browne of Madingley presents the Royal Academy of Engineering's prestigious MacRobert Award for Innovation to the Inmarsat team behind the development of the I-4 satellites and the BGAN family of 3G broadband services.

REVIEW OF OPERATIONS

INMARSAT GLOBAL

We own and operate three satellite constellations comprising 11 satellites, which have more than 160 years of in-orbit life. Operating at geosynchronous orbit approximately 36,000km (22,500 miles) above the Earth, our satellites are positioned in nine orbital locations, so offering seamless coverage of our services around the world. Celebrating the 20th year of service for one of the Inmarsat-2 satellites during 2010 was a great achievement, as its operational life was designed to be only ten years.

As a wholesaler of satellite airtime, Inmarsat Global sells its services through distributors who engage directly with the customer or through their own channel of service providers. The acquisition of Stratos in 2009 provides us with a direct distribution channel although we remain committed to a primarily indirect distribution model, which is supported by a fair channel management policy.

We have continued to invest in our business to support our distributors and service providers through a variety of ways. For our distributors we have increased the funding we make to our Connect Programme which co-invests alongside them and supports their marketing activities. The Connect Accreditation Programme we established last year is well embedded in how we work with our service providers. We now have 57 bronze, 22 silver and 25 gold accredited service providers and their feedback is that their deeper relationship with Inmarsat has provided customer benefits such as improved training and greater access to Inmarsat staff to support their business activities.

We face increasing competition from other satellite providers and we have been working hard with our partners to ensure they remain focused on distributing Inmarsat services. VSAT operators continue to target the higher data rate end of our business. Our decision to launch our own Ka-band satellites has already been welcomed by many partners and their customers, who have expressed interest to use this higher capacity capability when it is available. We also encounter competition from other MSS satellite operators. We look to combat their activities through the reliability of our services, supported by our Inmarsat-4 satellites which are expected to be operational well into the 2020s. We also have the Alphasat satellite being built which will provide network resilience and additional capacity over Europe and the Middle East. We will be planning for our Inmarsat-6 satellites in due course. The longevity and reliability of the services we provide to customers is an important factor in their decision-making to choose Inmarsat.

Over the last year or so in particular, we have seen an increased migration from our older services to our broadband services. We have seen, as expected, traffic initially falling whilst customers understand and test the more significant capabilities of our broadband services. We believe that once awareness and usage becomes more familiar and they become more reliant on these newer services, we will see an increase in traffic volumes.

We regularly review how we price our services, seeking to understand what the customer needs, and have introduced new pricing packages to drive usage of our broadband services across all our sectors of land mobile, maritime and aeronautical.

Where there are opportunities to do so, we look for additional revenue generating activities. Examples of these are in our satellite operations division, where the skills we have in operating our own satellites have been successfully translated into providing similar services for the control and launch of third party satellites. We started operating the first of these for UK-based Avanti Communications, with another agreement in place to also operate their second satellite. In 2010, we also provided launch services for both Astrium and the Indian Space Organisation for a number of spacecraft.

MARITIME

MSS REVENUE 2010

Maritime 50% Other 50%

MARITIME REVENUE 2010

Voice 27% Data 73%

More than 10,000 FleetBroadband terminals were added in 2010, making it the fastest growing maritime service in the Company's history.

In 2010, revenues from the maritime sector were US$360.6m, a marginal increase over 2009. Data services grew by 4% with voice revenues reducing as expected. There is migration away from our older maritime services, especially Inmarsat-B which is due for closure at the end of 2014, to our FleetBroadband services which have cheaper tariffs and higher transmission speeds. This accounts for some of the reduction in revenues, particularly for voice revenues. Ship owners and vessel captains scrutinise opportunities for cost control and we have seen a trend of moving to using voice over internet protocol ('VOIP') services and email rather than making traditional voice calls. During 2011, we will launch FleetPhone for the maritime market, as part of the IsatPhone family of products, and expect to capture some of this voice market again.

Our FleetBroadband services are now accepted and endorsed in the maritime market. The MSUA, which is a non-profit organisation promoting the interests of mobile satellite users worldwide, gave an Innovation Award for our FleetBroadband service, recognising the benefits of this service to the maritime market. FleetBroadband 150 has made a strong start, having only been launched in mid-2009, and is successfully targeting the leisure and fishing markets which are new market segments for us. In 2010, across the range of three services – FB500, FB250 and FB150, we added more than 10,000 FleetBroadband terminals. This is more than double the number added in 2009 and is the fastest growing maritime service in Inmarsat's history. FleetBroadband 150 was also recognised in early 2010 in *Sail Magazine's* annual awards as the most innovative new electronics product.

In September 2010 it was announced that AP Moller-Maersk, the world's largest shipping company, had confirmed an order to more than double the number of vessels it operates with FleetBroadband connectivity. This retrofit order of an additional 200 vessels to the existing 170 already equipped, represented commercial shipping's largest ever commitment to Inmarsat maritime services. The roll-out of the service is going well and almost all vessels are now equipped. During the year there was strong endorsement of FleetBroadband through industry awards and its use in challenging maritime events such as the Velux 5 Oceans round-the-world solo yacht race. We are also delighted to have been selected again by the organisers of the Volvo Ocean Race to provide the communications throughout the round-the-world challenge for the 2011-12 event. For the first time we are acting as Race Partner. All raceboats will have the use of FB500, FB150 and Inmarsat C. Our handheld satellite phone – IsatPhone Pro – will be included as part of the safety kit.

STRATEGIC DELIVERY

Our four areas of strategic focus: customer, operational, industry position and financial strength continue to drive the business forward.

CUSTOMER/MARKET	OPERATIONAL	INDUSTRY POSITION	FINANCIAL
→ During 2011 we will launch a new FleetPhone for the maritime market.	→ We added over 10,000 FleetBroadband terminals during the year.	→ Our FleetBroadband services are endorsed in the maritime market.	→ Maritime data revenues continued to grow.

Compact FleetBroadband 150 now makes possible the use of deep-sea technology on smaller vessels such as fishing trawlers.

FleetBroadband featured in Discovery Channel's TV documentary series, Deadliest Catch, starring Sig Hanson, skipper of the Northwestern.

Since the launch of FleetBroadband, we have explored how to enhance the service offering to customers. We recently announced our intention to launch a dynamic telemetry service on all FleetBroadband services to enable cost-effective transmission of constant low-data communications. It will support a range of applications, such as engine management systems on deep-sea tankers sending real-time data to shore-based specialists and also provide vessel monitoring systems for fisheries protection.

Our heritage as the only provider of satellite communications services for GMDSS remains important for us. We are committed to extending GMDSS on FleetBroadband in the future so that we can continue to provide mariners with the reliability and security they need in a distress situation. Our '505' emergency calling service, which has already been used over 100 times since its launch in autumn 2009, introduced a new innovation in safety communications. The short code dialling facility provides direct access to Maritime Rescue Co-ordination Centres around the world. Receiving a prestigious International Safety at Sea Award recognising the '505' service was a great accolade.

Easy-to-install FleetBroadband 150 terminals are ideal for coastal merchant and small leisure vessels.

Inmarsat has signed as Race Partner to the Volvo Ocean Race 2011-12.

LAND SERVICES

MSS REVENUE 2010

○ Land 21% ● Other 79%

LAND REVENUE 2010

○ Voice 5% ● Data 95%

Revenues from our land mobile sector were US$153.7m, an increase of 4.9% compared with 2009. Data service revenues grew just over 6% to US$146.4m with voice services continuing to trend down as expected as our Mini M service comes to the end of its life.

Our land mobile business is diverse, with revenues coming from many different segments. Government, media, oil and gas exploration and aid agencies are all key sectors for us. Our user groups are susceptible to events such as natural disasters and military activities and these can cause spiking of use of our services and so some volatility in traffic usage.

Our BGAN service celebrated its 5th birthday during 2010. Since launch it has seen good subscriber growth, increasing 46% in 2010. With the rapid take-up of our BGAN service, we have seen a corresponding decline in our older data service, GAN, and so have announced the closure of this service to be by the end of 2014. We have already started to see migration away from GAN and expect this now to accelerate. Receiving awards for our BGAN service in the Middle East and Africa from both CommsMEA 2010 for the 'Most Innovative Non-Voice Service', and the Digital Studio Industry Leadership Award in early 2011 for 'Satellite Services/ Provider of the Year' voted on by professionals and organisations in the broadcast industry, recognise the continuing interest in our BGAN service.

We continued to broaden the appeal of BGAN to media users by introducing a new 176kbps low-cost, entry-level streaming service.

We have seen our partners use BGAN in more creative and innovative ways – including support for elections in Brazil and the Philippines, enabling votes to be cast, collected, counted and announced in record time. We were able to play a part in the excitement of the rescue of the Chilean Miners with news crews using BGAN to broadcast events as they happened. BGAN was used to help map the oil slick in the Gulf of Mexico following the explosion on the rig in April 2010. The data sent back via BGAN allowed incident command staff to view updates as they happened and liaise more easily and quickly with the relevant government departments.

We have been innovative in working with partners and media customers to provide an additional suite of BGAN services they can use, offering price points to suit all types of situation and size of business operations. Our premium BGAN X-Stream service is available worldwide offering a guaranteed minimum symmetrical video streaming rate of up to 450kbps. We also introduced a new 176kbps streaming rate which is suitable for talking head shots and low movement scenes. This lower streaming rate is ideal for broadcasters who have greater budget constraints as it still delivers good quality video to their viewers at a lower price. Combined with the introduction of the 176kbps service, we also developed three new propositions for our distribution partners and solution vendors which can be combined with a customer's existing infrastructure to enhance its value or if the infrastructure does not exist, to offer options for last-mile connectivity to deliver content into the studio.

Forging a close relationship with our partners and customers is vital to help educate and share best practice and experience about our services. In August 2010, we were involved in the promotion and education of the IsatPhone Pro and BGAN services during the Africa Endeavor 2010 summit which was attended by 30 African nations. The aim was to promote interoperability among African nations. The ability to give training on equipment at the Summit will help facilitate their future communication needs.

We also created a video showing that setting up a BGAN terminal and establishing a broadband connection takes only three minutes – this was a helpful marketing tool for partners when explaining how satellite technology can be easily used in day-to-day business activities in remote areas.

STRATEGIC DELIVERY

Our four areas of strategic focus: customer, operational, industry position and financial strength continue to drive the business forward.

CUSTOMER/MARKET

→ IsatPhone Pro was launched at the end of June 2010 at a price point and with performance leadership which we felt were powerful messages.

OPERATIONAL

→ We have been innovative in working with partners and media customers to provide an additional suite of BGAN services they can use.

INDUSTRY POSITION

→ BGAN X-Stream is the only global service guaranteeing a minimum symmetrical video streaming rate of up to 450kbps.

FINANCIAL

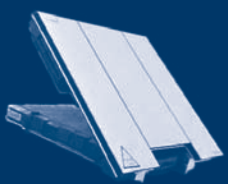
→ Our land revenue figures grew 5% during the year, with data revenues increasing 6%.

IsatPhone Pro is being targeted at users in the oil and gas and utilities sectors, where remote stations take operatives beyond the reach of terrestrial networks.

The ability to communicate via IsatPhone Pro with employees in the field, no matter how remote they are, gives operations centres the ability to react to events and issues in real-time.

IsatPhone Pro was launched at the end of June 2010 at a price point and with performance leadership which we felt were powerful messages. An independent study of our phone, comparing it to leading handheld satellite phones from Iridium and Thuraya, validated the claims for our phone. The study reported that the phone worked everywhere and is the most rugged, has excellent voice quality and a reliable network connection, plus has the longest battery life of the three satphones tested. As anticipated, the revenue contribution from IsatPhone Pro was not material in 2010. Working closely with our appointed distribution partners and their channels, we are focused on gaining market share and growing our subscriber base and revenue contribution over the coming years.

The use of low data rate satellite communications for SCADA (supervisory control and data acquisition) and telemetry activities has increased and we believe that this continues to be a good market sector for us. A recent successful implementation of a SCADA network based on BGAN was deployed for a major oilfield services company to monitor and control hundreds of unmanned sites. The SCADA network monitors critical technologies such as electrical submersible pumps and temperature gauges with the customer being able to monitor all the controls from a central operations centre. We are developing this market sector through our relationship with SkyWave and our other distributors. New services are being developed to run over the Inmarsat-4 satellites which we expect to be introduced in 2011-12.



High-end terminals are capable of operating with the premium BGAN X-Stream service to offer video streaming of up to 450kbps.

A range of docking stations is now available for use with the IsatPhone Pro.

AERONAUTICAL

MSS REVENUE 2010

AERONAUTICAL REVENUE 2010

During 2010, revenues from the aeronautical sector were US$101.0m, increasing by 33% from 2009.

Our Classic Aero services, which are used by airlines, business jets and military aircraft for operations and safety-critical services, provide the links between the flight deck and air traffic control and showed excellent growth for this mature service of 15%. Our Swift64 service, which is a high-speed data service, experienced a healthy increase in the number of channels being used.

Our SwiftBroadband service has seen strong revenue growth during 2010 and its widespread industry acceptance has been reflected in a corresponding growth in active channels of 140% year-on-year. SwiftBroadband enables cockpit, cabin and operational applications through one installation using a single antenna in the aircraft. We have continued to develop and evolve the service to meet the requirements of specific markets and users. We have introduced new streaming classes together with a dynamic 'Quality of Service' which allows onboard applications to use the bandwidth more efficiently. In addition to these enhancements, we have developed a new service called SB200 which will provide standard IP data, circuit-switched voice telephony and streaming IP data up to 16kbps. The SB200 service is a lighter, smaller system and antenna which will reduce the purchase and installation costs. With this development, smaller aircraft will be able to access SwiftBroadband technology. We're starting to see smaller aircraft already benefiting from lighter SwiftBroadband technology, such as Australia's Victoria State Aircraft Unit which uses the technology in its new planes to tackle fire fighting using real-time communications.

LEASING

MSS REVENUE 2010

During 2010 revenues from leasing were US$111.7m, increasing by 8% compared with 2009. As noted in last year's report, as the volume of our leasing business increases so does the need to secure renewals as contracts mature. We have been successful in doing this although dependent on the business needs of the customer, so we do not assume that all contracts will be renewed or extended. In 2010 we benefited from an increase of additional government contracts and had a net revenue benefit from aeronautical leases, with some contract extensions offset by non-renewals and reduction of some aeronautical and maritime leases. We've continued to experience some customers wanting to secure longer-term arrangements with us so that they have the knowledge of guaranteed access and where this happens we see the migration of traffic from one sector, such as maritime, to leasing. Our BGAN service offering is being enhanced in order to address the customer need for assured or guaranteed access on our latest generation satellites and this new service is expected to be available for trials during 2011.

STRATEGIC DELIVERY

Our four areas of strategic focus: customer, operational, industry position and financial strength continue to drive the business forward.

CUSTOMER/MARKET	OPERATIONAL	INDUSTRY POSITION	FINANCIAL
→ The SB200 service is a lighter, smaller system and antenna which will reduce the purchase and installation costs.	→ Our Swift64 service, which is a high-speed data service, experienced a healthy increase in the number of channels being used.	→ We were delighted to be the industrial lead in a consortium working with the US Defense Advanced Research Agency and the European Space Agency on the SB-Sat programme.	→ Our aeronautical revenue figures grew 33% during the year.

Use of SwiftBroadband technology helped Oman Air win 'Technology Implementation of the Year' at the Annual Aviation Business Awards 2010. The award recognised the pioneering introduction of in-flight mobile phone and Wi-Fi connectivity using SwiftBroadband. More airlines are starting to offer inflight mobile communications using SwiftBroadband and new adoptees to announce commitments have been Emirates, the Brazilian airline TAM Airlines, Air Asia, Qatar Airways and Singapore Airlines.

We were also delighted to be the industrial lead in a consortium working with the US Defense Advanced Research Agency and the European Space Agency on a project for a data-relay satellite system using modified SwiftBroadband terminals called the SB-Sat programme. The modified terminals will be used on Low Earth Orbit ('LEO') satellites to deliver telemetry and operational commands as well as relaying mission data via our Inmarsat-4 satellites and Inmarsat ground network. Using modified Inmarsat technology, the LEO satellites benefit by having 'always-on' data communications without them having to pass over a ground station to maintain connectivity.

The new SwiftBroadband 200 service offers smaller aircraft a combination of Standard IP, circuit switched telephone and Streaming IP data at up to 16kbps.

GOVERNMENT

The international response by governments and NGOs to the Haiti earthquake was co-ordinated using BGAN voice and broadband connectivity.

Our government customers use Inmarsat services across all our sectors and we continue to support both military and civilian operations on a worldwide basis. We have seen our revenues fluctuate as government activities change around the world and have seen reduced traffic levels in 2010 from such users in the Middle East, reflecting this volatility. It is therefore difficult to predict usage patterns for these areas. As governments consider their spending plans for building their own satellite systems and balance this need against overall public spending, we can provide them with commercial capacity, so ensuring they meet the requirements for their communications needs. We have referred earlier in the report to the work we have done with the African nations providing education on the benefits of our BGAN and IsatPhone Pro satellite communications solutions. We work closely with first responders in civilian departments to provide first-hand experience of using BGAN and how its capabilities can benefit them in times of crises. We have also embarked on a programme to develop Software Defined Radio (SDR) for use on our BGAN system. This technology will allow instant deployment of BGAN to new and existing tactical communications platforms. We are actively engaged with major defence contractors to complete certification so that troops in theatre will be able to use this new system in the future.

STRATOS

On 12 January 2010, we acquired the business assets of Segovia. Segovia is a leading provider of secure Internet Protocol managed solutions and services principally to the United States Army and other U.S. military services and government agencies. We acquired Segovia to strengthen our relationships with these key government customers across land, maritime and aeronautical environments as well as bring enhanced services to the government sector generally. We are pleased that the management team in place before the acquisition continues to operate the Segovia business, reporting to Stratos at the executive level. We have been delighted with how this business, and particularly its management, have settled into the Inmarsat Group and worked across the businesses to achieve success.

Stratos, as a major distributor, provides services directly to the customer, or through a network of service providers. It provides Inmarsat Global non-broadband services, such as GAN, Inmarsat C and Fleet, through its terrestrial network, including land earth stations ('LESs') located in Australia, Canada, the Netherlands and New Zealand. It also offers fixed-site remote telecommunications services over fixed satellite systems and through its owned and operated microwave facilities. In addition, Stratos provides customised turnkey remote telecommunications solutions, value added services and equipment and engineering services.

The Stratos segment includes Segovia and we report revenues in two categories. This first category is the MSS business, which is sub-divided into revenue for Inmarsat Global airtime services and then into 'Other MSS' revenues. The second category is the broadband business which now includes Segovia. The majority of MSS revenues are Inmarsat Global airtime sales, which are approximately 78% of total MSS revenue, representing around 60% of total segment revenue.

MSS services

During 2010 MSS services represented US$557.4m of revenues, an increase of 1% compared with 2009.

Stratos has distribution agreements with Inmarsat Global covering the provision of services provided through its LESs, the provision of services offered over the Inmarsat-4 satellites and the provision of lease services. The price and volume of the various services sold by Stratos has been influenced by several factors, including price competition both from other Inmarsat distribution partners and competing MSS and VSAT services, as well as the migration to new lower-margin broadband services. In addition, the promotion of some of their former service providers to becoming new Inmarsat distribution partners as well as changes in the mix of services they sell or lease have all adversely impacted Stratos's revenues and margins. Stratos's achievement in retaining its market share of Inmarsat Global services and the profitability of its MSS business cannot be underestimated. Furthermore Stratos has been a major contributor to the early sales of our IsatPhone Pro service and has introduced a new service, FleetBroadband Plus, to meet the growing need for higher bandwidth services in the maritime sector in advance of our Global Xpress offering. This is a hybrid L-band and Ku-band service that provides both the global service of our maritime services with the higher bandwidth of VSAT.

In 2010, the growth in the Inmarsat Global airtime services came primarily from increases in the use of the aeronautical Swift 64 service, particularly strong FleetBroadband activity and with good growth also in leasing. This growth was partially offset by a decrease in the land mobile sector.

'Other MSS services' for Stratos primarily consist of mobile terminals and equipment sales, mobile telecommunications services sourced on a wholesale basis from other MSS providers, LES services provided to certain distributors and other ancillary services. Other MSS services, in general, have lower gross margins than Inmarsat Global services. The decrease in the revenues of Other MSS revenues was due primarily to decreased LES services provided to other Inmarsat distributors, partially offset by increased sales of mobile terminals and equipment.

Broadband services

Broadband revenues increased by 75% to US$159.4m in 2010.

The Stratos Broadband business, in addition to the Segovia business noted above, provides VSAT services, primarily to the oil and gas sector, microwave services to oil platforms in the Gulf of Mexico, equipment supply and engineering services. The Stratos VSAT network enables integrated data and voice telecommunications between remote fixed sites and land-based offices.

The increase in 2010 revenue is primarily due to the inclusion of Segovia revenues from acquisition on 12 January 2010 and increased microwave revenues. Partially offsetting the increase was a decrease in VSAT revenue as a result of the expiry of certain contracts, the sale of certain customer contracts in Germany and a decrease in revenue from equipment sales.

The Broadband division, excluding Segovia, is experiencing lower demand and an increasingly competitive trading environment. Stratos's management has already taken a range of actions, and is planning further initiatives to improve results. The WiMAX frequency spectrum licences we acquired for certain areas of the Gulf of Mexico in late 2009 have enabled Stratos to promote its capability to offer radio access service in the Gulf of Mexico at broadband speeds, competitively priced against VSAT alternatives and with low latency which provides an enhanced experience compared to VSAT. We believe the investment in the licences will provide Stratos with opportunities to further develop its services in this geographic area.

Segovia's expertise in designing, deploying and operating mixed satellite and terrestrial networks in the military's challenging deployment and training environments, coupled with its secure, dedicated IP network infrastructure, have placed it at the centre of the U.S. Department of Defense's ('DoD') transformation and modernisation initiatives. The trend within the DoD towards end-to-end solution acquisition versus piecemeal component acquisition is expected to drive demand for Segovia's managed solutions and services in the coming years.

STRATEGIC DELIVERY

Our four areas of strategic focus: customer, operational, industry position and financial strength continue to drive the business forward.

CUSTOMER/MARKET

→ We believe the launch of our Global Xpress programme will offer even greater customer choice.

OPERATIONAL

→ Our existing broadband services continue to attract new users which will generate growth.

INDUSTRY POSITION

→ Our strategy, staff and partnerships will continue to drive the business forward.

FINANCIAL

→ We expect significant financial benefits from our ATC Cooperation Agreement.

During 2010 we brought to market a new business stream – our handheld satellite phone IsatPhone Pro. We are working to ensure we target opportunities to develop this business opportunity.

We also made a significant decision to invest in building three Ka-band satellites and launching our Global Xpress programme to deliver further revenue opportunities. Although we will have some incremental operating costs for this programme, we don't expect to see any trend changes in our underlying costs, cash flow and profitability.

Although we expect land mobile and aeronautical revenues to have some volatility, we believe our BGAN and SwiftBroadband services will continue to attract new users and traffic which will drive growth. Balanced with these developments, we expect the ongoing strong growth of FleetBroadband to continue to constrain revenue growth given the lower price of data services as usage levels build.

We expect to see growth in Inmarsat Global MSS revenues during 2011 although believe it will be weighted to the second half of the year. The Group will also have significant financial benefits from the payments received from LightSquared under the Cooperation Agreement.

The professionalism of our employees across the Inmarsat group is a significant contributor to our success as a business. There is a relentless desire to improve what we do – whether through the innovation of our services, how they are delivered and the opportunities to evolve the business further.

We believe our strategy and direction, supported by our worldwide staff and good collaboration with all our partners, will continue to drive the business forward so creating further shareholder value.

ANDREW SUKAWATY
Chairman and Chief Executive Officer

CHIEF FINANCIAL OFFICER'S REVIEW

IN THIS SECTION

RICK MEDLOCK
Chief Financial Officer

I am delighted to comment on our financial performance for 2010, a year in which we have delivered another pleasing set of results, with strong financial and operating performance and delivery against our strategy. Revenue and EBITDA growth and cash flow generation remained strong, reflecting our disciplined business management and cost control against the backdrop of a persistently uncertain global economic environment.

Overview

2010 has been another excellent and exciting year for Inmarsat both from a financial and operational perspective. We managed to deliver solid revenue and EBITDA growth and continue to deliver substantial expansion in our operating cash flows. We ended the year with a strong balance sheet and significant available liquidity. In line with our strategy of increasing dividends based on the growth of normalised free cash flow, we are pleased to report that we have raised our dividend by 10% year-over-year.

We have reported solid revenue growth for the Group as a whole, but in particular Inmarsat Global's MSS business has again delivered impressive performances in the aeronautical sector and in leasing. MSS growth has been driven by services such as BGAN, which benefited from increased usage as a result of the natural disasters earlier in the year, Swift 64 and FleetBroadband, as well as from new leasing business. We recognised contributions from both our newly acquired subsidiary, Segovia, as well as from our Cooperation Agreement with LightSquared. Our Stratos business has maintained its market share of Inmarsat Global's MSS revenues of approximately 40%, which is encouraging given the increased competition and pricing pressures within the distribution channel.

Whilst we are very pleased with the progress this year, the economic climate continues to look uncertain, especially in our core government and maritime markets. This, together with the impact of migration to new services and continuing competition in our traditional MSS sectors, particularly maritime and aeronautical, means that we are cautious on our prospects for revenue growth in 2011. We did see a slowdown in the rate of growth in the second half of the year and we remain watchful as to how long these market and economic conditions will persist. However, we believe the introduction of the IsatPhone Pro positions us well to compete and win customers and grow revenue in the handheld voice market. Our acquisition of Segovia gives us the foothold to strengthen and leverage our relationships with key United States government agencies and other commercial customers and enhance our revenue growth in those markets. In addition, we announced our next generation service offering, Global Xpress, and are extremely excited by the incremental opportunities and long-term prospects which this programme offers in the future. However, our focus remains on growing our existing core business and delivering maximum value to shareholders, which we believe we are well positioned to achieve.

As mentioned, 2010 has been an exciting year operationally. Last year we commented on the acquisition of Segovia which was completed on 12 January 2010 for an initial consideration of US$110.0m. Additional amounts may be payable depending on the performance of the acquired business over the three years following the acquisition. We accounted for the acquisition of Segovia using the purchase method of accounting in accordance with IFRS 3, 'Business Combinations (2008)'. The consolidated results of the Group for 2010 include the financial results of Segovia for the period from 12 January 2010 to 31 December 2010. The contingent consideration element relating to 2010 is estimated at US$13.0m and will be paid during 2011. We accounted for US$10.9m of the contingent consideration as part of the initial purchase accounting, with the additional US$2.1m, which arose due to better than expected performance in 2010, being recorded directly in the income statement in line with IFRS 3 (2008).

In August 2010, we announced a major new investment project called Global Xpress. Global Xpress will be supported by a global network of Ka-band satellites, the Inmarsat-5 generation, and will be primarily focused on providing super-high bandwidth services to the wider maritime, energy, aeronautical and government satellite communications sectors, which represent incremental long-term growth opportunities. The total expected cost of the Global Xpress programme is US$1.2bn and we expect to start bringing the Inmarsat-5 satellite network into commercial service in 2013. We have agreed a contract with Boeing for the delivery of three Inmarsat-5 satellites. Under a separate arrangement, Boeing has agreed to become a distribution partner for our Global Xpress services and has pre-committed

GLOBAL XPRESS

US$1.2bn

The total expected cost of the Global Xpress programme is US$1.2bn and we expect to start bringing the Inmarsat-5 satellite network into commercial service in 2013.

ATC PAYMENTS

US$115m

Significant financial payments are triggered following the delivery of Phase 2 notice from LightSquared.

EBITDA MARGIN

+2%

EBITDA margin has increased to 59% for 2010, compared with 57% for 2009.

PROFIT BEFORE TAX

+69%

For 2010, profit before tax was US$333.5m, an increase of US$136.6m, or 69% compared with 2009.

to capacity purchases representing more than 10% of Inmarsat's target Global Xpress revenues in the first five years after global service launch.

In December 2007, Inmarsat and LightSquared entered into a Cooperation Agreement for the efficient use of L-band spectrum over North America. On 17 August 2010, LightSquared triggered Phase 1 of this agreement under which we agreed a plan to re-band L-band spectrum over an eighteen month transition period. In order to implement Phase 1, Inmarsat has begun a process of transition to a modified spectrum plan to increase spectrum contiguity for both Inmarsat and LightSquared. In addition, Inmarsat will incur the cost of certain network and terminal modifications. During this process, LightSquared will make a series of payments to Inmarsat under the Cooperation Agreement totalling US$368.8m, which includes US$31.25m paid in December 2009 to maintain the Cooperation Agreement. To date, LightSquared has made payments totalling US$192.5m. We will be accounting for these and future Phase 1 payments using the percentage of completion method. During 2010, we recognised US$17.5m of revenue in relation to Phase 1 of the Cooperation Agreement.

On 28 January 2011, we received notice from LightSquared triggering Phase 2 of the agreement together with a first partial quarterly payment of US$20.1m. Under Phase 2, Inmarsat will support a phased transition to a further spectrum plan that increases the total spectrum capacity available to LightSquared for ATC services in North America. In return, Inmarsat will receive payments of US$115.0m per annum, increasing at a rate of 3% annually, with effect from 28 January 2011. The implementation of Phase 2 will cause an eventual reduction in aggregate L-band spectrum available for Inmarsat services over North America. While it is too soon to predict the impact that this early notice and subsequent reduction of spectrum will have on our MSS revenue growth in North America in the coming years, we are confident that we will be able to minimise the service impact on our existing users in this area. We have already taken measures as part of the migration programme to offer enhanced services for customers (such as the Inmarsat B to FleetBroadband migration incentive and safety services over SwiftBroadband programme), and we will continue to encourage users to progressively upgrade to much more spectrum efficient BGAN, SwiftBroadband and FleetBroadband services. Furthermore, starting in 2013, Inmarsat customers will start to benefit from extensive Ka-band services following the launch of our Global Xpress services, which will greatly augment our available spectrum resources in North America.

In April 2010, we signed a favourable 8-year facility agreement from the European Investment Bank ('EIB Facility') to fund the build and launch of our Alphasat satellite. In 2010 we drew down a total of US$308.4m under the facility, which matures on 30 April 2018 and is repayable in equal annual instalments beginning on 30 April 2012. Interest is equal to 3-month USD LIBOR plus a margin and is payable in January, April, July and October each year.

Total Group Results

The results are the consolidated results of operations and financial condition of Inmarsat plc for the year ended 31 December 2010. We report two operating segments, namely Inmarsat Global and Stratos. The Stratos segment includes Segovia, which we acquired on 12 January 2010. The table below sets out the results of the Group for the years indicated:

(US$ in millions)	2010	2009	Increase/ (decrease)
Revenue	**1,171.6**	**1,038.1**	**12.9%**
Employee benefit costs	**(181.7)**	(190.0)	(4.4%)
Network and satellite operations costs	**(217.1)**	(193.4)	12.3%
Other operating costs	**(93.8)**	(82.4)	13.8%
Own work capitalised	**17.1**	21.9	(21.9%)
Total net operating costs	**(475.5)**	**(443.9)**	**7.1%**
EBITDA	**696.1**	**594.2**	**17.1%**
Depreciation and amortisation	**(234.6)**	(231.6)	1.3%
Gain on disposal of assets	**–**	2.1	(100.0%)
Share of results of associates	**1.2**	0.9	33.3%
Acquisition-related adjustments	**(2.1)**	(8.8)	(76.1%)
Operating profit	**460.6**	**356.8**	**29.1%**
Interest receivable and similar income	**1.4**	1.7	(17.6%)
Interest payable and similar charges	**(128.5)**	(161.6)	(20.5%)
Net interest payable	**(127.1)**	(159.9)	(20.5%)
Profit before income tax	**333.5**	**196.9**	**69.4%**
Income tax expense	**(72.4)**	(44.1)	64.2%
Profit for the period	**261.1**	**152.8**	**70.9%**

Revenues

Total Group revenues for 2010 increased by 12.9% compared with 2009. The table below sets out the components, by segment, of the Group's total revenue for each of the years indicated:

(US$ in millions)	2010	2009	Increase/ (decrease)
Inmarsat Global	**764.1**	694.8	10.0%
Stratos	**716.8**	644.1	11.3%
	1,480.9	1,338.9	10.6%
Intercompany eliminations and adjustments	**(309.3)**	(300.8)	
Total revenue	**1,171.6**	**1,038.1**	**12.9%**

Net operating costs

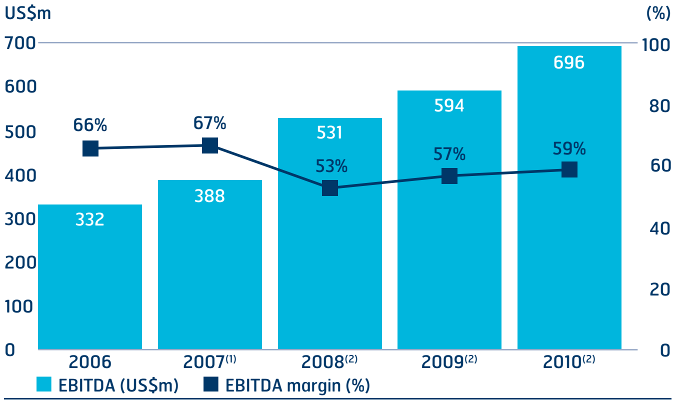
Total Group net operating costs for 2010 increased by 7.1% compared with 2009. The table below sets out the components, by segment, of the Group's net operating costs for each of the years indicated:

(US$ in millions)	2010	2009	Increase/ (decrease)
Inmarsat Global	**191.3**	199.3	(4.0%)
Stratos	**593.3**	543.6	9.1%
	784.6	742.9	5.6%
Intercompany eliminations and adjustments	**(309.1)**	(299.0)	
Total net operating costs	**475.5**	**443.9**	**7.1%**

EBITDA

Group EBITDA for 2010 was US$696.1m, an increase of US$101.9m, or 17.1%, compared with 2009. EBITDA margin has increased to 59% for 2010, compared with 57% for 2009, primarily as a result of the inclusion of the results of Segovia from 12 January 2010, the inclusion of revenue from our Cooperation Agreement with LightSquared and expansion of margins in Inmarsat Global due to MSS revenue growth.

EBITDA (US$m)



(1) Represents Inmarsat Global and 21 days of Stratos trading results.
(2) Includes Segovia from 12 January 2010.

Depreciation and amortisation

The increase in depreciation and amortisation of US$3.0m is due to the inclusion of the results of Segovia from 12 January 2010 and depreciation of assets relating to our Global Satellite Phone Service ('GSPS') following commercial launch at the end of June 2010. Partially offsetting the increase is a reduction in depreciation due to four out of the five Inmarsat-3 satellites becoming fully depreciated.

Gain on disposal of assets

No gain on disposal of assets was recognised during 2010. The gain on disposal of assets recognised during 2009 of US$2.1m arose from the transfer and disposal of assets by Stratos.

Share of results of associates

During 2010, we recorded US$1.2m in respect of earnings from associates compared to US$0.9m during 2009. The earnings from associates arose from equity accounted investments held by Stratos.

Acquisition-related adjustments

During 2010, we recorded an adjustment of US$2.1m relating to increased contingent consideration in respect of our acquisition of Segovia. In line with IFRS 3 (2008), the contingent consideration adjustment is charged as an expense to the income statement. This is due to the better-than-expected performance of Segovia against the earn-out targets in 2010. During 2009, we recorded a US$8.8m adjustment to the carrying amount of goodwill following the recognition of a deferred tax asset relating to unutilised capital allowances arising in Stratos's UK entities.

Operating profit

As a result of the factors discussed above, operating profit during 2010 was US$460.6m, an increase of US$103.8m, or 29%, compared with 2009.

Interest

Net interest payable for 2010 was US$127.1m, a decrease of US$32.8m, or 21%, compared with 2009.

Interest payable for 2010 was US$128.5m, a decrease of US$33.1m, or 20%, compared with 2009. Accounting for the majority of the decrease were the one-off items amounting to US$29.3m that we incurred in 2009 in connection with our refinancing activity. In addition, I am very pleased to report that we were able to lower our underlying interest costs as a result of the refinancing. The retirement of the Stratos external borrowings and the new EIB Facility for Alphasat should allow us to maintain attractively low interest costs in the coming years. We also recorded a small unrealised foreign exchange gain on Inmarsat Global's pension and post-retirement scheme liabilities in 2010 compared to a loss in 2009.

Partially offsetting the decrease in interest payable is an increase in interest incurred on the interest rate swaps and the Convertible Bond in 2010. In addition we recognised net redemption premia of US$3.1m and wrote-off US$5.8m of unamortised arrangement costs in respect of the Stratos Refinancing in 2010.

Interest receivable for 2010 was US$1.4m compared to US$1.7m in 2009.

Profit before tax

For 2010, profit before tax was US$333.5m, an increase of US$136.6m, or 69% compared with 2009. The increase is due primarily to increased underlying Group revenues and EBITDA, the inclusion of revenue in respect of our Cooperation Agreement with LightSquared, the inclusion of Segovia's results from 12 January 2010 and decreased net interest payable. The increase is partially offset by increased underlying Group operating costs in the year.

Income tax expense

The tax charge for 2010 was US$72.4m, an increase of US$28.3m, or 64%, compared with 2009. The increase in the tax charge is largely driven by the underlying increase in profits for 2010 and the inclusion of the results of Segovia from 12 January 2010.

The effective tax rate for 2010 was 21.7% compared to 22.4% for 2009. The 2010 effective tax rate was reduced by US$7.0m of non-recurring current year tax benefits and a US$13.5m credit on prior year tax positions. The 2009 effective tax rate was reduced due to a one-off tax credit of US$8.8m recognised during 2009, which arose from the recognition of a deferred tax asset relating to unutilised capital allowances in Stratos' UK entities.

Profit for the period

As a result of the factors discussed above, profit for 2010 was US$261.1m, an increase of US$108.3m, or 71%, compared with 2009.

Earnings per share

For 2010, basic and diluted earnings per share for profit attributable to the equity holders of the Company were 57 cents (US$) and 57 cents (US$), respectively, compared with 33 cents (US$) and 35 cents (US$), respectively for 2009.

The 2009 basic and diluted earnings per share adjusted to exclude the after tax effect of the one-off costs of US$28.8m (US$20.7m net of tax) in relation to the refinancing of our previous debt facilities, the goodwill adjustment of US$8.8m and the associated tax credit of US$8.8m, were 38 cents (US$) and 39 cents (US$), respectively. There are no comparable adjustments in 2010. Therefore we do not present adjusted basic and diluted earnings per share for 2010.

Inmarsat Global Results

Revenues

During 2010, revenues from Inmarsat Global were US$764.1m, an increase of US$69.3m, or 10.0%, compared with 2009. Growth in MSS revenues accounted for 6.4 percentage points of the overall percentage revenue growth year on year. Revenues from the LightSquared Cooperation Agreement accounted for 2.5 percentage points and revenues from the sale of terminals accounted for 1.0 percentage point of the overall percentage growth in revenue year over year. The growth in MSS revenues has been driven by services such as BGAN, Swift 64 and FleetBroadband, as well as from new leasing business. The table below sets out the components of Inmarsat Global's revenue for each of the years indicated:

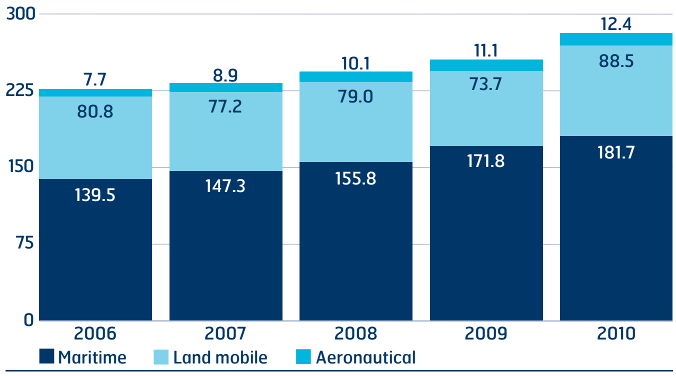
(US$ in millions)	2010	2009	Increase/ (decrease)
Revenues			
Maritime sector:			
Voice services	**98.1**	104.7	(6.3%)
Data services	**262.5**	252.3	4.0%
Total maritime sector	**360.6**	357.0	1.0%
Land mobile sector:			
Voice services	**7.3**	8.5	(14.1%)
Data services	**146.4**	138.0	6.1%
Total land mobile sector	**153.7**	146.5	4.9%
Aeronautical sector	**101.0**	75.8	33.2%
Leasing	**111.7**	103.5	7.9%
Total mobile satellite communications services	**726.9**	682.8	6.5%
Other income	**37.1**	12.0	209.1%
Total revenue	**764.1**	694.8	10.0%

INMARSAT GLOBAL MSS REVENUE BY SECTOR 2010

INMARSAT GLOBAL MSS REVENUE BY SECTOR 2009

Total active terminal numbers as at 31 December 2010 increased by 10.1%, compared with 31 December 2009.

ACTIVE TERMINALS ('000)



Active terminals are the number of subscribers or terminals that have been used to access commercial services (except certain SPS terminals) at any time during the preceding twelve-month period and registered at 31 December. Active terminals also include the average number of certain SPS terminals active on a daily basis durng the period. Active terminals exclude our terminals (Inmarsat D+ and IsatM2M) used to access our Satellite Low Data Rate ('SLDR') or telemetry services. At 31 December 2010, we had 215,895 SLDR terminals.

Seasonality – Impact of volume discounts

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

During 2010, volume discounts were US$41.8m, a decrease of US$11.6m, or 22%, compared with 2009. The decrease reflects the changes in the VDS discussed above and lower revenues from the services remaining eligible for VDS. Although we removed our BGAN services from the VDS, we have implemented certain price reductions for BGAN services, resulting in a neutral position for wholesale BGAN prices.

Maritime Sector

During 2010, revenues from the maritime sector were US$360.6m, an increase of US$3.6m, or 1.0%, compared with 2009.

Revenues from data services in the maritime sector during 2010 were US$262.5m, an increase of US$10.2m, or 4.0%, compared with 2009. The increase in revenues from data services reflects strong growth in our FleetBroadband service. We have added over 10,000 FleetBroadband terminals in the year, more than double the number added in 2009 and a strong indicator of the success of this service. However, we believe that the accelerated adoption of our FleetBroadband service has partially constrained our rate of revenue growth as the price of services using FleetBroadband is typically less than the price of equivalent services on the terminals being replaced or upgraded. However, over time, we expect to offset this effect through usage growth in response to increased service capability and faster speeds available through FleetBroadband. Although a lesser factor, competition from VSAT service offerings has also increased since the announcement of our Global Xpress service. In addition, we believe the challenging economic and competitive environment for the shipping industry during 2010 has also impacted our rate of revenue growth when compared to prior periods.

As expected, revenue from our Inmarsat B service is decreasing due to the natural run-off of this mature service, which will be discontinued on 31 December 2014. Active Inmarsat B terminal numbers are reducing due to older ships being decommissioned or re-fitted with FleetBroadband terminals. In addition, there was a decrease in revenues from our Mini M service, where there is an expected long-term decline in demand for fax and low speed data. The rates of the decline of both these services accelerated as the year progressed.

Revenues from voice services in the maritime sector during 2010 were US$98.1m, a decrease of US$6.6m or 6.3% compared with 2009. Growth in demand for voice services among users of our FleetBroadband service was more than offset by the ongoing decline in our mature Inmarsat B and Mini M services. The decline in revenues from voice services in the maritime sector can be attributed to a combination of factors, including the current economic environment for the shipping industry, the substitution effect of voice usage to email and Voice Over IP and some increased competition. Revenues are also negatively impacted by product mix changes as users transition from our older services to our newer FleetBroadband service where the price of voice services is lower.

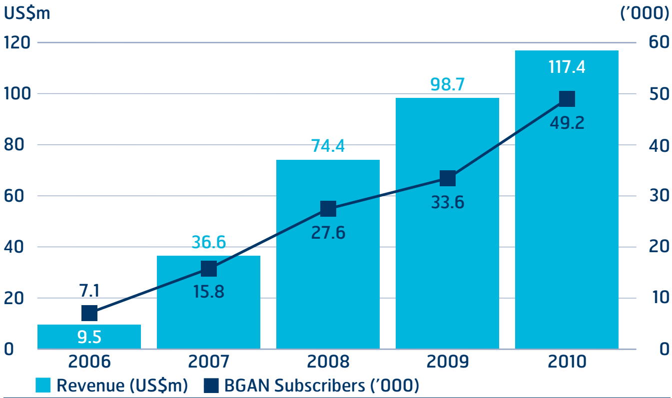
Land Mobile Sector

During 2010, revenues from the land mobile sector were US$153.7m, an increase of US$7.2m, or 4.9%, compared with 2009.

Revenues from data services in the land mobile sector during 2010 were US$146.4m, an increase of US$8.4m, or 6.1%, compared with 2009. Growth in BGAN revenue was partially offset by the decline in GAN high-speed data traffic, particularly following reduced traffic levels from government users in the Middle East. Usage of our BGAN service in this region has historically been volatile and has affected our results from time to time.

Revenues from BGAN services for 2010 were US$117.4m, an increase of US$18.7m, or 18.9%, compared with 2009. These figures include voice, data and subscription revenues. As at 31 December 2010, active BGAN subscribers were 49,172 compared with 33,571 as at 31 December 2009, an increase of 15,601 or 46% year-on-year. BGAN subscribers include 5,800 low usage subscribers activated at the end of March 2010 for the May 2010 election in the Philippines. Disaster relief efforts by aid agencies and government organisations and additional usage by media companies, in response to the earthquakes in Haiti and Chile, resulted in an estimated US$5.5m in incremental BGAN revenues during 2010.

BGAN PROGRESSION REVENUE AND ACTIVE TERMINAL NUMBERS



Revenues from voice services in the land mobile sector during 2010 were US$7.3m, a decrease of US$1.2m, or 14.1%, compared with 2009. We continue to experience declining traffic volumes resulting from competition, principally for our Mini M service, from other MSS operators, however we are seeing growth in our BGAN voice service which now accounts for over 50% of voice revenues. Although we launched our handheld satellite phone, IsatPhone Pro, at the end of June 2010, the early stage of service introduction meant it made no material contribution during the year, however we are confident that this will contribute to land voice revenue growth in the coming years.

Aeronautical Sector

During 2010, revenues from the aeronautical sector were US$101.0m, an increase of US$25.2m, or 33%, compared with 2009. The increase is a result of continued demand for our Swift 64 high-speed data service which experienced a 4.1% increase in active channels compared with 2009. In addition, we experienced strong growth in revenues from our SwiftBroadband service, which has now gained widespread industry acceptance, with growth in active channels of 140% year-on-year. Our low-speed data services also benefited from increased industry demand. Our Swift 64 and SwiftBroadband services target the government aircraft and business jet markets as well as being used by commercial airlines.

Leasing

During 2010, revenues from leasing were US$111.7m, an increase of US$8.2m, or 7.9%, compared with 2009. The increase is a result of additional government contracts for land-based services and the expansion of Swift 64 leases for certain aeronautical customers, partially offset by the non-renewal of an aeronautical contract and the reduction of a maritime contract, towards the end of 2010.

Other income

Other income for 2010 was US$37.1m, an increase of US$25.1m or 209%, compared with 2009. The increase is predominantly due to US$17.5m of revenue recorded in respect of the LightSquared Cooperation Agreement and US$8.1m of revenue relating to the sale of IsatPhone Pro terminals and accessories.

Net operating costs
Net operating costs in 2010 decreased by 4.0% compared with 2009. The table below sets out the components of Inmarsat Global's net operating costs for each of the years indicated:

(US$ in millions)	2010	2009	Increase/ (decrease)
Employee benefit costs	**91.6**	110.4	(17.0%)
Network and satellite operations costs	**43.7**	43.3	0.9%
Other operating costs	**70.0**	64.8	8.0%
Own work capitalised	**(14.0)**	(19.2)	(27.1%)
Net operating costs	**191.3**	**199.3**	**(4.0%)**

Impact of hedged foreign exchange rate
The functional currency of the Group's principal subsidiaries is US dollars. Approximately 60% of Inmarsat Global's costs are denominated in Pounds Sterling. Net operating costs in 2010 have been affected by a favourable movement in Inmarsat Global's hedged rate of exchange from US$1.92/£1.00 in 2009 to US$1.49/£1.00 in 2010. The movement in the hedged rate of exchange in the year has resulted in a decrease in comparative costs of US$26.0m. We have completed hedging arrangements for our anticipated sterling costs in both 2011 and 2012. As a result, we expect our hedged rate of exchange for 2011 to be US$1.52/£1.00 and for 2012 to be US$1.48/£1.00.

Employee benefit costs
Employee benefit costs decreased by US$18.8m in 2010 compared to 2009, due primarily to the favourable movement in Inmarsat Global's hedged rate of exchange. In addition, we recorded costs in respect of an award of shares to employees under the Share Incentive Plan in 2009. Partially offsetting the decrease were additional staff costs due to an increase in total full-time equivalent headcount (510 at 31 December 2010 compared to 490 at 31 December 2009) and employee cost increases in 2010.

Network and satellite operations costs. Network and satellite operations costs for 2010 were broadly in line with 2009.

Other operating costs
Other operating costs for 2010 increased by US$5.2m compared to 2009. The increase relates predominantly to a foreign exchange loss of US$0.2m in 2010, compared to a foreign exchange gain of US$8.1m in 2009 and to higher direct cost of sales due to IsatPhone Pro terminal sales. Partially offsetting the increase was a decrease in accommodation costs due to the favourable movement in Inmarsat Global's hedged rate of exchange. In addition, we expensed US$3.9m of fees in relation to our acquisition of Segovia, in 2009. We did not expense any fees in relation to the Segovia acquisition in 2010.

Own work capitalised
The decrease in own work capitalised for 2010 of US$5.2m, compared 2009, is predominantly a result of the movement in the Group's hedged rate of exchange.

Operating profit

(US$ in millions)	2010	2009	Increase/ (decrease)
Total revenue	**764.1**	694.8	10.0%
Net operating costs	**(191.3)**	(199.3)	(4.0%)
EBITDA	**572.8**	**495.5**	**15.6%**
EBITDA margin %	***75.0%***	*71.3%*	
Depreciation and amortisation	**(169.4)**	(179.9)	(5.8%)
Operating profit	**403.4**	**315.6**	**27.8%**

The increase in operating profit for 2010 of US$87.8m, compared to 2009, is a result of higher revenues, lower net operating costs and lower depreciation and amortisation.

Stratos Results
On 12 January 2010, we acquired the business assets of Segovia. As a result of a group reorganisation completed earlier in the year and the acquisition of Segovia, we now include the Stratos and Segovia businesses in a single operating segment.

Revenues
During 2010, revenues from Stratos increased by 11.3%, compared with 2009, primarily as a result of the inclusion of the revenues of Segovia in the Stratos operating segment. The table below sets out the components of Stratos' revenues for each of the years indicated:

(US$ in millions)	2010	2009	Increase/ (decrease)
MSS revenue			
Inmarsat MSS	**433.7**	427.1	1.5%
Other MSS	**123.7**	125.9	(1.7%)
Total MSS revenue	**557.4**	**553.0**	**0.8%**
Broadband(1)	**159.4**	91.1	75.0%
Total revenue	**716.8**	**644.1**	**11.3%**

(1) Includes Segovia from 12 January 2010.

Total MSS revenue
Revenues from MSS for 2010 increased by US$4.4m, or 0.8% compared with 2009. Growth has been driven primarily by increased Swift 64 revenue, leasing revenue, sales of equipment and increased revenues from Inmarsat's broadband services, partially offset by decreases in revenues from Inmarsat's Existing and Evolved services and network services provided to certain distributors.

Inmarsat MSS. Revenues derived from Inmarsat MSS for 2010 increased by US$6.6m, or 1.5% compared with 2009. The increase is primarily due to increases in the aeronautical, maritime and leasing sectors, partially offset by a decrease in the land mobile sector. Competitive pricing, as a result of the market entry of new Inmarsat distributors, continued to negatively impact revenues from Inmarsat broadband services. Inmarsat's Existing and Evolved services offered by Stratos have also experienced pricing pressure.

For 2010, Stratos' share of Inmarsat Global's MSS revenues was 40%, broadly in line with 2009.

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

Revenues from Other MSS during 2010 decreased by US$2.2m, or 1.7% compared with 2009. The decrease is primarily due to a reduction in network services provided to other Inmarsat distributors, partially offset by increased sales of equipment.

Broadband

During 2010, revenues from Broadband services increased by US$68.3m, or 75%, compared with 2009. The increase is primarily due to the inclusion of Segovia revenues during 2010 and increased revenues from our microwave network in the Gulf of Mexico. Partially offsetting the increase was a decrease in VSAT revenue as a result of the expiry of certain contracts, the sale of certain customer contracts in Germany and decreased revenue from VSAT and microwave network equipment sales.

Net operating costs

Net operating costs in 2010 increased by US$49.7m or 9.1%, compared with 2009 primarily as a result of the inclusion of the operating costs of Segovia in the Stratos operating segment. The table below sets out the components of Stratos' net operating costs and shows the allocation of costs to the Group's cost categories for each of the years indicated:

(US$ in millions)	2010	2009	Increase/ (decrease)
Cost of goods and services	517.5	479.5	7.9%
Operating costs	75.8	64.1	18.3%
Total operating costs	**593.3**	**543.6**	**9.1%**
Allocated as follows:			
Employee benefit costs	90.0	79.6	13.1%
Network and satellite operations costs(1)	479.7	448.0	7.1%
Other operating costs	26.7	18.7	42.8%
Own work capitalised	(3.1)	(2.7)	14.8%
Net operating costs	**593.3**	**543.6**	**9.1%**

(1) Includes the cost of airtime from satellite operators, including intercompany purchases from Inmarsat Global.

Cost of goods and services

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

Cost of goods and services during 2010 increased by US$38.0m, compared with 2009. The increase is predominantly due to the addition of Segovia, as well as increased cost of airtime and equipment as a result of the increase in revenues and higher network infrastructure operating costs resulting primarily from higher salary costs and exchange rates. Partially offsetting the increase in cost of goods and services was a decrease in costs relating to the Broadband business, predominantly due to the reduction of costs as a result of lower revenue and ceasing operations in Germany.

Operating costs

Operating costs during 2010 increased by US$11.7m, compared with 2009. The increase is primarily due to the addition of Segovia, partially offset by a decrease in the operating expenses for the remaining Stratos business, mainly as a result of a decrease in salaries and benefits costs due to reduced incentive plan costs.

Operating profit

(US$ in millions)	2010	2009	Increase/ (decrease)
Total revenue	716.8	644.1	11.3%
Cost of goods and services	(517.5)	(479.5)	7.9%
Gross margin	**199.3**	**164.6**	**21.1%**
Gross margin %	*27.8%*	*25.6%*	
Operating costs	(75.8)	(64.1)	18.3%
EBITDA	**123.5**	**100.5**	**22.9%**
EBITDA margin %	*17.2%*	*15.6%*	
Depreciation and amortisation	(65.2)	(51.7)	26.1%
Share of results of associate	1.2	0.9	33.3%
Gain on disposal of assets	–	2.1	(100.0%)
Acquisition consideration adjustments	(2.1)	(8.8)	(76.1%)
Operating profit	**57.4**	**43.0**	**33.5%**

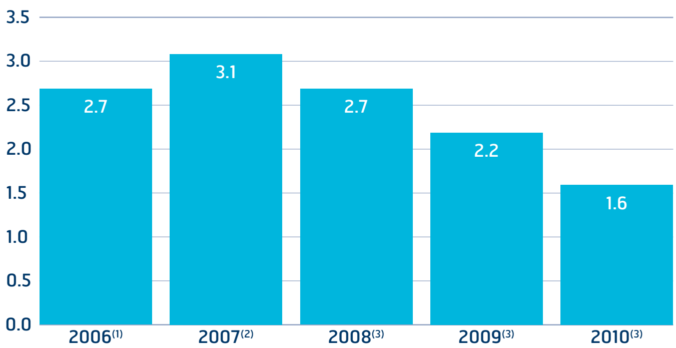
Stratos' operating profit for 2010 increased by US$14.4m, compared with 2009, primarily as a result of the addition of Segovia, partially offset by the US$2.1m additional deferred consideration in respect of the acquisition of Segovia.

Gross margin consists of revenues less cost of goods and services. Gross margin and gross margin percentage for 2010 increased as a result of the addition of Segovia, partially offset by changes in MSS product mix and declines in the VSAT business. Changes in product mix include the increased sales of equipment, which have a lower gross margin, and a migration by customers to lower margin services such as BGAN and FleetBroadband. In addition, margins have been negatively impacted by competitive pricing as discussed earlier.

Group liquidity and capital resources

At 31 December 2010, the Group had cash and cash equivalents of US$343.8m and available but undrawn borrowing facilities of US$300.0m under our Senior Credit Facility. We are operating well within the financial covenant limitations of our Senior Credit Facility and EIB Facility. As a result, we believe our liquidity position is more than sufficient to meet the Group's needs for the next 12 months. In addition, among satellite companies, the Group has historically maintained one of the lowest levels of debt leverage, as measured by the ratio of Net Borrowings to EBITDA. As a result of this prudent approach we remain well-positioned to access the capital markets when needed to meet our financing needs.

NET BORROWINGS (EXCLUDING DEFERRED FINANCE COSTS)/EBITDA



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

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

On 15 April 2010, we signed an 8-year facility agreement from the EIB to fund the build and launch of the Alphasat satellite. Under the agreement, we were able to borrow up to €225m at any time before 23 December 2010. The facility is available in Euros and US dollars. An initial draw-down of US$180.0m was made on 30 April 2010 and a final draw-down of US$128.4m was made on 28 October 2010. This facility matures on 30 April 2018 and is repayable in equal annual instalments beginning 30 April 2012. Interest is equal to 3-month USD LIBOR plus a margin and is payable in January, April, July and October each year. The facility ranks pari passu with our Senior Credit Facility and ahead of our 7.375% Senior Notes due 2017.

On 10 May 2010 and 2 June 2010 we used available liquidity within the Group to pre-pay and cancel the Stratos Senior Credit Facility and redeem the Stratos Senior Unsecured Notes, respectively. On the pre-payment date of the Stratos Senior Credit Facility, the amount outstanding under the facility was US$207.0m. We redeemed the entire principal amount of US$150.0m outstanding under Stratos' Senior Unsecured Notes (US$62.4m, net of US$87.6m Stratos Senior Unsecured Notes held by the Group at the date of redemption) and paid the associated note redemption premium of US$3.1m (US$7.4m less US$4.3m received by virtue of the Groups investment in the Stratos Senior Unsecured Notes). In addition, as a result of the pre-payment and redemption, we wrote-off US$1.9m and US$3.9m in respect of unamortised debt issue costs in relation to the Stratos Senior Credit Facility and the Stratos Senior Unsecured Notes, respectively.

The Group's net borrowings (gross of deferred finance costs) for the years ended 31 December 2010 and 2009 are presented in the table below:

(US$ in millions)	As at 31 December 2010	As at 31 December 2009
Senior Credit Facility	**200.0**	290.0
EIB Facility	**308.4**	–
Senior Notes due 2017	**650.0**	650.0
– issuance discount	**(4.2)**	(4.8)
Convertible Bond	**285.2**	264.9
– accretion of principal	**2.5**	2.3
Deferred satellite payments	**40.8**	47.4
Bank overdrafts	**0.3**	0.5
Stratos Senior Credit Facility	**–**	209.2
Stratos Senior Unsecured Notes[(1)]	**–**	86.8
Total borrowings	**1,483.0**	**1,546.3**
Cash and cash equivalents	**(343.8)**	(226.8)
Net Borrowings (gross of deferred finance costs)	**1,139.2**	**1,319.5**

(1) In 2009, net of US$63.2m Senior Unsecured Notes held by the Group, being 42.1% of the aggregate principal amount outstanding.

The table below shows the condensed consolidated cash flow for the Group for the years ended 31 December 2010 and 2009:

(US$ in millions)	2010	2009
Net cash from operating activities	**744.3**	622.1
Net cash used in investing activities excluding capital expenditure	**(114.8)**	(15.1)
Capital expenditure, including own work capitalised	**(180.7)**	(162.6)
Dividends paid	**(158.3)**	(146.0)
Net cash used in financing activities, excluding dividends paid	**(173.2)**	(230.3)
Foreign exchange adjustment	**(0.1)**	(0.4)
Net increase in cash and cash equivalents	**117.2**	**71.7**

The increase in net cash generated from operating activities in 2010, compared to 2009, of US$122.2m primarily relates to US$121.2m received from LightSquared in 2010 in respect of our Cooperation Agreement and higher EBITDA in 2010 offset by movements in working capital.

The increase in net cash used in investing activities in 2010, compared to 2009, of US$103.4m primarily relates to the acquisition of Segovia for an initial cash consideration of US$110.0m (including transaction fees) in 2010. In the prior year we paid US$11.9m (including transaction fees) for our investment in SkyWave.

Capital expenditure, including own work capitalised, increased by US$18.1m in 2010, compared to in 2009. The increase relates to milestone payments in respect of our Inmarsat-5 investment in 2010 of US$59.8m, offset by lower capital expenditure on our handheld network and terminals, Inmarsat-4 satellites and network and our third Satellite Access Station. Capital expenditure may fluctuate with the timing of milestone payments on current projects. Stratos' cash outflow in respect of capital expenditure for property, plant and equipment and additions to capitalised development costs, including software, was US$26.4m for 2010 (2009: US$24.0m).

Net cash used in financing activities, excluding the payment of dividends, decreased by US$57.1m in 2010, compared to 2009. During 2010, the Group repaid US$90.0m principal of the Senior Credit Facility, drew down US$308.4m from the EIB Facility, repaid US$209.2m principal of the Stratos Senior Credit Facility and redeemed US$65.5m principal of the Stratos Senior Unsecured Notes. In addition, the Group paid cash interest of US$93.3m, arrangement fees in respect of new borrowing facilities of US$3.3m and purchased US$24.4m principal amount of its own debt securities.

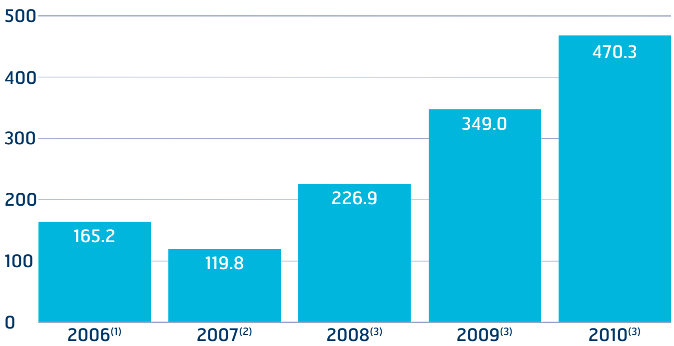
During 2009, the Group drew down US$290.0m on the Senior Credit Facility and pre-paid and cancelled its previous Senior Credit Facility of US$390.0m. During 2009, the Group received US$645.2m aggregate gross proceeds from the offering of its Senior Notes due 2017, paid US$465.6m (US$450.0m principal amount together with US$15.6m redemption premium) to redeem 100% of the principal amount of its Senior Discount Notes and paid US$164.5m (US$160.4m principal amount together with US$4.1m redemption premium) to redeem 100% of the principal amount of its Senior Notes due 2012. In addition, the Group paid cash interest of US$110.5m, arrangement costs in relation to new borrowing facilities of US$23.8m and purchased US$8.6m principal amount of its own debt securities.

Group free cash flow

The Group has continued to expand its free cash flow generation and in 2010 generated positive free cash flow of US$470.3m, an increase of US$121.3m, or 35%, compared with 2009. The increase is due to an increase in EBITDA as a result of higher revenues and lower operating costs and a favourable movement in working capital due mainly to the amounts received from LightSquared in respect of our Cooperation Agreement with them. In addition we experienced reduced cash interest paid, offset in part by increased cash tax paid and capital expenditure, which included milestone payments in relation to our Inmarsat-5 investment.

(US$ in millions)	2010	2009
Cash generated from operations	**785.8**	645.8
Capital expenditure	**(166.7)**	(145.3)
Own work capitalised	**(14.0)**	(17.3)
Net cash interest paid	**(92.0)**	(109.6)
Cash tax paid	**(42.8)**	(24.6)
Free cash flow	**470.3**	**349.0**

FREE CASH FLOW (US$m)



(1) Represents Inmarsat Global only.
(2) Represents 21 days of Stratos trading results.
(3) Represents the Inmarsat plc Group, which includes Segovia from 12 January 2010.

Foreign exchange and treasury policy

The Group's treasury activities are managed by its corporate finance department under the direction of a Treasury Review Committee whose chairman is the Chief Financial Officer, and are consistent with Board-approved treasury policies and guidelines. The overriding objective of treasury activities is to manage financial risk. Details of financial instruments and policies are in note 32 to the consolidated financial statements.

Dividends

The Inmarsat plc Board of Directors intends to recommend a final dividend of 22.69 cents (US$) per ordinary share in respect of the year ended 31 December 2010 to be paid on 27 May 2011 to ordinary shareholders on the register of members at the close of business on 13 May 2011. Shareholders will be asked to approve the final dividend payment at the Annual General Meeting to be held on 3 May 2011. Dividend payments will be made in Pounds Sterling based on the exchange rate prevailing in the London market four business days prior to payment. In accordance with IAS 10, this final dividend has not been recorded as a liability in the financial statements at 31 December 2010. This, added to the interim dividend of 14.00 cents (US$) per ordinary share paid on 29 October 2010 for the year ended 31 December 2010, equals 36.69 cents (US$) per ordinary share, a 10% increase over 2009, and amounts to US$168.8m. The increase in dividend is in accordance with our strategy of increasing dividends based on the growth of free cash flow, adjusted to normalised capital expenditure.

Group balance sheet

The Group continues to maintain a strong financial position, with net assets increasing by US$118.7m to US$1,088.7m at 31 December 2010. The table below shows the consolidated Group balance sheet at 31 December 2010 and 2009:

(US$ in millions)	As at 31 December 2010	As at 31 December 2009
Non-current assets	**2,525.8**	2,429.7
Current assets	**632.2**	475.9
Total assets	**3,158.0**	**2,905.6**
Current liabilities	**(467.3)**	(364.5)
Non-current liabilities	**(1,602.0)**	(1,571.1)
Total liabilities	**(2,069.3)**	**(1,935.6)**
Net assets	**1,088.7**	**970.0**

The increase in the Group's non-current assets of US$96.1m is due primarily to the recognition of US$117.0m of non-current assets and US$27.2m of goodwill following the acquisition of the assets and liabilities of Segovia on 12 January 2010 (see note 29 for details) and additions during 2010. The increase was offset in part by the decrease in derivative financial instruments relating to our foreign exchange rate hedging of US$5.1m and depreciation and amortisation of capital assets, during 2010.

The increase in current assets of US$156.3m is due predominantly to the increase in cash and cash equivalents from US$226.8m at 31 December 2009 to US$343.8m at 31 December 2010. The increase in cash and cash equivalents is due primarily to cash received in relation to our Cooperation Agreement with LightSquared. In addition, trade and other receivables increased by US$27.7m to US$255.2m at 31 December 2010, inventory increased by US$10.7m to US$20.2m at 31 December 2010, and we recorded US$5.6m restricted cash relating to Segovia at 31 December 2010. Partially offsetting the increase was a decrease in derivative financial instruments relating to foreign exchange rate hedging of US$4.7m to US$7.4m at 31 December 2010.

The increase in current liabilities of US$102.8m relates primarily to deferred revenue recognised in relation to our Cooperation Agreement with LightSquared. In addition, current income tax liabilities increased by US$12.8m to US$46.8m at 31 December 2010. Partially offsetting the increase in current liabilities was the decrease in short-term borrowings of US$50.8m to US$58.6m at 31 December 2010. This decrease in short-term borrowings was due to the repayment of US$90.0m of the Senior Credit Facility, offset by US$50.0m of the Senior Credit Facility being transferred from non-current to current in the year.

The increase in non-current liabilities of US$30.9m relates primarily to the increase in other payables and deferred income tax of US$30.7m and US$14.0m, respectively. Partially offsetting the increase is the decrease in provisions of US$13.3m to US$42.5m at 31 December 2010, which is due predominantly to Inmarsat Global's pension and post-retirement scheme liabilities following the review of actuarial assumptions for accounting purposes at 31 December 2010.

The decrease in net non-current borrowings of US$1.2m is due to a number of offsetting transactions during the year. We drew down US$308.4m under the EIB Facility, repaid the entire outstanding amount of US$209.2m of the Stratos Senior Credit Facility and redeemed the outstanding Stratos Senior Unsecured Notes of US$62.4m (US$150.0m principal amount of the Stratos Senior Unsecured Notes less US$87.6m principal amount which was held by the Group at the date of redemption). In addition, US$50.0m relating to the Senior Credit Facility was transferred from non-current to current in the year.

Critical accounting policies

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

Principal risks and uncertainties

The Group faces a number of risks and uncertainties that may adversely affect our business, operations, liquidity, financial position or future performance, not all of which are wholly within our control. Although many of the risks and uncertainties influencing our performance are macroeconomic and likely to affect the performance of businesses generally, others are particular to our operations in mobile satellite services.

Our principal risks and uncertainties are discussed below, however this summary is not intended to be an exhaustive analysis of all risks and uncertainties affecting the business. Some risks and uncertainties may be unknown to us and other risks and uncertainties, currently regarded as immaterial, could turn out to be material. All of them have the potential to impact our business, operations, liquidity, financial position or future performance adversely. They should also be carefully considered in conjunction with the statement on internal control and risk management in the Statement on Corporate Governance, the forward-looking statements in this document and the cautionary statement regarding forward-looking statements.

Satellites

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

Distribution

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

Spectrum

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

Development of hybrid networks, including ATC

The implementation of ATC services by MSS operators in North America or other countries may result in increased competition for the right to use L-band spectrum, and such competition may make it difficult for us to obtain or retain the spectrum resources we require for our existing and future services. We cannot be certain that the development of hybrid networks, including ATC, in North America or other countries will not result in harmful interference to our operations. If we are unable to prevent such interference it could have an effect on our operations, revenues, profitability and liquidity.

LightSquared Cooperation Agreement

Our Cooperation Agreement with LightSquared presents us with operational and financial risks. The Cooperation Agreement will ultimately result in a reduction in available L-band spectrum for Inmarsat services over North America and the need for our L-band services to co-exist in North America with ATC services in adjacent frequencies. Whilst we are confident that we can continue to operate our services over North America with minimal impact to our users following the launch of ATC services, there is a risk that our L-band services may be congested, interrupted and/or interfered with, which could have an adverse affect on our future L-band service performance in North America. In order to mitigate this risk, we have already taken measures as part of the migration programme envisaged under the Cooperation Agreement to offer enhanced services for customers (such as the Inmarsat B to FleetBroadband migration incentive and safety services over SwiftBroadband programme), and we will continue to encourage users to progressively upgrade to much more spectrum-efficient BGAN, SwiftBroadband and FleetBroadband services. The migration of customers off our Existing and Evolved services to our broadband services gives rise to the risk of customers choosing to move to other competitive services, which could have an adverse effect on our revenues and profitability.

In addition, we are subject to the risk that LightSquared may default on their payments under the Cooperation Agreement or that they may elect to terminate the implementation of Phase 2 and return to Phase 1 (which they may do from 28 January 2016), which may have a material adverse effect on our future profitability.

Regulation

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

Competition

Although Inmarsat is a market leader in MSS, the global communications industry is highly competitive. We face competition today from a number of communications technologies in the various target sectors for our services. It is likely that we will continue to face increasing competition from other network operators in some or all of our target sectors in the future, particularly from existing mobile satellite network operators. In addition, communications providers who operate private networks using VSAT or hybrid systems also continue to target users of mobile satellite services. Technological innovation in VSAT, together with increased C-band, Ku-band and Ka-band coverage and commoditisation, have increased, and we believe will continue to increase, the competitiveness of VSAT and hybrid systems in some traditional MSS sectors, including maritime and aeronautical sectors. Furthermore, the gradual extension of terrestrial wireline and wireless communications networks to areas not currently served by them may reduce demand for some of our land mobile services in those areas.

Next generation services and satellites

Our major new investment project, Global Xpress, which will be deployed over a global network of Ka-band satellites, is currently being developed. The development, which includes the satellites, ground network, terminals and related services, may be subject to delays and/or material cost over-runs. There can be no assurance that the development of new satellites, ground networks, or terminals and/or the introduction of new services will proceed according to anticipated schedules or cost estimates, or that the level of demand for the new services will justify the cost of setting up and providing such new services. Failure or a delay in the completion of such networks and/or services and/or the launch or deployment or operation of such satellites and/or new services, or increases in the associated costs, could have a material adverse effect on our revenue, profitability and liquidity.

Financial risks

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

Economic conditions

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

Outlook

In our Inmarsat Global maritime business, we expect the ongoing strong growth of FleetBroadband to continue to constrain our revenue growth given the lower price of data services as usage levels build. In addition, we expect maritime voice revenue to continue to be impacted by email substitution and increased competition.

While land mobile revenues will remain susceptible to volatility, both BGAN and IsatPhone Pro are attracting new users and traffic to our network which will drive growth. Overall growth in the early part of 2011 will be impacted by comparability due to non-recurring event revenues in the early part of 2010.

In our aeronautical business, we expect increasing demand for SwiftBroadband from existing and new users to drive incremental revenues. However, the high government customer usage levels seen in 2010 have normalised and we expect our aeronautical growth in 2011 overall to be affected by the continuation of a lower level of activity and by budget constraints.

Our pipeline for new leasing business is encouraging and therefore we expect to rebuild our total leasing inventory during the year.

Overall we expect growth in our core MSS revenues for 2011 to be between 2% and 4%, with growth weighted to the second half of the year due to comparability affected by the high level of event revenue seen in early 2010. Although we expect some incremental operating costs in relation to our Global Xpress programme, we see no trend changes in our underlying costs, cash flow and profitability. In addition we expect to recognise between US$187.0m and US$207.0m of revenue in connection with our Cooperation Agreement with LightSquared and expect to incur up to US$20.0m of operating costs in relation to Phase 1 of our Cooperation Agreement with LightSquared.

Our Alphasat and Global Xpress investment plans remain on track as to schedule and total capital costs. We expect that cash used for capital expenditure in 2011 will be between US$450.0m and US$550.0m.

We see no change in our dividend growth commitments and therefore expect dividend growth of at least 10% for 2011 compared to 2010.

Rick Medlock
Chief Financial Officer

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

CORPORATE SOCIAL RESPONSIBILITY

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

We recognise social, environmental and ethical matters and endeavour to take into account the interests of our stakeholders, including investors, employees, suppliers and business partners when operating our business.

Code of Conduct

We maintain and require the highest ethical standards in carrying out our business activities and have clear guidelines for dealing with gifts, hospitality, corruption, fraud, the use of inside information and whistleblowing.

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

Community

Safety at sea remains core to our Company's activities. We are proud of our maritime heritage and that our business continues this commitment. Inmarsat remains the only approved provider of satellite communications services for the GMDSS. This service is trusted throughout the world by mariners and by the rescue co-ordination centres that are integral to ensuring that a safety alert is actioned. The GMDSS service gives maritime users complete confidence that if they send a distress call, it will be received by a rescue authority.

Our award winning '505' emergency calling service launched in 2009 has already been utilised more than 100 times. This short code dialling facility connects to the rescue co-ordination centre. One example of its successful use was the recent rescue of a yachtsman in Puerto Rico whose yacht was sinking after taking in water. '505' does not replace our GMDSS service, it does though provide mariners with additional peace of mind that they have a reliable trusted service they can use in an emergency situation.

We have continued our charitable support of the International Maritime Organization's ('IMO') Safety and Rescue ('SAR') fund. This is part of a five-year agreement which was signed in 2005 to support the IMO's International SAR fund.

Our Inmarsat C SafetyNET service continues to be used to provide vital updates on reported pirate activity. The service enables ship masters to access reports of pirate movements, giving them information to know which regions to avoid with high pirate activity and allowing them to re-route if necessary.

We continue to support Télécoms Sans Frontières ('TSF'), the telecommunications relief aid organisation. We have a long history of supporting TSF through direct funding and the provision of free satellite terminals. TSF is able to reach disaster areas quickly and help other aid charities with their communications needs whilst also providing the opportunity for those affected to call relatives. During 2010, TSF sent response teams to deal with eight emergency missions including the Philippines, Chile, Indonesia, Haiti and Pakistan. In Haiti, the first BGAN call was made by a local aid agency within 15 minutes of the disaster happening and within two days TSF had set up BGAN networks for incoming NGOs and others. In recognition of the high volume of activity from TSF in Haiti, we made an additional donation of US$100,000 to support their operations.

Télécoms Sans Frontières training survivors of the 2010 tsunami in Indonesia's Mentawai Islands to deploy IsatPhone Pro in the event of a future disaster.

TSF runs programmes of disaster relief and preparedness, training other relief organisations and regional and national disaster response agencies about the capabilities of emergency telecommunications. This helps these organisations to be able to respond to an emergency knowing they have the necessary training to use BGAN and IsatPhone Pro, our handheld satellite phone. A recent training event by TSR was within the framework of the International Emergency ICT Training Program 2010-11 and in partnership with the European Commission's Humanitarian Aid Department to 22 humanitarian organisations from Central and South Asia. In their feedback to us, TSF advises that through our support, we are serving more than 200 organisations per year and tens of thousands of people in distress, providing them with the necessary contacts inside and outside their countries. We believe the work TSF does is vital in emergency situations and we are delighted to continue to support them.

We also work closely with the International Telecommunications Union ('ITU') which deployed 100 satellite terminals to parts of Pakistan that were ravaged by severe flooding last year. The terminals were used to restore communications and provide telemedicine applications and services for remote areas that were too difficult to access following the disaster. The ITU also sent terminals to the disaster zones in Indonesia after the tsunami there in 2010.

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

Employment

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

We have elected employee forums operating in several operating business in the UK, Batam in Indonesia and a Works Council in the Netherlands. These groups extend two-way communications between employees and management and allow the views of employees to be taken into account in making decisions which are likely to affect their interests. In the UK, the Staff Forum is an elected body constituted in accordance with prevailing legislation to provide the formal means of consultation on contractual matters, as and when required. In the Netherlands, the Works Council is constituted according to local requirements.

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

Our aim is to have effective controls that maximise the well-being of our staff and minimise the losses resulting from ill health and injury. Our framework for health and safety management aligns with our broader strategy which focuses on the need for leadership, management and ownership of health and safety matters.

We encourage activities in each of our businesses for staff to participate in socially and as a way of also improving health awareness to create a healthier workplace. Inmarsat Global has continued to hold an annual health and wellbeing day which was supported by all levels of the organisation.

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

Environment

The activities of the Group are judged to have a low environmental impact and are not expected to give rise to any significant, inherent environmental risks over the next 12 months.

We do not manufacture satellite user terminals, which are produced by manufacturers who provide health and safety guidance as to how terminals should be utilised. Controls are in place to ensure that antennae do not radiate any power at low elevation angles. During 2010, we started to manufacture our handheld satellite phone, IsatPhone Pro. The design and manufacturing processes have met all the relevant safety standards and disposal requirements are included in the packaging for each handset.

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

As a satellite operator, we have adopted the highest industry standards in terms of space debris mitigation, including end-of-life graveyard manoeuvre plans for the disposal of satellites when they reach the end of their commercial life. To date we have only had one satellite disposal, which was in 2006. Its disposal was undertaken in full compliance with the relevant ITU standards. There are no near-term plans for decommissioning any of the remaining satellites. We operate our satellites in geosynchronous orbit which is approximately 36,000km (22,500 miles) above the earth. This orbit has significantly less debris than in a low earth orbit which is approximately 700km above the earth and where several MSS operators have their satellite constellations.

We have over 1,355 staff worldwide represented by approximately 50 different nationalities. Due to the size and nature of our business activities, we acknowledge that we have some impact on the local and global environment. However, although the satellite industry and Inmarsat are extremely low on the scale of carbon generators, we are conscious about environmental impact as we carry out our business.

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

Adventurer and environmentalist David de Rothschild and Helm, Jo Royale, sailed the Plastiki, a 20-metre boat made from 12,500 reclaimed plastic bottles, across the Pacific to highlight pollution caused by single-use plastics on the world's seas.

Our objective is to ensure that the Group does not have any detrimental effect on the environment through our business operations. Our mission is to adopt and support the following principles:

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

with similar activities occurring elsewhere in our global offices.

During 2010 the Company joined the Carbon Reduction Scheme which is UK legislation based upon a Government Commitment to reduce carbon emissions by 80% by the year 2050. Although the basis of this legislation was changed by the Coalition Government in October 2100 we continue to be committed to the scheme by delivering continued energy consumption savings and reducing CO_2 emissions. We will proactively monitor and target energy savings and develop initiatives to meet this objective.

During 2010 our main UK site's electrical consumption rose by 6% which was a direct result in the increased computing base load as new major services and test systems went live. With the installation of high efficiency machines, the building's lift refurbishment project was completed in October and will result in electricity savings in 2011. We believe these will negate any increase in last year's consumption.

Our main UK site continues to recycle as much of its building waste as possible. In 2010 43,000kg of waste was sent for mixed recycling which resulted in a saving of 578m³ of landfill space. Around 72,000kg of the building's waste which could not be recycled was sent the SELCHP energy recovery plant in Deptford, South East London where it was incinerated and contributed to the power for the local community. Energy and the environment continues to be a major focus in 2011 with the objective of reducing the carbon footprint for the business.

During 2010, we sponsored The Plastiki Expedition which was a campaign to highlight severe environmental degradation across the Pacific Ocean. The Plastiki, which is a boat made almost entirely from plastic bottles – 12,500 of them in total, travelled the

Chairman and CEO Andrew Sukawaty supports a joint team from the American School and Quinton Kynaston School, both based in London, which we sponsored to enter a regional heat of the FIRST Robotics Competition, organised in Boston, USA.

8,000 nautical mile voyage from San Francisco to Sydney. Using our FleetBroadband service the crew successfully engaged with media throughout the journey drawing attention to plastics trapped forever in the Pacific gyre and to the damage being done to sea and bird life. Our FleetBroadband service even allowed one of the crew to share the experience, via video conference, when his wife gave birth to their son. The expedition has already received nominations for awards, one being from *Time Magazine* for 'Invention of the Year'.

Education

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

We sponsored children from the American School and the local community funded Quinton Kynaston School both based in London, as a joint team to participate in one of the regional heats of the 19th season of the FIRST Robotics Competition in Boston, USA where teams compete to build robots. This has been our fourth consecutive season of sponsoring this event to foster local community relations. Government recognises that the use of space is critical to the UK's interest and science in schools create the bedrock for the future. We believe working with schools and generating an interest of science through events and activities like this is an important part of encouraging pupils to continue to study science at school and then at university. We also have an ongoing discussion with the education minister in the current government on how to stimulate science in schools. We are pleased to be part of the debate on this subject as part of the review for how to develop the science skills of future generations. Staff working in our main UK site have recently started a mentoring programme with a school in Greater London for students who are just about to enter their key exam year, which we hope will be an inspirational experience for both the pupils and those involved from the business.

Partnerships

The work our partners undertake with local companies and charities are examples of the wider influence of our services and we're delighted how these can have an impact socially and environmentally. Here are some examples of our partnership's involvement with these types of activities:

- IsatPhone Pro units being used by teams, press and organisers to provide support for the Dakar Rally during its 9,000km off-road route;
- IsatPhone Pro used by an Argentinian search and rescue team to rescue climbers stranded on the remote Patagonian icecap;
- Our partnership with VSee Labs and San Diego State University aims to arm refugee camps with connectivity via BGAN;
- Supporting the Siberian Express for Water exhibition to raise awareness of the worldwide scarcity of clean water which involved two stages: a team initially running the length of Siberia's frozen Lake Baikal and then across the Sahara Desert using BGAN as the communications service;
- Haulage companies using Inmarsat services for communications to help ensure the safety of drivers along the steep and narrow North Yungas Road, also known as the 'Road of Death' in Bolivia;
- IsatPhone Pro services being used by emergency services and state and community officials in Queensland, Australia during the recent devastating floods;
- London's Natural History Museum hosted live satellite video conferences for schools with scientists on an expedition to previously unexplored rainforests in Borneo;
- Under the banner 'L'Arbre à Noix' (the Nut Tree), two young French environmentalists have helped eco-projects in remote regions of South America publicise their work via BGAN. They have already helped out at the Yasuni Research Station in Amazonian Ecuador, which supports scientific research into the sustainable use of natural resources;
- Use of our Inmarsat C service helped save more than 140 children and adults from two vessels both in the Atlantic after distress signals were received. The maritime rescue co-ordination centre used the Inmarsat C SafetyNET system to broadcast appeals to shipping in the region to go to the aid of the stricken craft;
- BGAN was used to break the news of Mount Everest's youngest conqueror – a 13 year old who kept in touch with family and the media throughout his trip using a BGAN terminal; and
- FleetBroadband was used by two teenage girls each sailing solo around the world as a way to keep in touch with friends, family and supporters, and for updating their social networking sites. Both were trying to set a new record as the youngest sailor to complete a non-stop unassisted circumnavigation.

BOARD OF DIRECTORS

1. Andrew Sukawaty	Chairman and Chief Executive Officer
Dates of Appointments:	Chairman – December 2003 Chief Executive Officer – March 2004
Committee Membership:	Chairman of the Nominations Committee
Background and relevant experience:	Andy served as President and Chief Executive Officer of Sprint PCS, a Nasdaq listed global internet carrier for four years and as Chief Executive Officer of NTL Limited, a Broadband and Internet provider for three years. His previous career has included various management positions with US West and AT&T and as a non-executive director on various listed companies. Mr Sukawaty holds a BBA and MBA respectively from the University of Wisconsin and Minnesota.
External Appointments:	Non-executive Chairman of Xyratex Limited (Nasdaq) and Ziggo B.V.

2. Rick Medlock	Chief Financial Officer
Date of Appointment:	September 2004
Background and relevant experience:	Rick is a Chartered Accountant. He served as Chief Financial Officer and Company Secretary of NDS Group plc, a provider of digital technology solutions listed on Nasdaq and Euronext for 8 years. His previous career has included serving as Chief Financial Officer of several private equity backed technology companies in the UK and the US. He holds an MA in Economics from Cambridge University.
External Appointments:	Non-executive director of Cheapflights Limited.

3. Sir Bryan Carsberg	Independent Non-Executive Director
Date of Appointment:	June 2005
Committee Membership:	Member of the Audit and Remuneration Committees
Background and relevant experience:	Sir Bryan is a Chartered Accountant. He spent 8 years as Director General of the Telecommunications (head of Oftel), having served as Director General of Fair Trading and Secretary General of the International Accounting Standards Board. He was previously a non-executive director of Cable & Wireless Communications plc and a non-executive Chairman of MLL Telecom Limited. He was knighted in January 1989.
External Appointments:	Chairman of the Council of Loughborough University. Independent non-executive director of RM plc and Novae Group plc.

4. Stephen Davidson	Independent Non-Executive Director
Date of Appointment:	June 2005
Committee Membership:	Chairman of the Remuneration Committee. Member of the Audit and the Nominations Committees
Background and relevant experience:	Stephen was Global Head of Media and Telecoms Investment Banking and subsequently Vice Chairman of Investment Banking at West LB Panmure. His previous career has included various senior positions in investment banking. He was Finance Director, then Chief Executive Officer of Telewest Communications plc and has been Chairman of the Cable Communications Association.
External Appointments:	Chairman of Datatec Limited, Digital Marketing Group plc and Mecom Group plc (LSE) and holds two other non-executive directorships.

5. Admiral James Ellis Jr (Rtd)	Independent Non-Executive Director
Date of Appointment:	June 2005
Committee Membership:	Member of the Remuneration and Nominations Committees
Background and relevant experience:	Jim's last assignment was as Commander of the US Strategic Command responsible for the global command and control of US strategic forces. He is a graduate of the US Naval Academy, was designated a Naval Aviator in 1971 and held a variety of sea and shore assignments in the US and abroad.
External Appointments:	President and Chief Executive Officer of the Institute of Nuclear Power Operations. Non-executive director of the Lockheed Martin Corporation, Level 3 Communications and of the Space Foundation.

6. Kathleen Flaherty	Independent Non-Executive director
Date of Appointment:	May 2006
Committee Membership:	Member of the Remuneration Committee
Background and relevant experience:	Kathleen served on the Board of a number of public and private companies including Marconi Corporation plc, and Telent Plc. She was President and Chief Operating Officer of Winstar International. Her previous career has included senior roles as Chief Marketing Officer with AT&T, and other senior roles with BT and MCI Communications Inc. Kathleen was a non-executive director of GenTek Inc until October 2009.
External Appointments:	Non-executive director of Yell Group plc (LSE). A member of the McCormick Advisory Board and its executive committee of Northwestern University.

7. Ambassador Janice Obuchowski	Independent Non-Executive Director
Date of Appointment:	May 2009
Committee Membership:	Member of the Audit Committee
Background and relevant experience:	Janice was formerly Head of Delegation and US Ambassador to the World Radiocommunications Conference and Assistant Secretary for Communications and Information at the Department of Commerce. She held several senior positions both in the US government and in the private sector. Janice's previous career has included serving as Senior Advisor to the Chairman at the Federal Communications Commission.
External Appointments:	Non-executive director of Orbital Sciences Corporation and CSG Systems, Inc.

8. John Rennocks	Deputy Chairman and Senior Independent Non-Executive Director
Date of Appointment:	January 2005
Committee Membership:	Chairman of the Audit Committee and member of the Nominations Committee
Background and relevant experience:	John has broad experience in emerging energy sources, support services and manufacturing. He served as an Executive Director – Finance of a number of public companies including British Steel plc/Corus Group plc, Powergen plc and Smith & Nephew plc.
External Appointments:	Non-executive chairman of Diploma plc and Intelligent Energy plc and holds non-executive directorships of several other companies.

9. Alison Horrocks	Senior Vice President – Corporate Governance and Company Secretary
Date of Appointment:	February 1999
Background and relevant experience:	Alison is a Chartered Secretary. She served as Group Company Secretary of International Public Relations plc, a worldwide public relations company, for eleven years prior to joining Inmarsat.

EXECUTIVE MANAGEMENT

INMARSAT GLOBAL EXECUTIVE MANAGEMENT BOARD

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

STRATOS EXECUTIVE MANAGEMENT TEAM

Bruce Henoch	Vice President & General Counsel
John Mackey	Senior Vice President & Chief Technology Officer
Paula McDonald	Executive Vice President & Chief Financial Officer
James Parm°	President & Chief Executive Officer
Neil Prakash	Vice President, Human Resources
Bob Roe	President, Government Services
Ronald Spithout	Senior Vice President, Sales, Marketing & Service

SEGOVIA EXECUTIVE MANAGEMENT TEAM

Andy Beegan	Chief Technology Officer
Richard Harris	Senior Vice President & Chief Legal Officer
Mark Moore	Executive Vice President & Chief Operating Officer
Michael Wheeler	President & Chief Executive Officer

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

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2010

ALISON HORROCKS
Senior Vice President – Corporate Governance and Company Secretary

THE DIRECTORS HAVE PLEASURE IN SUBMITTING THEIR REPORT AND THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010.

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

Principal activities

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

The Group has several branch and regional offices throughout the world. The subsidiary and associated undertakings principally affecting the profits or net assets of the Group in the year are listed in note 35 to the consolidated financial statements. A full list of subsidiary undertakings will be attached to the Company's next annual return to be submitted to Companies House.

Business review and state of affairs

The Directors are required by the Companies Act to provide a fair review of the business of the Group during and at the end of the financial year and a description of the principal risks and uncertainties facing the Group. In addition, the Directors are required to report on the development and performance of the Group and the Company during the year and their positions at the end of the year. These requirements are met by the Chairman and Chief Executive's Review of the business and its operations on pages 2 to 17, the Chief Financial Officer's Review on pages 18 to 28 and the Corporate Social Responsibility Report on pages 29 to 33. The cautionary statement set out on the inside back cover forms part of this Annual Report and is incorporated by reference into the Business Review.

The Statement on Corporate Governance on pages 40 to 46 falls within the scope of this Report.

Post balance sheet events

Details of material post balance sheet events are included in note 36 to the consolidated financial statements.

Results and dividends

The results for the year are shown in the consolidated income statement on page 60.

A final dividend of 22.69 cents (US$) will be paid on 27 May 2011 to shareholders on the register of members at the close of business on 13 May 2011. Dividend payments are made in Pounds Sterling based on the exchange rate prevailing in the London market four business days prior to payment.

Share capital and control

The following information is given pursuant to the requirements of the Companies Act 2006, specifically s992.

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

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

Details of employee share schemes are set out in note 25. Shares acquired through Company share schemes and plans rank pari passu with the shares in issue. All of the ordinary shares held by the Inmarsat Employee Share Ownership Trust, being 1,273,910 shares, carry voting rights.

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

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

The Directors have been authorised by shareholders to issue and allot ordinary shares up to agreed limits and to have the ability to make market purchases of ordinary shares. At the 2011 AGM, shareholders are being requested to renew these authorities.

Significant contracts

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

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

In addition, the Group has significant on-going contracts with its partners regarding the construction of the Alphasat satellite and its subsequent launch, with the construction of three Ka-band satellites and its related ground infrastructure and with third parties for the manufacture and production of our GSPS service.

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

Financial instruments

Details of the financial risk management objectives and policies of the Group, including hedging policies and exposure of the entity to price risk, credit risk, liquidity risk and cash flow risk are given in notes 3 and 32 to the consolidated financial statements.

Research and development

The Group continues to invest in new services and technology necessary to support its activities through research and development programmes.

Charitable and political donations

During the year, the Group donated in aggregate US$356,624 to charities worldwide.

In addition to providing satellite telecommunications services and equipment in conjunction with support offered by its DPs and manufacturers to service providers in support of disaster relief management in affected areas of the world, the Company also made a donation of US$250,000 (plus US$50,000 of airtime) to the telecommunications relief aid organisation, Télécoms Sans Frontières. We also made a payment of US$105,600 to the World Maritime University as part of its support for the education of maritime specialists.

Certain of the Group's worldwide subsidiary companies also made small contributions to local charitable causes.

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

Directors and their interests

The Directors who served at any time during the year were Sir Bryan Carsberg, Stephen Davidson, Admiral James Ellis Jr (Rtd), Kathleen Flaherty, Rick Medlock, Janice Obuchowski, John Rennocks and Andrew Sukawaty. Further details of the directors, including their experience, particular responsibilities and directorships held in other companies are set out on pages 34 and 35 of the Annual Report.

The interests of the Directors in the share capital of the Company are disclosed in the Directors' Remuneration Report. None of the Directors at any time during the year ended 31 December 2010 or subsequently have had any interests in any shares of the Company's subsidiaries.

Re-appointment of Directors

The Company's Articles of Association require that one-third of the Directors retire by rotation at each annual general meeting of the Company. Therefore, the following Directors, none of whom has been in their current term of office for more than three years, will retire and have each confirmed that they will stand for re-appointment at the 2011 Annual General Meeting (the 'AGM').

- Andrew Sukawaty
- Kathleen Flaherty
- Admiral James Ellis Jr (Rtd)

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

Indemnities and insurance

Inmarsat plc maintains appropriate insurance to cover Directors' and Officers' liability for itself and its subsidiaries. At the date upon which this report was approved and for the year to 31 December 2010, the Company provided an indemnity in respect of all of the Company's Directors. Neither the insurance nor the indemnity provides cover where the Director is proved to have acted fraudulently or dishonestly.

Employees

The Group maintains open and productive relationships with its employees by effective communication and employee engagement through the use of its intranets and other communication channels. These include regular briefing sessions and discussions with groups of employees, circulation of newsletters, Company announcements, information releases and dissemination of information through normal management channels.

Staff Forums and a Works Council are established in some of the operating businesses, in accordance with local legislative requirements, to extend two-way communications between employees and management and to allow the views of employees to be taken into account in making decisions which are likely to affect their interests.

For all our offices, appropriate employee relations practices are in place. Employees worldwide are able, if they wish, to join appropriate Trade Union organisations.

Gauging the opinions and views of employees is important and Inmarsat Global had its last staff survey in 2009. Where actions were identified, these have been followed up during 2010. The next survey is expected to be in 2012. A staff survey was also rolled out to all Stratos employees during the first part of 2010 and the action points are being developed and implemented. Employees are actively encouraged to attend internal training courses to learn about the Company's business, its products and services.

Participation in the Group's share and share option schemes is encouraged. Details of employee share awards and option schemes are shown in note 25 to the consolidated financial statements and on pages 51 to 57 of the Directors' Remuneration Report.

Equal opportunities

The Group has a positive attitude towards the development of all its employees and does not discriminate between employees or potential employees on grounds of race, ethnic or national origin, sex, age, marital status or religious beliefs. The Group's workforce is diverse in that it has approximately 50 different nationalities amongst the staff.

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

Health and safety

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

Policy and practice on payment of creditors

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

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

At 31 December 2010, the Group's trade creditors represented 58 days equivalent of aggregate amounts invoiced by suppliers during the year (2009: 59 days).

Interests in voting rights

At 7 March 2011, the Company had been notified, in accordance with chapter 5 of the Financial Services Authority's Disclosure and Transparency Rules, of the following voting rights as a shareholder of the Company:

	Number of voting rights over ordinary shares of €0.0005 each			
	Direct		Indirect	
Lansdowne Partners Limited Partnership	–	–	59,942,059	13.04%
BlackRock, Inc.	–	–	51,772,328	11.24%
Legal & General Group Plc	22,932,911	4.97%	–	–
KDDI Corporation	21,739,149	4.76%	–	–
F&C Asset Management plc	–	–	19,164,056	4.19%
Allianz SE	490,186	0.11%	13,343,300	2.91%

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

Directors' confirmation

Each of the Directors has confirmed that:

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

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

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

Auditors

A resolution to re-appoint Deloitte LLP as Auditors of the Company and to authorise the Board to determine their remuneration will be proposed at the 2011 AGM.

2011 Annual General Meeting

The Annual General Meeting will be held on 3 May at 10am at 99 City Road, London EC1Y 1AX. The Notice of Meeting which sets out the resolutions to be proposed at the forthcoming AGM is enclosed with this Annual Report.

By order of the Board

Alison Horrocks FCIS
Senior Vice President Corporate Governance and Company Secretary
7 March 2011

ANDREW SUKAWATY
Chairman and Chief Executive Officer

A ROBUST GOVERNANCE STRUCTURE UNDERPINS THE DELIVERY OF THE GROUP'S STRATEGY.

The Board is committed to the highest standards of Corporate Governance. It follows an approach that complies with the provisions of the UK Financial Reporting Council's Combined Code on Corporate Governance dated June 2008 ('the Code').

The Board

Our Board, collectively, is the primary decision-making body for all matters considered as material. It also provides leadership, guidance and sets strategic direction. The composition of the Board and its various Committees is therefore, regularly reviewed and evaluated so as to reflect the Board's and the Committees' balance of skills, expected time commitment, knowledge and experience. Board membership and tenure are considered together, and weighed for relevant benefit considering any foreseeable business plans.

Our Board has eight members: two Executive Directors and six independent Non-Executive Directors, which is considered an effective size and balance for the Company. A list of the individual Directors, their biographies and details of their Committee membership are provided on pages 34 and 35.

Chairman and Chief Executive Officer

Following the Company's listing on the London Stock Exchange in June 2005, Andrew Sukawaty has remained Chairman and Chief Executive Officer, both executive roles. Whilst this does not meet the requirements of the Code, the Board continues to believe that with Mr Sukawaty's wide experience of the telecommunications industry in an executive capacity, his involvement in both roles provides a balanced and stable platform for the Company and its shareholders. In addition, with the acquisition of the Company's largest distributor in April 2009, the Board recognised that this transaction would increase revenues, costs, staff and the number of global office locations. Therefore continuity at Chief Executive Officer level was important in managing key elements of integration alongside operating a fair channel strategy for all distributors.

There was a commitment that in time, there would be a separation of the roles of Chairman and Chief Executive Officer and the Non-Executive Directors have discussed this at their meetings during 2010. Mr Sukawaty will move to the role of Chairman and an announcement regarding the splitting of the joint role will be made at the appropriate time when the Board has completed its review, which will be during 2011.

The Board believes that it is appropriate that John Rennocks acts as Deputy Chairman. This has been of great value during the time when the Chairman and Chief Executive Officer roles have been and are currently combined, allowing the opportunity for concerns to be conveyed to him by other Non-Executive Directors independently of the Executive Directors. John Rennocks is also our Senior Independent Director. Shareholders may discuss any issues or concerns with him where they have been unable to resolve them through existing channels for investor communications.

Independent Non-Executive Directors

To determine their independence, our Board reviews all directors' interests that may give rise to a potential or perceived conflict, and any circumstances relevant to their current or ongoing independence as set out in the Code. Following such review, the Board considers all the Non-Executive Directors, including Admiral James Ellis Jr (Rtd), who is an independent, non-executive Director on the Lockheed Martin Corporation ('Lockheed') board, a supplier to the Company, to be independent and free of any circumstances that could materially interfere with the exercise of objective, unfettered or independent judgment. We hold this view of independence of James Ellis as the contract values with Lockheed are not material to the Group's revenues.

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

Role and Responsibilities

The Chairman, who is also our Chief Executive Officer, is responsible for the running of the Board and for implementing strategy for the Group's operations. The Board has a formal schedule of matters reserved to it for decision but can also delegate specific responsibilities to its Board Committees or to committees convened for special purposes. The Board ensures that as an integral part of its performance and decision making, it carefully considers the statutory directors' duties.

The Board has an annual rolling plan of items for discussion which is reviewed and adapted regularly to ensure that all of the matters reserved to the Board, as well as other key topical and strategic issues, are discussed at the appropriate time. Regular items for Board meetings include updates on business development opportunities, monthly financial and operational reviews and as appropriate, reports from each of the principal Board Committees. Among the key matters on which the Board alone may make decisions are the Group's business strategy, its annual budget, dividends, financial reporting and major corporate activities.

Management of the business is delegated to the Company's Executive Staff and to the Management Boards listed on page 36.

Meetings

The Board meets as often as necessary to fulfil its role. The Board is satisfied that every Director commits sufficient time to the fulfilment of their duties as Directors of the Company. During the year, the board met 8 times, with one of those meetings being held in Washington D.C. and the rest in the UK. This excludes ad hoc meetings held solely to deal with either procedural matters or for progressing and approving significant contracts or similar matters.

In an instance where a Director is unable to attend Board or Committee meetings, any comments which he or she may have arising out of the papers to be considered at the meeting are relayed in advance to the relevant Chairman or the Company Secretary who would then report to the Board.

The following table shows the number of Board meetings held during the year and the attendance by directors:

Number of scheduled meetings in 2010 – 8	Attended
Andrew Sukawaty	8/8
Rick Medlock	8/8
Sir Bryan Carsberg	8/8
Stephen Davidson	8/8
Admiral James Ellis Jr (Rtd)	8/8
Kathleen Flaherty	8/8
Janice Obuchowski	8/8
John Rennocks	8/8

Directors receive Board and Committee papers in advance of the relevant meetings. Typically, at each meeting, the Chief Executive Officer and Chief Financial Officer provide reports to the Board and several senior executives, by invitation, present updates on strategy and the Group's operations. All Committee Chairmen report orally on the proceedings of their Committees at the next meeting of the Board. Meeting proceedings and any unresolved concerns expressed by any Director are minuted by the Company Secretary.

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

In addition to regular Board meetings, the Board also holds a two-day strategy meeting each year at which it considers the future direction of the business. Strategy is reviewed at each regular board meeting in addition to the focused two-day event. These strategy sessions are attended by several senior executives who present on specialised agenda items. During the Board meeting held at Inmarsat's office in Washington, D.C. the Board had the opportunity to meet with senior members of Inmarsat, Stratos and Sevogia management teams, enabling it to develop its relationships with these employee groups.

Board Effectiveness

The effectiveness of the Board is an essential element of the Company's overall performance. Collectively, the Board believes that it possesses all of the necessary range of qualities and experience to lead the Company effectively. During 2010, the Board and each of the Audit, Remuneration and Nominations Committees undertook performance evaluations. The main elements in the evaluation process were:

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

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

The issues identified during the evaluation process included the discussion of different formats for the presentation of regular items to Board meetings, how to provide additional insight into discussions regarding key risks and how the timing for the replacement of Non-Executive Directors would be managed in the future. These will be implemented and discussed as appropriate during 2011.

A performance evaluation of the Board will continue to be conducted annually and the process for such evaluation will be reviewed by the Board, considering the new UK Corporate Governance Code recommendation that an external review is undertaken at least every three years.

The Nominations Committee confirmed to the Board that the contributions made by the Directors offering themselves for re-appointment at the 2011 AGM continued to benefit the Board and the Company should support their re-appointment.

External Directorships

The Board believes, in principle, in the benefit of Executive Directors accepting non-executive directorships of other companies in order to widen their skills and knowledge for the benefit of the Company. All such appointments require the prior approval of the Board. Executive Directors may not take on more than one non-executive directorship of a FTSE 100 company or any chairmanship of such a company. Mr Sukawaty and Mr Medlock have external directorships and they are permitted to retain any director's fees from these appointments. Details of these directorships can be found in their biographies on pages 34 and 35 and details of the fees retained can be found on page 54. To avoid potential conflicts of interest, Non-Executive Directors are expected to inform the Chairman before taking up any additional external appointments.

Induction and on-going developments

To ensure that each Director receives the appropriate support on joining the Board, they are given a comprehensive, formal and tailored induction programme organised through the Company Secretary, including the provision of background material on the Company and briefings with senior management. Each Director's individual experience and background is taken into account in developing a programme tailored to his or her own requirements.

For professional on-going developments, the Board received presentations appropriate to the Company's business and changes to legislation. The Company Secretary supplies all Directors with information on relevant legal and best practice.

Re-election of Directors

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

Company Secretary

The Company Secretary is responsible for developing and maintaining the information systems and processes that enable the Board to fulfil its role. She is also responsible to the Board for ensuring that Board procedures are complied with and advising the Board on all governance matters.

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

Directors' remuneration

Details of the Company's remuneration policy and Directors' remuneration are contained in the Directors' Remuneration Report on pages 47 to 57.

Board Committees

The Board has established Committees to assist it in exercising its authority. The permanent Committees of the Board are the Audit, Remuneration and Nominations Committees:

BOARD COMMITTEES

Each of the permanent Committees has Terms of Reference under which authority is delegated by the Board. The Terms of Reference for each Committee can be found on the Group's website at www.inmarsat.com.

The Company Secretary is Secretary to these Board Committees and the office of the Company Secretary provides secretariat services for each of the Committees.

Reports from each of the Committees are as follows:

AUDIT COMMITTEE

Number of scheduled meetings in 2010 – 5	Attended
1. John Rennocks (Chairman)	5/5
2. Sir Bryan Carsberg	5/5
3. Stephen Davidson	5/5
4. Janice Obuchowski	5/5

All members of the Audit Committee are independent, Non-Executive Directors and have significant, recent and relevant financial experience. The Board is confident that the collective experience of the Audit Committee members enables them, as a group, to act as an effective Committee.

By invitation, the meetings of the Audit Committee may be attended by the Chairman and Chief Executive Officer, Chief Financial Officer and the Head of Internal Audit. The Deloitte LLP audit engagement partner is present at all Audit Committee meetings to ensure full communication of matters relating to the audit. The Chairman of the Audit Committee meets regularly with the internal and external Auditors.

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

During the year to 31 December 2010, the Audit Committee reviewed and endorsed, prior to submission to the Board, half-year and full-year financial statements, interim management statements and results announcements. It considered internal audit reports and risk management updates, agreed external and internal audit plans, received updates on management responses to audit recommendations and approved the review of accounting policies. Reviews by the Committee of audit plans and risk reports include all Group operations. Stratos and Segovia have adopted the risk reporting standard already used for corporate and Inmarsat Global risks. As the Senior Statutory Auditor rotates in 2011, the Committee Chairman was involved in the selection process for his replacement.

The Company Secretary, as Chairman of the Disclosure Committee (the role of which is detailed on page 45), reported to the Audit Committee on matters that affected the quality and timely disclosure of financial and other material information to the Board, to the public markets and to shareholders. This enabled the Audit Committee to review and clarify the completeness of financial reporting disclosures prior to their release by the Board.

External Auditors

The audit engagement partner rotates every five years and the present audit partner rotates following the 2010 audit. A new partner has been appointed and will be taking responsibility after the March 2011 Audit Committee meeting where the financial results for the year ended 31 December 2010 are approved.

Auditor objectivity and independence is safeguarded through a variety of mechanisms. To ensure the Auditor's independence, the Committee annually reviews the Company's relationship with its Auditors, Deloitte LLP. Following the review in 2010, the Company concluded that it has an objective and professional relationship with the Auditors and that there are sufficient controls and processes in place to ensure the required level of independence. In addition, the Auditors are required to review and confirm their independence to the Committee on a regular basis.

Non-Audit Services

The Company's Auditors may also be employed where, as a result of their position as Auditors, they either must, or are best placed to perform the work in question. A formal policy is in place in relation to the provision of non-audit services by the Auditors to ensure that there is adequate protection of their independence and objectivity.

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

It is the Company's practice that it will seek quotes from several firms, including the Auditors, before work on non-audit projects are awarded. Contracts are awarded to our suppliers based on individual merits. Non-audit services principally related to tax advisory services. It was determined that the tax services were best provided by the Auditors due to their knowledge of the Company. Objectivity and independence were safeguarded through close oversight by the Audit Committee and the use of separate teams by the Auditors.

Remuneration Committee

The Remuneration Committee meets as and when necessary to review and approve, as appropriate, the remuneration of the Executive Directors and senior management and major remuneration plans for the Group. Full details of areas that the Committee focuses on, on behalf of the Board, are set out in the Remuneration Report on pages 47 to 57.

NOMINATIONS COMMITTEE

Number of scheduled meetings in 2010 – 2	Attended
1. Andrew Sukawaty (Chairman)	2/2
2. Stephen Davidson	2/2
3. Admiral James Ellis Jr (Rtd)	2/2
4. John Rennocks	2/2

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

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

The Nominations Committee agreed which Directors would retire by rotation at the 2011 AGM, and kept under review the combined Chairman and Chief Executive Officer roles. The Chairman and Chief Executive Officer did not and will not chair the Nominations Committee when it is dealing with agenda items relating to the role of Chief Executive Officer. As discussion relating to the review of the Chief Executive Officer role is a matter of concern for all the Non-Executive directors, several meetings were held during the year for those discussions rather than limiting them purely to the Nominations Committee members.

Relations with shareholders

The Company recognises the importance of communicating with its shareholders to ensure that its strategy and performance is understood and that it remains accountable to shareholders. The Board as a whole is responsible for ensuring that a satisfactory dialogue with shareholders takes place, whilst the Chairman and Chief Executive Officer and Chief Financial Officer ensure that the views of shareholders are communicated to the Board as a whole. The Board ensures that the Company's strategic plans have been carefully reviewed in terms of their ability to deliver long-term shareholder value. An audited 2010 Annual Report will be made available to shareholders and all results are posted on the Company's website, as are presentations made in respect of the full year results.

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

The Senior Independent Director, John Rennocks, is available to shareholders if they have concerns which cannot be raised through the normal channels or such concerns have not been resolved. Mr Rennocks and Mr Davidson (Chairman of the Remuneration Committee) attended some institutional meetings during 2010. Arrangements can be made to meet with them through the Company Secretary.

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

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

Annual General Meeting

Shareholders are welcome at the Company's AGM where they will have an opportunity to meet the Board. The notice of the AGM is sent to all shareholders at least 20 working days before the meeting. The Chairmen of the Audit Committee and the Remuneration Committee, together with as many Directors as possible, will attend the 2011 AGM and be available to answer shareholders' questions. Voting may be by form of proxy, by poll, by a show of hands or a combination of all three. This year, facilities are being provided for shareholders to vote electrically either through Electronic Proxy Voting or through CREST. The voting results will be notified to the UK Listing Authority through a Regulatory Information Service immediately after the meeting and will be published on the Company's website.

Internal Controls

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

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

The Board and the Audit Committee have carried out a review of the effectiveness of the system of internal controls during the year ended 31 December 2010 and for the period up to the date of approval of the consolidated financial statements contained in the Annual Report. The review covered all material controls, including financial, operational and compliance controls and risk management systems. The Board confirms that the actions it considers necessary have been or are being taken to remedy any significant failings or weaknesses identified from its review of the system of internal control. This has involved considering the matters reported to it and developing plans and programmes that it considers are reasonable in the circumstances. The Board also confirms that it has not been advised of material weaknesses in that part of the internal control system that relates to financial reporting.

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

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

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

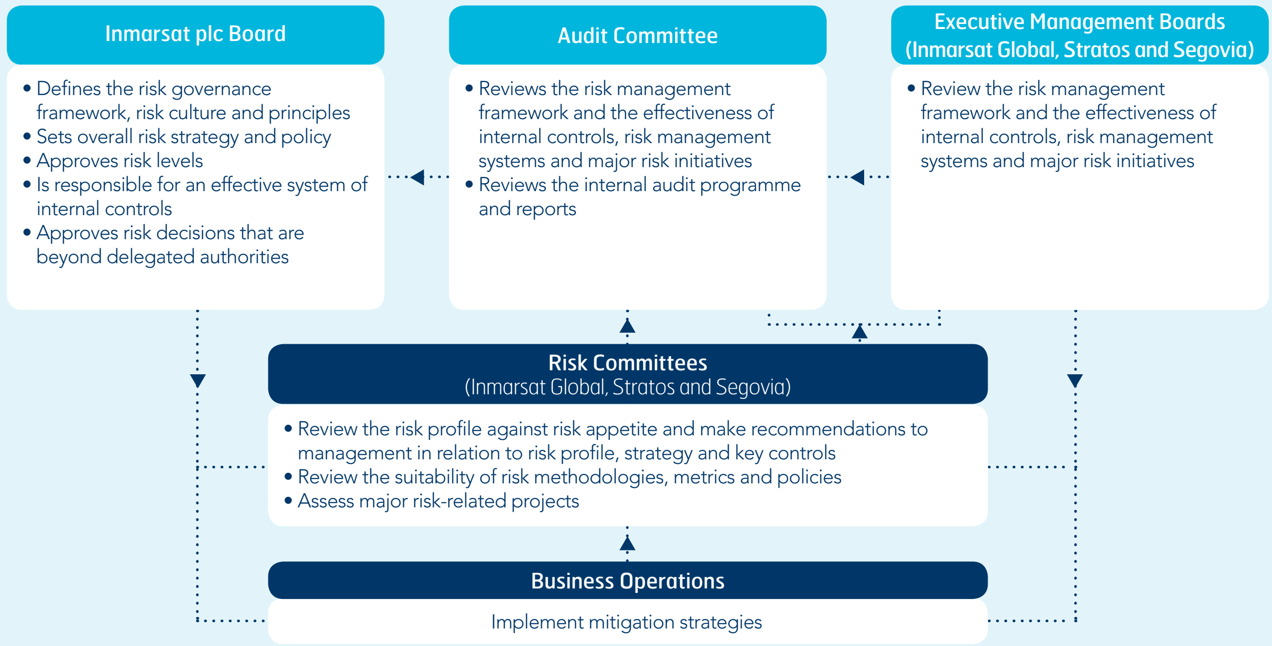
Financial Reporting: Monthly management accounts provide relevant, reliable, up-to-date financial and non-financial information to management and the Board. Annual plans, forecasts and performance targets allow management to monitor the key business and financial activities and the progress towards achieving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

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

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

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

RISK MANAGEMENT PROCESS:



Going Concern

The Directors acknowledge the latest guidance on going concern. The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman and Chief Executive's Review of the business and its operations. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are also described in this review on pages 18 to 28. In addition, notes 3, 31 and 32 of the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

Despite the current volatility in financial markets and uncertain economic outlook, the Directors believe that the Group has a robust and resilient business model, strong free cash flow generation and is compliant with all its financial covenants. In making their assessment of going concern, the Directors considered the Board-approved budget, the 15 month rolling forecast, the cash flow forecast and the most recent Long Range Financial Plan. In addition, the Directors considered the maturity profile of existing debt facilities, other liabilities as well as actual and forecast covenant calculations. Furthermore, the forecasts and covenant calculations were stress tested by applying a set of downside scenarios. After making enquiries, the Directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, Inmarsat continues to adopt the going concern basis in preparing the consolidated financial statements.

Statement on Corporate Governance compliance

The Company is committed to the highest standards of corporate governance. The Board has reviewed and is reporting on the Company's compliance with the requirements of the Combined Code ('the Code') (published by the Financial Reporting Council in July 2003 and reissued in June 2008) for the year ended 31 December 2010. The Board notes the new UK Corporate Governance Code which will be effective for the Company's next financial reporting year and will report against it in the 2011 Annual Report.

Throughout the year ended 31 December 2010, the Company has been in compliance with the provisions set out in Section 1 of the Code save as provided below:

Andrew Sukawaty acts in the dual role of Chairman and Chief Executive Officer. Mr Sukawaty was appointed Chairman in December 2003 and was asked by the Board to take on the additional responsibilities of Chief Executive Officer in March 2004. The Board believes that Mr Sukawaty's wide experience of the telecommunications industry in an executive capacity means that he is extremely well qualified to lead the Company in the joint role of Chairman and Chief Executive Officer. As noted elsewhere in this report, the Board remains committed to splitting the two roles and will make an announcement at the appropriate time during 2011.

STEPHEN DAVIDSON
Chairman of the Remuneration Committee

IN PREPARING THIS REPORT, WE HAVE FOLLOWED THE REQUIREMENTS OF THE COMBINED CODE ON CORPORATE GOVERNANCE 2008 AND THE UK LISTING AUTHORITY LISTING RULES AND AIM TO COMPLY WITH BEST PRACTICE GUIDELINES.

Number of scheduled meetings in 2010 – 5	Attended
1. Stephen Davidson	5/5
2. Sir Bryan Carsberg	5/5
3. Kathleen Flaherty	5/5
4. Admiral James Ellis Jr (Rtd)	5/5

Relevant sections of this report have been audited in accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

Remuneration policy

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

The Group must ensure that its remuneration arrangements attract and retain people of the right calibre, likely to deliver success and to enhance shareholder value. We must attract, develop, motivate and retain talented people at all levels, by paying competitive salaries and benefits to our staff and encouraging our staff to hold shares in the Company. The Committee will balance its remuneration policy with the current global economic situation and the Group's business performance in 2010 and expectations for 2011 as it considers pay and share awards in 2011.

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

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

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

The Board believes that share ownership at all levels is an effective way of encouraging employees' involvement in the development of the business and bringing together their interests and those of shareholders. A range of share plans have been operated during 2010, details of which are provided on pages 54 to 57.

Shareholding guidelines

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

Fixed vs. variable pay

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

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

The Committee aims to ensure that remuneration arrangements continue to be in line with best practice and are in the interests of shareholders. During 2010 when our benchmarking and remuneration reviews were being undertaken, overall compensation levels across the workforce generally rank above the 50th percentile of broader sector survey data. This positioning remains competitively placed. The Committee believes that this positioning is appropriate given the context of Inmarsat's sector and the competition for talent in this sector. Where there is a market need for any repositioning of salaries across the Group, this is done against a context of the overall market level and performance of the business. Overall reward levels depend on the achievement of challenging corporate and individual performance targets, ensuring continued close alignment between reward and enhanced shareholder value.

The Committee considers reward structures for both Inmarsat Global and Stratos to ensure it understands the different characteristics and strategies of the two operating businesses and to ensure that executives from each business are rewarded fairly and appropriately and in line with strategy.

Advisers

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

During 2010, external advice was received principally from Deloitte LLP ('Deloitte') providing an overview of remuneration best practice and trends. Deloitte is the Committee's remuneration consultant. Deloitte are the Company's Auditors but have provided remuneration services in compliance with the terms of reference of the Audit Committee and the Ethical Standards of the Auditing Practices Board. During the year, external advice was also sought from Hewitt Associates regarding the valuation of share awards for accounting purposes.

The Company participated in and used data from various remuneration benchmarking surveys which use data from companies in different sectors, including high tech and telecommunications, provided by CELRE Computer Staff Survey, CELRE Financial Staff Survey, Towers Watson Hi-Tech Survey – Middle Management and Executives and Towers Watson Hi-Tech Survey. The appropriateness of these surveys and whether they should be replaced by others is considered from time to time.

Non-Executive Directors' fees

Fees for Non-Executive Directors are determined annually by the Board as a whole, taking advice as appropriate and reflecting the time commitment in preparing and attending meetings, the responsibilities and duties of the position and the contribution that is expected of them. With effect from 1 July 2010, the Board approved an increase of 11% to the basic Non-Executive Directors' fee to ensure that Inmarsat can continue to attract non-executives of the appropriate calibre. Additional fees are payable for chairing committees and committee membership. The fees are not pensionable.

Non-Executive Directors' fees per annum as at 31 December 2010 were:

Basic fee	£50,000
Chairman of Audit Committee	£5,000
Chairman of Remuneration Committee	£7,500
Chairman of Nominations Committee*	–
Committee membership	£2,500
Deputy Chairman/Senior Independent Director (inclusive of Committee membership but excluding Audit Chairman fee)	£94,085

* No separate fee is payable for this position as it is held by the Chairman of the Company.

Admiral James Ellis Jr (Rtd) also receives a fee in respect of his directorship of Inmarsat Inc which is disclosed on page 54.

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

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

Aggregate remuneration paid to the Executive Staff

The aggregate remuneration (including income resulting from share award charges) of the Executive Staff (including Executive Directors and comprising eight individuals) for services in all capacities during the 2010 financial year is shown in note 34 of the consolidated financial statements.

Executive Directors

Service agreements

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

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

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

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

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

Main elements of Executive Directors' remuneration

Fixed remuneration

Basic salary and benefits

Basic salary is set by the Committee by taking into account the responsibilities, individual performance and experience of the Executive Directors and the remuneration awards being made across the Company's workforce, as well as the market practice for executives in a similar position, the performance of the business and general economic climate. Basic salary is reviewed (but not necessarily increased) annually by the Committee and adjustments will occur if necessary in relation to market practice and after a formal appraisal of performance. Salaries are next due to be reviewed in July 2011 and the Committee will carefully consider the economic climate and the Company's year-to-date performance in addition to the above when determining what (if any) increases should be made.

As at 31 December 2010, the annual salaries for Mr Sukawaty and Mr Medlock were £614,744 (2009: £598,000) and £330,893 (2009: £321,828) respectively. In 2010, the salary increases for the two Executive Directors were each 2.8%, with the average increase of Inmarsat Global employees (excluding the Executive Directors and the Executive Management Board) of 3.2%. The aggregate increase for the two Executive Directors since July 2006, being the five years of salary reviews following our IPO in 2005, has been 6.56% compared with the average aggregate increase of Inmarsat Global employees (excluding the Executive Directors and the Executive Management Board) of 3.55%. The higher amount for the Executive Directors reflects a market salary readjustment for the CEO and increase for the CFO to reflect additional responsibilities assumed, both occurring in 2009.

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

Pensions

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

Andrew Sukawaty	12.5% salary
Rick Medlock	12.5% salary

Details of the pension arrangements are provided in note 28 to the consolidated financial statements. No Director is a member of the Company's defined benefit pension plan arrangements.

If any increased tax liability for Executive Directors were to occur in the future because of changes to pension legislation, the Company would not reimburse such amount to Executive Directors nor to other members of staff affected. Neither will the Company be responsible for reimbursing or paying any tax payments for the Executive Directors as a consequence of changes in the UK personal tax regime.

Variable remuneration

Annual cash bonus

The Executive Directors can earn a cash bonus upon achievement of challenging objectives linked to Group financial and operational performance. The financial performance targets represent 80% weighting and individual performance targets (which are specific and measurable and linked to operational performance) represent 20% weighting. These weightings will also be used for the financial year to 31 December 2011. The objectives for each of the Executive Directors are set by the Committee at the start of each financial year.

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

The Committee approves the cash bonus payment for each of the Executive Directors, dependent upon the achievement of the financial and operational objectives. The Committee concluded that the key performance measures used for the financial year to 31 December 2010 which were revenue and EBITDA growth and operating and capital expenditure containment, remained appropriate key performance measures for the financial year to 31 December 2011 and so would be relevant for the 2011 annual cash bonus arrangements as well.

Each of the four corporate financial targets for 2010, which account for 80% of the annual cash bonus entitlement for each Executive Director, were achieved in full. The Committee assessed performance against individual objectives, which account for 20% of the annual cash bonus, and determined that these objectives had been met in full. In light of this performance, the Committee decided that the following bonus payments be made in respect of the 2010 financial year:

	Bonus amount	Bonus as % of salary
Andrew Sukawaty	£768,430	125%
Rick Medlock	£249,610	75%

Bonuses are not pensionable.

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

Share incentives

The current executive share plans which can be operated are:

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

An overview of these plans is provided on the next page with details of any share awards made in 2010 under each plan.

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

The Board also operates the Inmarsat 2005 Sharesave Scheme ('the Sharesave Scheme'), the Inmarsat 2005 International Sharesave Scheme and the Inmarsat 2005 Share Incentive Plan ('the SIP') in which all Inmarsat Global employees are eligible to participate. Details of these schemes are provided on page 55. The Executive Directors are eligible to participate in the Sharesave Scheme and the SIP on the same terms as other employees, although have not yet participated in any SIP award.

Inmarsat 2005 Bonus Share Plan ('the BSP')

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

Regular annual awards have been made under the BSP to the Executive Directors and certain members of senior management and details of the 2009 and 2010 awards are shown below. We expect to make another award in 2011.

Monetary award date	Share award date and number of shares awarded	Vesting dates
March 2009	March 2010: 807,630 shares awarded	Vesting in March 2011, 2012 and 2013
March 2010	March 2011: Number of shares to be awarded not yet known	Vesting in March 2012, 2013 and 2014

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

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

For the bonus share award, the Committee sets the annual performance targets in respect of the financial year relating to the award. To date, these have been the same financial targets as those used for the annual cash bonus comprising four financial measures of Group revenue, operating expenditure, capital expenditure and EBITDA (individual objectives are not taken into account). These financial measures have been selected as they are considered to be key to driving annual operational performance. These performance elements have been used for the basis of the 2010 BSP award based on the 2010 Financial Results for the Group. The 2011 BSP award will also be based on the same Group financial objectives using 2011 targets. Bonus share awards may normally be exercised according to a vesting schedule set by the Committee, which normally spans a period of four years. The Committee can determine how dividends paid during the vesting period shall be awarded to participants and to date, have determined dividends accrue in the form of ordinary shares which are added to the original award of shares and vest in line with the relevant award.

Share awards under the BSP were made to the Executive Directors and certain members of senior management as noted in the table in the left column and on page 56. The allocation of shares in respect of the awards was made based upon the mid-market closing price of the Company's ordinary shares following the announcement of the Preliminary Results for the relevant financial year.

The BSP awards made to the Executive Directors are detailed on page 56.

Inmarsat 2005 Performance Share Plan ('the PSP')

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

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

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

The following awards under the PSP have been made to the Executive Directors and certain members of senior management in the 2009 and 2010 financial years. The intention is to make an award in 2011.

Awards already vested:

Share award date, price and number of shares awarded	Award as percentage of salary	Vesting dates	Performance conditions: EBITDA	Performance conditions: TSR
March 2008: award price £4.3875 319,445 shares awarded	100% to 150%	Will vest in March 2011. Vesting conditions have been met.	Target EBITDA growth 6–10%	TSR at least median to trigger any vesting and TSR must be upper quartile for maximum vesting. **Actual performance:** TSR performance was at the 82nd percentile triggering upper quartile vesting and EBITDA exceeded 10% growth. Therefore 100% of share award will vest.

Awards not yet vested:

Share award date, price and number of shares awarded	Award as percentage of salary	Vesting dates	Performance conditions: EBITDA	Performance conditions: TSR
March 2009: award price £4.5675 374,663 shares awarded	75% to 100%	Vest in March 2012, subject to achievement of performance conditions.	Target EBITDA growth 5-8%	TSR at least median to trigger any vesting and TSR must be upper quartile for maximum vesting.
May 2009: award price £5.35 53,024 shares awarded	100%	Vest in May 2012, subject to achievement of performance conditions.	Target EBITDA growth 5-8%	TSR at least median to trigger any vesting and TSR must be upper quartile for maximum vesting.
March 2010: award price £7.905 272,403 shares awarded	75% to 100%	Vest in March 2013, subject to achievement of performance conditions.	Target EBITDA growth 5-8%	TSR at least median to trigger any vesting and TSR must be upper quartile for maximum vesting.

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

For the performance targets to be met in full for the 2009 and 2010 awards, and 100% of the award to vest at the end of the three-year period, the Company's relative performance against the TSR must be in the upper quartile and have EBITDA growth at or above 8% per annum. If the relative TSR performance is below the median level or the EBITDA growth achieved is less than 5% per annum, none of the shares will vest. 30% of the award will vest for median TSR performance and EBITDA growth of 5% per annum target. There is pro rata vesting of shares between median TSR performance and a minimum EBITDA growth of 5% per annum target and upper quartile TSR performance and EBITDA growth of 8% per annum. The parameters of the performance measure should not be construed as providing any view on the future performance of the Company.

The PSP award made in March 2008 will vest in full. The performance conditions of both the elements – TSR and EBITDA growth at the Group level were achieved. EBITDA exceeded the 10% threshold and the Company's TSR performance was at the 82nd percentile in the relevant index.

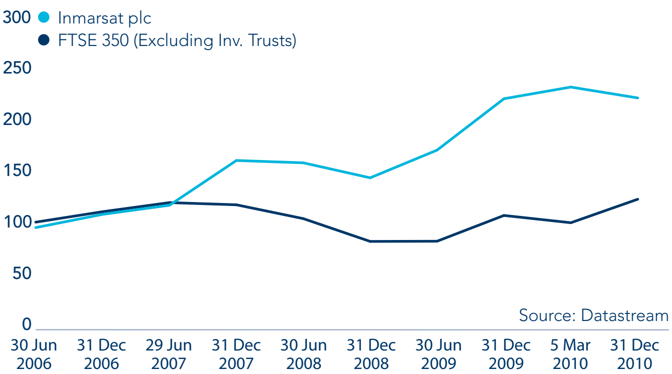
The Committee believes that the constituents of the FTSE 350 Index (excluding investment trusts) continues to represent the most appropriate comparator group against which to measure the Company's performance. The Committee believes it is still appropriate to use this wider index as the performance condition for the award to be made in 2011 rather than other indexes such as the FTSE 100 or the Telecommunications Sector of the FTSE 100 Index. The Committee will consider in the future whether a sufficient number of comparable companies exist to form an additional comparator group but as in previous years, do not believe that a suitable group exists at this time. Growth in EBITDA was selected to reflect the Company's primary driver of value and this also remains appropriate at the moment for future awards. The Committee will keep the performance measures used for the PSP under review to ensure that they remain appropriate and aligned with our long-tem business strategy and the creation of shareholder value.

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

Details of the PSP awards to the Executive Directors are provided on page 56.

Performance graph

The following graph shows the Company's performance, measured by total shareholder return delivered for the last 5 years, in comparison with the performance of the FTSE 350 Index (excluding investment trusts) also measured by total shareholder return.



Inmarsat 2005 Restricted Share Scheme ('the RSS')

The RSS is intended for the participation of Executive Directors and certain members of senior management. The RSS provides for the award of shares to a participant, which will vest after three years subject to continued employment. The RSS has not yet been operated but the Board wishes to retain the flexibility to operate it in the future if circumstances make it appropriate to do so.

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

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

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

The Executive Scheme has not yet been operated but the Board wishes to retain the flexibility to operate the Executive Scheme in the future if circumstances make it appropriate to do so.

Share awards made to the Chief Executive Officer

CEO Share Award

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

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

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

The Inmarsat Employees' Share Ownership Plan Trust holds one million shares against the satisfaction of the award. This has been funded through a loan from Inmarsat plc to the Trust.

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

CEO Deferred Share Bonus Award

On 16 December 2009 a deferred share bonus award ('the CEO Deferred Share Bonus Award') of 125,000 shares was made to the Chief Executive Officer. The mid-market closing share price on 15 December 2010 was £6.59 per share. The shares will vest on September 2012 subject to the achievement of the EBITDA growth performance condition for the 2010 financial year. This has been achieved and the award will vest in 2012. The Committee agreed that this award should be made to the Chief Executive Officer to recognise his strong leadership of the business in recent years and to incentivise him to drive earnings growth. The Committee had previously anticipated that a similar award will be granted to him in December 2010 but instead of this will use the existing PSP and BSP plans and the annual awards as the incentivisation model.

Fees retained for Non-Executive Directorships in other companies

As permitted under their service agreements, the Executive Directors hold positions in other companies as non-executive directors. The fees relating to the 2010 financial year were as follows:

	Company in which non-executive directorship held	2010 Fee
Rick Medlock	Openbet Technologies Limited	£33,750
	Lovefilm UK Limited	£39,450
	Cheapflights Media Limited	£30,000
Andrew Sukawaty	Xyratex Limited (Nasdaq)	US$200,000
	Ziggo B.V.	€200,000

As at 7 March 2011, Mr Medlock is a non-executive director of Cheapflights Limited.

Directors' remuneration

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

	Salaries/Fees		Bonus		Benefits		Total		Pension	
(£000)	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
Executive Directors										
Rick Medlock	**326**	322	**250**	242	**6**	6	**582**	570	**15**	12
Andrew Sukawaty	**606**	529	**768**	730	**28**	24	**1,402**	1,283	**76**	66
	932	851	**1,018**	972	**34**	30	**1,984**	1,853	**91**	78
Non-Executive Directors										
Sir Bryan Carsberg	**52**	49	**–**	–	**–**	–	**52**	49	**–**	–
Stephen Davidson	**60**	55	**–**	–	**–**	–	**60**	57	**–**	–
Admiral James Ellis Jr (Rtd)	**107**	93	**–**	–	**–**	–	**107**	93	**–**	–
Kathleen Flaherty	**50**	47	**–**	–	**–**	–	**50**	47	**–**	–
Janice Obuchowski	**50**	31	**–**	–	**–**	–	**50**	31	**–**	–
John Rennocks	**94**	88	**–**	–	**–**	–	**94**	88	**–**	–
	413	365	**–**	–	**–**	–	**413**	305	**–**	–

Notes:
1) £:US$ exchange rate used was £1=US$1.49 (2009: £1=US$1.5).
2) The pension for Andrew Sukawaty includes an annual salary supplement in lieu of employer pension contribution.
3) The fee for Admiral James Ellis Jr (Rtd) included a fee as a Director of Inmarsat Inc., a wholly-owned subsidiary in the US. As at 31 December 2010, this fee was US$80,645 per annum (2009: US$84,386 per annum).
4) On 30 April 2009, Michael Butler resigned as a Director. His remuneration for the period 1 January to 30 April 2009 was: salary: £204,000 (including £100,000 in lieu of awards under the BSP and PSP); bonus: £52,000; benefits: £2,000 and pension: £4,000.

Employee share option plans

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

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

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

Options and awards granted before the IPO are not counted towards the above limits. The dilution for share awards is within the above limits.

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

In November 2004, the Company adopted the 2004 Plan. All options under the 2004 Plan have now vested and are exercisable. Whenever options are exercised under the 2004 Plan, the holder must pay a de minimis charge of €1. The options expire ten years from the date of grant.

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

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

Inmarsat 2005 Sharesave Scheme ('the Sharesave Scheme')

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

A second grant under the Sharesave Scheme was made in December 2008 with an option grant price of £3.06 per ordinary share (representing a 20% discount to market value). Two of the Executive Directors and all of the Executive Management Board participated in the second invitation under the Sharesave Scheme. The grant will mature in February 2012.

Inmarsat 2005 International Sharesave Plan

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

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

Details of the outstanding options granted to employees as at 31 December 2010 are shown in note 25 to the consolidated financial statements.

Inmarsat 2005 Share Incentive Plan ('the SIP')

Several awards under the SIP have been made. The last award was made in April 2010 with a share price value of £7.54. The SIP is a HM Revenue & Customs approved plan open to all eligible employees paying UK PAYE and operates in conjunction with a UK tax-resident trust which holds shares on behalf of participating employees. Under the SIP, the Company can award 'Free Shares' (up to a maximum value of £3,000) to employees. Employees can also acquire 'Partnership Shares' from their salary up to a maximum of £1,500 per annum and the Company will match this with up to two free 'Matching Shares' per 'Partnership Share' (equivalent to a maximum value of £3,000 per annum).

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

No Executive Director has participated in the SIP or equivalent overseas arrangements.

Directors' share options and share awards

Audited information in respect of share options and share awards held by the Executive Directors of the Company during the year to 31 December 2010 is set out on the following pages. No other Director has received share options.

Inmarsat 2005 Sharesave Scheme	Options held at 1 January 2010	Granted during the year	Exercised during the year	**Options held at 31 December 2010**	Exercise Price	Market price on Exercise	Date from which exercisable	Expiry Date
Rick Medlock	3,137	–	–	**3,137**	£3.06	–	February 2012	July 2012
Andrew Sukawaty	3,137	–	–	**3,137**	£3.06	–	February 2012	July 2012

Inmarsat 2005 Bonus Share Plan	Share awards held at 1 January 2010	Reinvested dividends during the year[1]	Vested during the year[2]	**Share awards held at 31 December 2010**	Share price at date of award	Vesting Date
Award made in March 2007[3]						
Rick Medlock	40,331	1,448	20,889	**20,890**	£4.58	March 2011
Andrew Sukawaty	45,670	1,640	23,655	**23,655**	£4.58	March 2011
Award made in March 2008[4]						
Rick Medlock	87,516	3,143	30,219	**60,440**	£4.59	March 2011 & 2012
Andrew Sukawaty	95,860	3,443	33,101	**66,202**	£4.59	March 2011 & 2012
Award made in March 2009[5]						
Rick Medlock	41,905	–	–	**41,905**	£7.68	March 2011, 2012 & 2013
Andrew Sukawaty	59,870	–	–	**59,870**	£7.68	March 2011, 2012 & 2013

1) The number of shares subject to the award increases by the number of shares that the Executive Director could have purchased with the value of dividends they would have received on their award, based on the share price on the ex-dividend date.
2) On 11 March 2010, Mr Medlock sold 51,108 vested shares at a market price of £7.61 per share, representing a monetary value of £388,931. On the same date, Mr Sukawaty sold 56,756 vested shares at a price of £7.61 per share, representing a monetary value of £432,913.
3) The shares vest in three equal instalments with the final instalment in March 2011.
4) The shares vest in three equal instalments, with the remaining two being in March 2011 and 2012.
5) The shares vest in three equal instalments in March 2011, 2012 and 2013.

The monetary value of the award made in March 2010 will be converted in full to ordinary shares following the announcement of the 2010 Financial Results. These shares will vest in three equal instalments in March 2012, 2013 and 2014. The maximum monetary value of the award made in March 2010 was £553,000 and £321,828 for Messrs Sukawaty and Medlock respectively.

Inmarsat 2005 Performance Share Plan	Share awards held at 1 January 2010	Reinvested dividends during the year[1]	Vested during the year	Shares awarded during the year	**Share awards held at 31 December 2010**	Share price at date of award	Vesting Date
Rick Medlock	33,898	3,610	37,508		**–**	£3.95	10 March 2010[2]
	267,800	–	–		**267,800**	£4.39	March 2011[3]
	70,460	–	–		**70,640**	£4.57	March 2012
	–		–	40,712	**40,712**	£7.91	March 2013
Andrew Sukawaty	48,892	5,211	54,103		**–**	£3.95	10 March 2010[2]
	100,284	–	–		**100,284**	£4.39	March 2011[3]
	100,667		–		**100,667**	£4.57	March 2012
	–		–	75,648	**75,648**	£7.91	March 2013

1) The number of shares subject to the award increases by the number of shares that the Executive Director could have purchased with the value of dividends they would have received on their award, based on the share price on the ex-dividend date.
2) The award vested in full after the announcement of the 2009 Preliminary Results. The performance conditions of the plan have been achieved at the upper levels to permit full vesting. The market value for the awards vesting was £7.60 per share. Mr Sukawaty sold 54,103 shares at a price of £7.61, representing a monetary value of £411,723. Mr Medlock sold 37,508 shares at a price of £7.61, representing a monetary value of £285,435.
3) The award will vest in full following the announcement of the 2010 Preliminary Results.

Share Awards to the Chief Executive Officer	Share awards held at 1 January 2010	Awarded during the year	Vested during the year	**Share awards held at 31 December 2010**	Share price at date of award	Vesting Date
CEO Share Award[1]						
Andrew Sukawaty	1,000,000	–	–	**1,000,000**	£4.49	30 September 2012
CEO Deferred Share Bonus Award						
Andrew Sukawaty	125,000	–	–	**125,000**	£6.59	30 September 2012

1) The award may be increased by 700,000 shares subject to the achievement of certain performance conditions (see page 53).

The market price of the ordinary shares at 31 December 2010 was 673.5p and the range during the year was 606.50p to 821.0p.

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

Directors' interests

Audited information in respect of the interests of the Directors of the Company in office at the end of the year and their interests in the share capital of the Company as at 7 March 2011 and of their connected persons are shown below.

Interest in ordinary shares of €0.0005 each	**As at 31 December 2010**	As at 31 December 2009
Executive Directors		
Rick Medlock	**240,000**	459,663
Andrew Sukawaty	**390,534**	933,393
Non-Executive Directors		
Sir Bryan Carsberg	**16,327**	16,327
Stephen Davidson	**1,500**	16,327
Admiral James Ellis Jr (Rtd)	**21,727**	21,727
Kathleen Flaherty	**2,043**	2,043
Janice Obuchowski	**2,000**	–
John Rennocks	**14,600**	43,104

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

Approved by the Board

Stephen Davidson
Chairman, Remuneration Committee
7 March 2011

DIRECTORS' RESPONSIBILITIES STATEMENT

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

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

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

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

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

Directors' responsibility statement

We confirm to the best of our knowledge:

1. the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
2. the management report, which is incorporated into the Report of the Directors, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Andrew Sukawaty
Chairman and Chief Executive Officer
7 March 2011

Rick Medlock
Chief Financial Officer
7 March 2011

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INMARSAT PLC

We have audited the consolidated financial statements of Inmarsat plc for the year ended 31 December 2010 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity and the related notes 1 to 36. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ('IFRSs') as adopted by the European Union.

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

Respective responsibilities of Directors and Auditors

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the consolidated financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2010 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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

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

Under the Listing Rules we are required to review:

- the Directors' statement contained within the Statement on Corporate Governance in relation to going concern; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review; and
- certain elements of the report to shareholders by the Board on Directors' remuneration.

Other matter

We have reported separately on the Parent Company financial statements of Inmarsat plc for the year ended 31 December 2010 and on the information in the Directors' Remuneration Report that is described as having been audited.

Panos Kakoullis FCA
Senior Statutory Auditor
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, UK
7 March 2011

CONSOLIDATED INCOME STATEMENT

(US$ in millions)	Note	2010	2009
Revenues		**1,171.6**	1,038.1
Employee benefit costs	7	**(181.7)**	(190.0)
Network and satellite operations costs		**(217.1)**	(193.4)
Other operating costs		**(93.8)**	(82.4)
Own work capitalised		**17.1**	21.9
Total net operating costs		**(475.5)**	(443.9)
EBITDA		**696.1**	594.2
Depreciation and amortisation	6	**(234.6)**	(231.6)
Gain on disposal of assets		**–**	2.1
Acquisition-related adjustments		**(2.1)**	(8.8)
Share of results of associates		**1.2**	0.9
Operating profit		**460.6**	356.8
Interest receivable and similar income	9	**1.4**	1.7
Interest payable and similar charges	9	**(128.5)**	(161.6)
Net interest payable	9	**(127.1)**	(159.9)
Profit before income tax	6	**333.5**	196.9
Income tax expense	10	**(72.4)**	(44.1)
Profit for the year		**261.1**	152.8
Attributable to:			
Equity holders		**260.9**	152.7
Non-controlling interest		**0.2**	0.1
Earnings per share for profit attributable to the equity holders of the Company during the year (expressed in US$ per share)			
– Basic	27	**0.57**	0.33
– Diluted	27	**0.57**	0.35

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(US$ in millions)	Note	2010	2009
Profit for the year		**261.1**	152.8
Other comprehensive income			
Actuarial gains/(losses) from pension and post-retirement healthcare benefits		**9.9**	(21.4)
Net (losses)/gains on cash flow hedges	26	**(9.0)**	44.0
Tax credited/(charged) directly to equity	10	**2.9**	(5.4)
Other comprehensive income for the year, net of tax		**3.8**	17.2
Total comprehensive income for the year, net of tax		**264.9**	170.0
Attributable to:			
Equity holders		**264.7**	169.9
Non-controlling interest		**0.2**	0.1

CONSOLIDATED BALANCE SHEET

(US$ in millions)	Note	2010	2009
Assets			
Non-current assets			
Property, plant and equipment	13	**1,355.7**	1,365.2
Intangible assets	14	**1,127.2**	1,020.0
Investments	15	**30.8**	31.0
Other receivables	17	**5.2**	1.5
Derivative financial instruments	32	**6.9**	12.0
		2,525.8	2,429.7
Current assets			
Cash and cash equivalents	16	**343.8**	226.8
Restricted cash		**5.6**	–
Trade and other receivables	17	**255.2**	227.5
Inventories	18	**20.2**	9.5
Derivative financial instruments	32	**7.4**	12.1
		632.2	475.9
Total assets		**3,158.0**	2,905.6
Liabilities			
Current liabilities			
Borrowings	19	**58.6**	109.4
Trade and other payables	20	**348.6**	206.1
Provisions	21	**0.4**	0.9
Current income tax liabilities	22	**46.8**	34.0
Derivative financial instruments	32	**12.9**	14.1
		467.3	364.5
Non-current liabilities			
Borrowings	19	**1,402.3**	1,403.5
Other payables	20	**58.3**	27.6
Provisions	21	**42.5**	55.8
Deferred income tax liabilities	22	**85.3**	71.3
Derivative financial instruments	32	**13.6**	12.9
		1,602.0	1,571.1
Total liabilities		**2,069.3**	1,935.6
Net assets		**1,088.7**	970.0
Shareholders' equity			
Ordinary shares	24	**0.3**	0.3
Share premium		**683.9**	679.7
Equity reserve		**56.9**	56.9
Other reserves	26	**19.1**	15.4
Retained earnings		**327.8**	217.2
Equity attributable to shareholders of the parent		**1,088.0**	969.5
Non-controlling interest		**0.7**	0.5
Total equity		**1,088.7**	970.0

The consolidated financial statements of the Group on pages 60 to 103 were approved by the Board of Directors on 7 March 2011 and were signed on its behalf by:

Andrew Sukawaty
Chairman and Chief Executive Officer

Rick Medlock
Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(US$ in millions)	Ordinary share capital	Share premium account	Equity reserve	Share option reserve	Cash flow hedge reserve	Revaluation reserve	Other reserve[a]	Retained earnings	Non-controlling interest	Total
Balance at 1 January 2009	0.3	679.6	56.9	18.4	(34.1)	0.6	(10.1)	220.6	1.5	933.7
Net fair value gains – cash flow hedges	–	–	–	–	44.0	–	–	–	–	44.0
Issue of share capital	–	0.1	–		–	–	–	–	–	0.1
Share options charge	–	–	–	9.1	–	–	–	–	–	9.1
Profit for the period	–	–	–	–	–	–	–	152.7	0.1	152.8
Dividends paid	–	–	–	–	–	–	–	(141.8)	–	(141.8)
Actuarial losses from pension and post-retirement healthcare benefits	–	–	–	–	–	–	–	(21.4)	–	(21.4)
Tax (charged)/credited directly to equity	–	–	–	–	(12.5)	–	–	7.1	–	(5.4)
Additional investment in associates	–	–	–	–	–	–	–	–	(0.1)	(0.1)
Purchase of non-controlling interest	–	–	–	–	–	–	–	–	(1.0)	(1.0)
Balance at 31 December 2009	0.3	679.7	56.9	27.5	(2.6)	0.6	(10.1)	217.2	0.5	970.0
Net fair value losses – cash flow hedges	**–**	**–**	**–**	**–**	**(9.0)**	**–**	**–**	**–**	**–**	**(9.0)**
Issue of share capital	**–**	**4.2**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**4.2**
Share options charge/(credit)	**–**	**–**	**–**	**10.0**	**–**	**–**	**(1.4)**	**–**	**–**	**8.6**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**260.9**	**0.2**	**261.1**
Dividends paid	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(159.0)**	**–**	**(159.0)**
Actuarial gains from pension and post-retirement healthcare benefits	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**9.9**	**–**	**9.9**
Tax credited/(charged) directly to equity	**–**	**–**	**–**	**–**	**4.1**	**–**	**–**	**(1.2)**	**–**	**2.9**
Balance at 31 December 2010	**0.3**	**683.9**	**56.9**	**37.5**	**(7.5)**	**0.6**	**(11.5)**	**327.8**	**0.7**	**1,088.7**

(a) The other reserve relates to ordinary shares held by the employee share trust.

CONSOLIDATED CASH FLOW STATEMENT

(US$ in millions)	Note	2010	2009
Cash flow from operating activities			
Cash generated from operations	23	**785.8**	645.8
Interest received		**1.3**	0.9
Income taxes paid		**(42.8)**	(24.6)
Net cash inflow from operating activities		**744.3**	622.1
Cash flow from investing activities			
Purchase of property, plant and equipment		**(141.4)**	(116.3)
Additions to capitalised development costs, including software		**(25.3)**	(29.0)
Own work capitalised		**(14.0)**	(17.3)
Proceeds from disposal of assets		**–**	4.9
Acquisition of subsidiaries and other investments		**(114.8)**	(16.0)
Net cash used in investing activities		**(295.5)**	(173.7)
Cash flow from financing activities			
Dividends paid to shareholders	12	**(158.3)**	(146.0)
(Repayment)/draw-down of Senior Credit Facility	19	**(90.0)**	290.0
Draw-down of EIB Facility	19	**308.4**	–
Repayment of the Stratos Senior Credit Facility	19	**(209.2)**	(2.6)
Redemption of the Stratos Senior Unsecured Notes	19	**(65.5)**	–
Redemption of Senior Discount Notes	19	**–**	(465.6)
Redemption of Senior Notes due 2012	19	**–**	(164.5)
Repayment of Previous Senior Credit Facility	19	**–**	(390.0)
Gross issuance proceeds of Senior Notes due 2017	19	**–**	645.2
Arrangement costs of new borrowing facilities	19	**(3.3)**	(23.8)
Purchase of own debt securities, including discount	19	**(24.4)**	(8.6)
Interest paid on borrowings		**(93.3)**	(110.5)
Net proceeds from the issue of ordinary shares	24	**4.2**	0.1
Other financing activities		**(0.1)**	–
Net cash used in financing activities		**(331.5)**	(376.3)
Foreign exchange adjustment		**(0.1)**	(0.4)
Net increase in cash and cash equivalents		**117.2**	71.7
Movement in cash and cash equivalents			
At beginning of year		**226.3**	154.6
Net increase in cash and cash equivalents		**117.2**	71.7
As reported on the Balance Sheet (net of bank overdrafts)	16	**343.5**	226.3
At end of year, comprising			
Cash at bank and in hand	16	**73.5**	105.8
Short-term deposits with original maturity of less than 3 months	16	**270.3**	121.0
Bank overdrafts	16	**(0.3)**	(0.5)
		343.5	226.3

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

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

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

2. Principal accounting policies

Basis of preparation

The principal accounting policies adopted in the preparation of the consolidated financial statements for the years ended 31 December 2010 and 2009 ('the consolidated financial statements') are set out below.

These financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') adopted by the European Union ('EU') and therefore the Group's financial statements comply with Article 4 of the EU International Accounting Standards ('IAS') regulation and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention except for the revaluation of certain financial assets and financial liabilities, as described later in these accounting policies.

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

The Group's business activities, together with factors likely to affect its future development, performance and position are set out in the Chairman and Chief Executive's Business Review and the Chief Financial Officer's Review on pages 2 to 28. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Chief Financial Officer's Review on pages 18 to 28. In addition, notes 3, 31 and 32 to the financial statements includes the Group's objectives, policies and processes for managing its financial risk management objectives, its capital, details of its financial instruments and hedging activities, and its exposure to credit risk and liquidity risk.

Basis of accounting

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

In the current year the Group adopted IFRS 3 (2008), 'Business Combinations'. Amongst other changes, the amendments require the expensing of acquisition costs in relation to business combinations. Previously the Group capitalised such costs as part of the cost of the investment. In addition, consideration for an acquisition is measured at fair value at the acquisition date and any changes to the consideration resulting from events after the balance sheet date are recognised in the Income Statement.

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

- IFRS 2 (as amended) – Share-based Payment – Amendments relating to group cash-settled share-based payments transactions (effective for financial years beginning on or after 1 January 2010).
- IAS 39 (as amended) – Financial Instruments: Recognition and Measurement (effective for financial years beginning on or after 1 July 2009).
- IFRIC 17 – Distribution of Non-cash Assets to Owners (effective for financial years beginning on or after 1 July 2009).
- Amendments resulting from the April 2009 Annual Improvements to IFRSs (effective for financial years beginning on or after 1 January 2010).
- Consequential amendments to other standards arising from amendments to IFRS 3 (2008), 'Business Combinations' (effective for financial years beginning on or after 1 July 2009).

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

- IFRS 7 (as amended) – Financial Instruments: Disclosures – Amendments enhancing disclosures about transfers of financial assets (effective for financial years beginning on or after 1 July 2011).
- IFRS 9 – Financial Instruments – Classification and Measurement (effective for financial years beginning on or after 1 January 2013).
- IAS 24 (as revised) – Related Party Disclosures – Revised Definition of related parties (effective for financial years beginning on or after 1 January 2011).
- IAS 32 (as amended) – Financial Instruments: Presentation – Amendments relating to classification of rights issues (effective for financial years beginning on or after 1 February 2010).
- IFRIC 14 (as amended) – IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective for financial years beginning on or after 1 January 2011).
- IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments (effective for financial years beginning on or after 1 July 2010).
- Amendments resulting from the May 2010 Annual Improvements to IFRSs (effective for financial years beginning on or after 1 January 2011, except for IFRS 3 and IAS 27 which are effective for financial years beginning on or after 1 July 2010).

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

Basis of consolidation

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

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

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

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

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

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

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

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

As of 1 January 2010, on adoption of IFRS 3 (2008), 'Business Combinations', fees and similar incremental costs incurred directly in making the acquisition are charged to the Income Statement as incurred.

In the year ended 31 December 2009 the Group applied the principles of IFRS 3 (2008), 'Business Combinations', in respect of the expensing of acquisition costs in relation to the Segovia transaction which was completed on 12 January 2010 (see note 29). The Standard is effective for financial years beginning on or after 1 July 2009, for Inmarsat this applied to business combinations for which the acquisition date was on or after 1 January 2010 and therefore was applicable to the Segovia transaction. As a consequence, in the year ended 31 December 2009, we recognised US$3.9m of transaction costs associated with the acquisition of Segovia as an expense in the Income Statement.

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

Foreign currency translation

a) Functional and presentation currency

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

The exchange rate between US dollars and Pounds Sterling as at 31 December 2010 was US$1.57/£1.00 (2009: US$1.61/£1.00). The average rate between US dollar and Pounds Sterling for 2010 was US$1.55/£1.00 (2009: US$1.56/£1.00). The hedged rate between US dollar and Pounds Sterling for 2010 for Inmarsat Global was US$1.49/£1.00 (2009: US$1.92/£1.00).

b) Transactions and balances

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

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

Financial instruments and hedging activities

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

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

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

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

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

Revenue recognition

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

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

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

The Company offers certain products and services as part of multiple deliverable arrangements. Multi-deliverable arrangements are divided into separate units of accounting provided 1) the deliverable has a standalone value to the customer if it is sold separately and 2) the fair value of the item can be objectively and reliably determined. Consideration for these items is measured and allocated to each separate unit based on their fair values and the Company's relevant revenue recognition policies are applied to them.

Employee benefits

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

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

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

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

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

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

Current tax

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

Deferred income tax

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

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

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

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

Research and development

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

Property, plant and equipment

Space segment assets

Space segment assets comprise satellite construction, launch and other associated costs, including ground infrastructure. Expenditure charged to space segment projects includes invoiced progress payments, amounts accrued appropriate to the stage of completion of contract milestone payments, external consultancy costs and direct internal costs. Internal costs, comprising primarily staff costs, are only capitalised when they are directly attributable to the construction of an asset. Progress payments are determined on milestones achieved to date together with agreed cost escalation indices. Deferred satellite payments represent the net present value of future payments dependent on the future performance of each satellite and are recognised in space segment assets when the satellite becomes operational. The associated liability is stated at its net present value and included within liabilities. These space segment assets are depreciated over the life of the satellites from the date they become operational and are placed into service. Borrowing costs attributable to the construction of assets which take a substantial period of time to get ready for intended use ('qualifying assets') are added to the costs of those assets.

Assets in course of construction

Assets in course of construction relate to the Alphasat satellite, the S-Band project and new Inmarsat 5/Global Xpress services. These assets will be transferred to space segment assets and depreciated over the life of the satellites once they become operational and placed into service. No depreciation has been charged on these assets.

Other fixed assets

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

Depreciation

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

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

Asset retirement obligations

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

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

Government grants

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

Gains and losses on disposals of tangible and intangible assets

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

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

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

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

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

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

(e) Spectrum rights
Spectrum rights are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method. Spectrum rights acquired as a result of the ACeS collaboration in September 2006 are amortised over a remaining useful life of 4 years. Spectrum rights acquired as a result of the Stratos acquisition are amortised over their useful lives of 3 to 10 years.

(f) Customer relationships
Customer relationships acquired in connection with the Stratos and Segovia acquisitions are carried at cost less accumulated amortisation and are being amortised over the expected period of benefit of 12 and 14 years respectively using the straight-line method.

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

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

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

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

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

Trade receivables
Trade receivables are stated at their nominal value and reduced by appropriate allowances for estimated irrecoverable amounts. Estimated irrecoverable amounts are recognised in other operating costs when there is objective evidence that trade receivables are impaired. Larger accounts are specifically reviewed to assess a customer's ability to make payments.

Leases

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

Interest and finance costs

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

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

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

Borrowing costs attributable to the construction of assets which take a substantial period of time to get ready for intended use ('qualifying assets') are added to the costs of those assets.

Inventories

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

Cash and cash equivalents

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

Provisions

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

Borrowings

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

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

Convertible Bonds

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

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

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

Earnings before interest, tax, depreciation and amortisation ('EBITDA')

EBITDA is a non GAAP performance measure used by analysts and investors, and is defined as profit before income tax, net interest payable, depreciation and amortisation, share of results of associates, gain on disposal of assets and acquisition-related adjustments.

3. Financial risk management

Financial risk factors

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

The Board of Directors has delegated to a sub-committee, the Treasury Review Committee, the responsibility for setting the risk management policies applied by the Group. The policies are implemented by the treasury department which receives regular reports from the operating companies to enable prompt identification of financial risks so that appropriate actions may be taken. The treasury department has a policy and procedures manual that sets out specific guidelines for managing foreign exchange risk, interest rate risk and credit risk (see note 32). The management of the Group does not hold or issue derivative financial instruments for speculative or trading purposes.

(a) Market risk

(i) Foreign exchange risk

The functional currency of Inmarsat plc is US dollars. The Group generates the majority of its revenue in US dollars. The vast majority of capital expenditure is denominated in US dollars. Approximately 60% of Inmarsat Global's operating costs are denominated in Sterling. Stratos operate internationally, resulting in approximately 5% to 10% of revenue and expenditure being denominated in currencies other than in US dollar. The Group's exposures therefore need to be carefully managed to avoid variability in future cash flows and earnings caused by volatile foreign exchange rates.

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

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

As at 31 December 2010 it is estimated that:

- A hypothetical 1% inflation of the hedged US dollar/Sterling exchange rate (US$1.49/£1.00 to US$1.51/£1.00) would have decreased the 2010 profit before tax by approximately US$1.1m (2009: US$1.3m).
- A hypothetical 1% inflation of the US dollar/Sterling foreign currency spot rate at 31 December 2010, would have reduced the 2010 profit before tax by approximately US$0.2m (2009: US$0.2m), primarily as a result of the translation of Sterling denominated monetary assets and liabilities. This analysis includes only outstanding foreign currency denominated monetary items and adjusts the translation of these items at the period end for a 1% change in foreign currency rates.
- A hypothetical 1% inflation in the US dollar/Sterling and a 1% deflation in the US dollar/Euro foreign currency spot rates at 31 December 2010, would have impacted equity by US$1.8m and US$1.3m, respectively (2009: US$1.2m and US$1.6m, respectively) primarily as a result of the changes in fair value of derivative instruments designated as cash flow hedges.

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

(ii) Price risk

The Group is not exposed to significant equity securities price risk or commodity price risk.

(b) Interest rate risk

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

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

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

As at 31 December 2010, if interest rates on net borrowings changed by 1%, with all other variables held constant, the Group's profit after tax for the year would have been impacted by US$0.5m (2009: US$0.2m). This is primarily due to the Group's exposure to interest rates on its variable rate borrowings and cash and cash equivalents. The sensitivity analysis has been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the balance sheet date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at each balance sheet date was outstanding for the whole year. Management believes that a 1% sensitivity rate provides a reasonable basis upon which to assess expected changes in interest rates.

(c) Credit risk

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

The maximum exposure to credit risk is:

(US$ in millions)	Note	2010	2009
Cash and cash equivalents	16	**343.8**	226.8
Trade receivables and other receivables	17	**203.0**	176.2
Derivative financial instruments	32	**14.3**	24.1
Total credit risk		**561.1**	427.1

The Group's average age of trade receivables as at 31 December 2010 was approximately 58 days (as at 31 December 2009: 59 days). No interest is charged on trade receivables until the receivables become overdue for payment. Thereafter, interest may be charged at varying rates depending on the terms of the individual agreements. The Group has credit evaluation, approval and monitoring processes intended to mitigate potential credit risks, and utilises both internal and third party collections processes for overdue accounts. The Group maintains provisions for potential credit losses that are assessed on an ongoing basis.

The following table sets out the Group's provision for uncollectable trade receivables and revenue adjustments:

(US$ in millions)	2010	2009
As at 1 January:	**12.9**	13.9
Charged to the provision in respect of the current year	**9.7**	9.4
Utilised in the year	**(10.0)**	(9.2)
Provision released in the year	**(1.4)**	(1.2)
As at 31 December[(a)]	**11.2**	12.9

(a) The maturity of the Group's provision for uncollectable trade receivables and revenue adjustments for the year ended 31 December 2010 is US$2.0m current, US$1.1m between 1 and 30 days overdue, US$1.1m between 31 and 120 days overdue and US$7.0m over 120 days overdue (2009: US$3.2m, US$2.0m, US$1.4m and US$6.3m respectively).

For 2010, one (2009: one) distribution partner, which is reported in the Inmarsat Global segment, comprised approximately 21.3% (2009: 23.5%) of the Group's total revenues. This same customer comprised 34.0% (2009: 37.8%) of the Group's trade receivables balance as at 31 December 2010. No other customer accounted for 10% or more of the Group's revenue and accounts receivable at 31 December 2010.

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

(US$ in millions)	Note	2010	2009
Current		**146.3**	129.7
Between 1 and 30 days overdue		**34.6**	32.1
Between 31 and 120 days overdue		**3.2**	4.2
Over 120 days overdue		**0.5**	0.8
Total trade receivables	17	**184.6**	166.8

(d) Liquidity risk

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

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group maintains a long-term Revolving Credit Facility of US$300.0m that is designed to ensure it has sufficient available funds for operations. Drawings on this facility were US$nil as at 31 December 2010 (2009: US$90.0m). In addition, as at 31 December 2009, a Revolving Operating Facility of US$10.0m was also available to Stratos to ensure it has sufficient funds available for operations. This facility was undrawn as at 31 December 2009 and subsequently cancelled in the year ending 31 December 2010.

4. Critical accounting estimates and judgements in applying accounting policies

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

(a) Estimated impairment of goodwill

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

For the purpose of testing for impairment, goodwill is specifically allocated to one of four CGUs which have been identified, being Inmarsat Global, Stratos MSS, Stratos Broadband and Segovia. It has been determined that goodwill that arose on the acquisition of Inmarsat Ventures Limited represented goodwill of the Inmarsat CGU only. Goodwill that arose on the acquisition of Stratos has been allocated to the Stratos MSS and Stratos Broadband CGUs. Goodwill that arose on the acquisition of Segovia has been allocated to the Segovia CGU only. As at 31 December 2010, the carrying amount of goodwill allocated to the Inmarsat, Stratos MSS, Stratos Broadband and Segovia CGUs was US$406.2m, US$241.4m, US$21.1m and US$27.2m, respectively (as at 31 December 2009: US$406.2m, US$241.4m, US$21.1m and US$nil, respectively).

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

- discount rate – the pre-tax rate used to discount the operating profit projections in respect of the Group in 2010 was 10.5%-14.0% (2009: 10.5%) and;
- operating profit projections are derived from management approved five-year forecasts and have assumed terminal growth rates for the Group for 2010 of 2.5-3.0% (2009: 2.5-3.0%).

Using the value in use as a measure, no impairment to the carrying value of goodwill was recognised. In the opinion of the Directors, there have been no changes in the business strategy that would result in the carrying value of goodwill exceeding its recoverable amount. For the Stratos MSS CGU the value in use exceeds the carrying value by US$86.4m. The discount rate would need to increase to 11.75%, before the carrying value would exceed the value in use and result in an impairment charge being recognised in the Income Statement.

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

Inmarsat Global has applied a rate of return on assets of 7.80% p.a. (2009: 7.77% p.a.) which represents the expected return on asset holdings in the future. The discount rate used to calculate the pension and post-retirement healthcare benefits liabilities was 5.50% (2009: 5.50%) (see note 28).

(c) Income tax

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

(d) Revenue in respect of the LightSquared cooperation agreement

In December 2007, Inmarsat and LightSquared entered into a cooperation agreement for the efficient use of L-band spectrum over North America. On 17 August 2010, LightSquared triggered Phase 1 of this agreement under which the Group will receive payments totalling US$118.8m in respect of its work to transition to a modified spectrum plan, which will be accounted for based on the time spent by Inmarsat's engineers as a percentage of the expected time to complete the spectrum re-banding exercise over an eighteen month transition period. In addition, Inmarsat will receive US$250.0m towards the costs that the Group will incur on network and terminal modifications which will be recognised according to the costs incurred to date as a percentage of management's best estimate of the total that will be incurred. These costs are expected to be incurred over the period to 2014. The key area of estimation uncertainty relates to our estimates of the total time/costs that will be incurred and our estimate of the percentage of completion of the time and costs that we have incurred.

5. Segmental information

IFRS 8, 'Operating Segments' requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker ('CODM') to allocate resources and assess performance. The CODM of Inmarsat plc is the Chief Executive Officer who is responsible for assessing the performance of the individual segments.

Information reported to the CODM for the purposes of resource allocation and assessment of segment performance is specifically focused on the individual performance of each of the divisions within the Group, namely Inmarsat Global and Stratos.

The Group's reportable segments are therefore as follows:

- Inmarsat Global – principally the supply of wholesale airtime, equipment and services to distribution partners and other wholesale partners of mobile satellite communications by the Inmarsat Global business, including entering into spectrum coordination agreements. The segment also includes income from technical support to other operators, the provision of conference facilities and leasing surplus office space to external organisations, all of which are not material on a standalone basis and in aggregate and which were previously disclosed in 2009 in an 'other' segment. As a result of this change, the comparative amounts for 2009 have been re-presented;
- Stratos – the supply of advanced mobile and fixed-site remote telecommunications services, the provision of customised turnkey remote telecommunications solutions, value-added services, equipment and engineering services to end-users; and
- 'Unallocated' – includes Group borrowings and the related interest expense, cash and cash equivalents and current and deferred tax balances, which are not allocated to each segment.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 2. Segment profit represents the profit earned by each segment without allocation of investment revenue, finance costs and income tax expense.

Business segments:

			2010		
(US$ in millions)	**Inmarsat Global**	**Stratos[a]**	**Unallocated**	**Eliminations**	**Total**
Revenue					
External sales	**461.0**	**710.6**	**–**	**–**	**1,171.6**
Inter-segment	**303.1**	**6.2**	**–**	**(309.3)**	**–**
Total revenue	**764.1**	**716.8**	**–**	**(309.3)**	**1,171.6**
Segment result (operating profit)	**403.4**	**57.4**	**–**	**(0.2)**	**460.6**
Net interest charged to the Income Statement	**–**	**–**	**(127.1)**	**–**	**(127.1)**
Profit before income tax					**333.5**
Income tax expense					**(72.4)**
Profit for the year					**261.1**
Segment assets	**2,329.2**	**905.7**	**343.8**	**(420.7)**	**3,158.0**
Segment liabilities	**(367.3)**	**(162.4)**	**(1,593.0)**	**53.4**	**(2,069.3)**
Investment (included in segment assets)[b]	**23.5**	**–**	**–**	**–**	**23.5**
Capital expenditure[c]	**(157.6)**	**(30.6)**	**–**	**0.1**	**(188.1)**
Depreciation	**(145.6)**	**(27.5)**	**–**	**–**	**(173.1)**
Amortisation of intangible assets	**(23.8)**	**(37.7)**	**–**	**–**	**(61.5)**

(a) Includes Segovia from 12 January 2010.
(b) Relates to 19% stake in SkyWave Mobile Communications ('SkyWave') (see note 15).
(c) Capital expenditure stated using accruals basis.

			2009 (re-presented)		
(US$ in millions)	Inmarsat Global	Stratos	Unallocated	Eliminations	Total
Revenue					
External sales	399.0	639.1	–	–	1,038.1
Inter-segment	295.8	5.0	–	(300.8)	–
Total revenue	694.8	644.1	–	(300.8)	1,038.1
Segment result (operating profit)	315.6	43.0	–	(1.8)	356.8
Net interest charged to the Income Statement	–	–	(159.9)	–	(159.9)
Profit before income tax					196.9
Income tax expense					(44.1)
Profit for the year					152.8
Segment assets	1,974.0	777.5	226.8	(72.7)	2,905.6
Segment liabilities	(265.8)	(128.7)	(1,615.7)	74.6	(1,935.6)
Investment (included in segment assets)[a]	23.5	–	–	–	23.5
Capital expenditure[b]	(142.2)	(24.0)	–	0.4	(165.8)
Depreciation	(160.2)	(23.7)	–	–	(183.9)
Amortisation of intangible assets	(19.7)	(28.0)	–	–	(47.7)

(a) Relates to 19% stake in SkyWave (see note 15).
(b) Capital expenditure stated using accruals basis.

Geographical segments:
The Group mainly operates in the geographic areas shown in the table below. The home country of the Group is the United Kingdom, with its head office and central operations located in London.

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

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

(US$ in millions)	2010 Revenue	2010 Non-current Segment Assets[a]	2009 Revenue	2009 Non-current Segment Assets[a]
Europe	**560.5**	**1,333.6**	515.9	1,368.2
North America	**357.3**	**414.7**	259.4	175.4
Asia and Pacific	**184.9**	**22.9**	202.4	32.0
Rest of the world	**68.9**	**–**	60.4	–
Unallocated[b]	**–**	**747.7**	–	842.1
	1,171.6	**2,518.9**	1,038.1	2,417.7

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

6. Profit before income tax

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

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

(US$ in millions)	Note	2010	2009
Depreciation of property, plant and equipment	13	**173.1**	183.9
Amortisation of intangible assets	14	**61.5**	47.7
Operating lease rentals			
– Land and buildings		**16.8**	17.5
– Services equipment, fixtures and fittings		**0.6**	0.2
– Space segment		**17.4**	18.9
Cost of inventories recognised as an expense		**63.5**	55.6
Research and development costs expensed		**4.4**	3.5

The analysis of the Auditors' remuneration is as follows:

(US$ in millions)	2010	2009
Fees payable to the Company's Auditor for the audit of the Company's annual accounts	**0.2**	0.2
Fees payable to the Company's Auditor for other services to the Group:		
– The audit of the Company's subsidiaries, pursuant to legislation	**0.9**	1.0
Total audit fees	**1.1**	1.2
– Other services, pursuant to legislation	**0.1**	0.1
– Tax services	**2.7**	1.6
– Services relating to remuneration	**–**	0.1
– Services relating to corporate finance transactions	**–**	0.5
Total non-audit services	**2.8**	2.3

(a) In addition, total audit fees payable to other auditors in respect of the audit of the consolidated financial statements was US$nil (2009: US$9,944).
(b) In addition to the fees disclosed above, Inmarsat Global's pension plan incurred audit fees from our auditors of US$18,480 for the 2010 financial year (2009: US$27,106).
(c) As of 31 July 2009 Stratos changed their auditors to Deloitte. In 2010 Stratos incurred audit fees from other auditors of US$nil (2009: US$35,202 relating to the quarterly reviews in the first half of 2009).
(d) At 31 December 2010 Inmarsat Global had contractually committed to US$0.6m of tax services to be completed in the 2011 financial year (31 December 2009: US$0.3m to be completed in the 2010 financial year).

7. Employee benefit costs (including the Executive Directors)

(US$ in millions)	Note	2010	2009
Wages and salaries		**148.6**	158.0
Social security costs		**12.6**	12.5
Share options charge (including employers' national insurance contribution)	25	**11.4**	10.8
Defined contribution pension plan costs		**5.9**	6.7
Defined benefit pension plan costs[(a)]	28	**2.2**	1.2
Post-retirement healthcare plan costs[(a)]	28	**1.0**	0.8
Total employee benefit costs		**181.7**	190.0

(a) Defined benefit pension plan costs and post-retirement healthcare plan costs for 2010 and 2009 reflect the service cost (see note 28).

Employee numbers

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

	2010			2009		
	Inmarsat Global	**Stratos**	**Total**	Inmarsat Global	Stratos	Total
Operations	**191**	**358**	**549**	181	341	522
Sales and marketing	**92**	**143**	**235**	87	132	219
Development and engineering	**78**	**98**	**176**	79	49	128
Administration	**140**	**255**	**395**	137	238	375
	501	**854**	**1,355**	484	760	1,244

8. Executive and Non-Executive Directors' remuneration

(US$ thousands)	2010	2009
Aggregate emoluments	**3,572**	4,754
Company contributions to defined contribution pension schemes	**136**	157
	3,708	4,911

The Directors' Remuneration Report contains full disclosure of Directors' remuneration on page 54. One Director (2009: one) is accruing benefits under the Group's defined contribution pension plan. One Director is a member of the US 401k Plan (2009: one).

Key management

The Executive Directors and the Executive Staff (comprising the Chief Executive Officer and his direct reports) are the key management of the business (see note 34).

9. Net interest payable

(US$ in millions)	2010	2009
Interest on Senior Notes and credit facilities	**62.0**	25.2
Interest on Senior Discount Notes	**–**	44.1
Interest on Convertible Bond	**25.5**	23.7
Interest on Stratos borrowings[a]	**19.8**	18.8
Pension and post-retirement liability finance costs	**–**	4.2
Interest rate swaps	**13.7**	11.2
Unwinding of discount on deferred satellite liabilities	**2.8**	3.0
Amortisation of debt issue costs[b]	**8.0**	14.8
Amortisation of discount on Senior Notes due 2017	**0.6**	–
Redemption premium on Senior Notes and Senior Discount Notes	**–**	19.7
Premium on purchase of Stratos Senior Unsecured Notes	**1.4**	–
Other interest	**1.3**	1.3
Interest payable and similar charges	**135.1**	166.0
Less: Amounts included in the cost of qualifying assets[c]	**(6.6)**	(4.4)
Total interest payable and similar charges	**128.5**	161.6
Bank interest receivable and other interest[d]	**1.3**	1.6
Net discount on purchase of Stratos' Senior Unsecured Notes	**–**	0.1
Pension and post-retirement liability finance gains	**0.1**	–
Total interest receivable and similar income	**1.4**	1.7
Net interest payable	**127.1**	159.9

(a) 2010 includes US$8.9m non-recurring items in connection with the Stratos refinancing. This consists of the write-off of unamortised issue costs of US$1.9m and US$3.9m in relation to the repayment of the Stratos Senior Credit Facility and the redemption of the Stratos Senior Unsecured Notes, respectively, as well as the recognition of the net redemption premium of US$3.1m in respect of the Stratos Senior Unsecured Notes (see note 19).
(b) 2009 includes US$9.6m of unamortised debt issue costs which were written off in relation to the cancellation of the previous Senior Credit Facility and redemption of the Senior Notes due 2012 and Senior Discount Notes (see note 19).
(c) Borrowing costs included in the cost of qualifying assets during the year are calculated by applying a capitalisation rate to expenditure on such assets. The average interest capitalisation rate for the year was 7.33% (2009: 8.63%).
(d) 2009 includes US$0.5m of unamortised premium which was recorded on the redemption of the Senior Notes due 2012 (see note 19).

10. Income tax

Income tax expense recognised in the Income Statement:

(US$ in millions)	2010	2009
Current tax expense:		
Current year	**(66.6)**	(30.4)
Adjustments in respect of prior periods		
– Other	**10.7**	(0.5)
Total current tax expense	**(55.9)**	(30.9)
Deferred tax expense:		
Origination and reversal of temporary differences		
– Other temporary differences	**(20.1)**	(14.7)
Adjustment due to reduction in the Corporation Tax rate from 28% to 27%	**0.8**	–
Adjustments in respect of prior periods	**2.8**	1.5
Total deferred tax expense	**(16.5)**	(13.2)
Total income tax expense	**(72.4)**	(44.1)

Reconciliation of effective tax rate:

(US$ in millions)	2010	2009
Profit before tax	**333.5**	196.9
Income tax at 28%	**(93.4)**	(55.1)
Differences in overseas tax rates	**(3.4)**	0.9
Adjustments in respect of prior periods		
– Other	**13.5**	0.9
Effect of the reduction in the Corporation Tax rate from 28% to 27% on:		
– current year movement in deferred tax	**0.8**	–
Impact of current and prior year losses	**(0.8)**	2.3
Other non-deductible expenses/non taxable income[a][b]	**10.9**	6.9
Total income tax expense	**(72.4)**	(44.1)

(a) In 2009, includes a tax credit of US$8.8m arising from the recognition of a deferred tax asset relating to unutilised capital allowances in Stratos' UK entities. These unutilised allowances were not recognised as separate identifiable assets as part of the accounting for the purchase of Stratos. We believe that the Group will be able to utilise these capital allowances in offsetting future taxable profits of the Group's UK entities.
(b) In 2010, includes a non-recurring tax credit of US$7.0m.

Tax credited/(charged) to equity:

(US$ in millions)	2010	2009
Current tax credit on share options	**0.4**	0.2
Deferred tax credit on share options	**1.0**	1.6
Deferred tax credit/(charge) relating to gains on cash flow hedges	**4.1**	(12.5)
Deferred tax (charge)/credit on actuarial gains and losses from pension and post-retirement healthcare benefits	**(2.6)**	5.3
Total tax credited/(charged) to equity	**2.9**	(5.4)

11. Net foreign exchange gains

(US$ in millions)	2010	2009
Pension and post-retirement liability (note 28)	**(1.6)**	2.8
Other operating costs	**0.7**	(8.6)
Total foreign exchange gains	**(0.9)**	(5.8)

12. Dividends

The dividends paid in 2010 were US$64.3m (14.00 cents (US$) per ordinary share) and US$94.7m (20.63 cents (US$) per ordinary share) for the 2010 interim dividend and the 2009 second interim dividend, respectively. Dividends paid in 2009 were US$$58.4m (12.73 cents (US$) per ordinary share) and US$83.4m (18.20 cents (US$) per ordinary share) for the 2009 interim dividend and the 2008 final dividend, respectively.

A final dividend for the 2010 financial year of 22.69 cents (US$) per ordinary share, amounting to a total dividend of US$104.5m, is to be proposed at the Annual General Meeting on 3 May 2011. In accordance with IAS 37, these financial statements do not reflect this final dividend payable.

(US$ in cents)	2010	2009
Interim dividend paid per ordinary share	**14.00**	12.73
Final dividend per ordinary share (2009: second interim dividend per ordinary share)	**22.69**	20.63
Total dividend per ordinary share	**36.69**	33.36

13. Property, plant and equipment

(US$ in millions)	Freehold land and buildings	Services, equipment, fixtures and fittings	Space segment	Assets in the course of Construction	Total
Cost at 1 January 2009	12.0	180.8	1,516.6	392.3	2,101.7
Additions	0.4	24.8	41.5	58.2	124.9
Disposals	–	(0.6)	–	–	(0.6)
Transfers[(a)]	–	(4.6)	347.5	(352.4)	(9.5)
Cost at 31 December 2009	12.4	200.4	1,905.6	98.1	2,216.5
Additions	**1.1**	**24.3**	**15.6**	**119.7**	**160.7**
Segovia acquisition	**0.8**	**2.2**	**–**	**–**	**3.0**
Disposals	**–**	**(0.3)**	**–**	**–**	**(0.3)**
Transfers	**–**	**2.1**	**72.9**	**(75.0)**	**–**
Cost at 31 December 2010	**14.3**	**228.7**	**1,994.1**	**142.8**	**2,379.9**
Accumulated depreciation at 1 January 2009	(3.5)	(95.2)	(569.7)	–	(668.4)
Charge for the year	(0.8)	(21.8)	(161.3)	–	(183.9)
Disposals	–	0.1	–	–	0.1
Transfers[(a)]	–	0.9	–	–	0.9
Accumulated depreciation at 31 December 2009	(4.3)	(116.0)	(731.0)	–	(851.3)
Charge for the year	**(0.8)**	**(28.6)**	**(143.7)**	**–**	**(173.1)**
Disposals	**–**	**0.2**	**–**	**–**	**0.2**
Accumulated depreciation at 31 December 2010	**(5.1)**	**(144.4)**	**(874.7)**	**–**	**(1,024.2)**
Net book amount at 31 December 2009	8.1	84.4	1,174.6	98.1	1,365.2
Net book amount at 31 December 2010	**9.2**	**84.3**	**1,119.4**	**142.8**	**1,355.7**

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

The space segment asset lives range from 5 to 15 years. The first, second and third of the Inmarsat-4 satellites were placed into service during the 2005, 2006 and 2009 financial years, respectively, and are being depreciated over 15 years.

At 31 December 2010 and 2009, freehold land and buildings for Inmarsat Global were carried at cost less accumulated depreciation (US$nil). Had the freehold land and buildings been revalued on a market basis, their carrying amount at 31 December 2010 would have been US$14.1m (based on the 31 December 2010 exchange rate between the US dollar and Pounds Sterling of US$1.57/£1.00) (2009: US$4.8m). The Directors determined the market valuation.

In 2010 the Group received government grants in relation to the purchase and construction of certain assets. The grants have been deducted from the cost of the relevant asset to arrive at the carrying amount. Government grants received in 2010 were US$6.8m (2009: US$22.8m).

14. Intangible assets

(US$ in millions)	Goodwill	Trademarks	Software	Patents	Terminal development costs	Customer relationships	Spectrum rights	Intellectual property	Total
Cost at 1 January 2009	677.5	35.8	88.1	14.0	83.4	233.2	3.6	0.7	1,136.3
Additions	–	–	15.5	–	23.5	–	2.1	–	41.1
Disposals	–	–	–	–	–	(1.0)	–	–	(1.0)
Transfers[(a)]	–	–	9.5	–	–	–	–	–	9.5
Other changes[(b)]	(8.8)	–	–	–	–	–	–	–	(8.8)
Cost at 31 December 2009	668.7	35.8	113.1	14.0	106.9	232.2	5.7	0.7	1,177.1
Additions	**–**	**–**	**15.9**	**–**	**11.6**	**–**	**–**	**–**	**27.5**
Segovia acquisition	**27.2**	**4.8**	**0.3**	**–**	**–**	**108.9**	**–**	**–**	**141.2**
Cost at 31 December 2010	**695.9**	**40.6**	**129.3**	**14.0**	**118.5**	**341.1**	**5.7**	**0.7**	**1,345.8**
Accumulated amortisation as at 1 January 2009	–	(6.7)	(45.6)	(10.1)	(23.6)	(20.7)	(1.2)	(0.7)	(108.6)
Charge for the year	–	(2.7)	(15.3)	(2.0)	(7.5)	(19.4)	(0.8)	–	(47.7)
Disposals	–	–	–	–	–	0.1	–	–	0.1
Transfers[(a)]	–	–	(0.9)	–	–	–	–	–	(0.9)
Accumulated amortisation at 31 December 2009	–	(9.4)	(61.8)	(12.1)	(31.1)	(40.0)	(2.0)	(0.7)	(157.1)
Charge for the year	**–**	**(3.1)**	**(19.1)**	**(1.8)**	**(10.0)**	**(26.9)**	**(0.6)**	**–**	**(61.5)**
Accumulated amortisation at 31 December 2010	**–**	**(12.5)**	**(80.9)**	**(13.9)**	**(41.1)**	**(66.9)**	**(2.6)**	**(0.7)**	**(218.6)**
Net book amount 31 December 2009	668.7	26.4	51.3	1.9	75.8	192.2	3.7	–	1,020.0
Net book amount 31 December 2010	**695.9**	**28.1**	**48.4**	**0.1**	**77.4**	**274.2**	**3.1**	**–**	**1,127.2**

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

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

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

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

User terminal development costs directly relating to the development of the user terminals for the BGAN and GSPS services are capitalised as intangible fixed assets. User terminals are being amortised over the estimated sales life of the services which is 5 to 10 years.

Customer relationships acquired in connection with Stratos and Segovia are being amortised over the expected period of benefit of 12 and 14 years, respectively using the straight-line method.

Spectrum rights relate to the acquisition of ACeS and Stratos. Spectrum rights acquired as a result of the ACeS collaboration are being amortised on a straight-line basis over the remaining useful lives of 4 years. Spectrum rights acquired as a result of the acquisition of Stratos are being amortised over their useful lives of 3 to 10 years.

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

15. Investments

(US$ in millions)	As at 31 December 2010	As at 31 December 2009
Investments held at cost:		
SkyWave	**23.5**	23.5
Total investments held at cost	**23.5**	23.5
Interest in associates:		
Navarino	**6.7**	6.8
JSAT Mobile	**0.6**	0.7
Total interest in associates	**7.3**	7.5
Total investments	**30.8**	31.0

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

The Group, through Stratos, owns a 49% ownership interest in Navarino Telecom SA and NTS Maritime Limited (together, 'Navarino'). Cash dividends received for the year ended 31 December 2010 totalled US$1.4m (2009: US$0.8m).

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

16. Cash and cash equivalents

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

(US$ in millions)	As at 31 December 2010	As at 31 December 2009
Cash at bank and in hand	**73.5**	105.8
Short-term deposits with original maturity of less than three months	**270.3**	121.0
Cash and cash equivalents	**343.8**	226.8

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

(US$ in millions)	As at 31 December 2010	As at 31 December 2009
Cash and cash equivalents	**343.8**	226.8
Bank overdrafts (note 19)	**(0.3)**	(0.5)
Net cash and cash equivalents	**343.5**	226.3

17. Trade and other receivables

(US$ in millions)	As at 31 December 2010	As at 31 December 2009
Current:		
Trade receivables	**184.6**	166.8
Other receivables	**18.4**	9.4
Other prepayments and accrued income	**52.2**	51.3
	255.2	227.5

(US$ in millions)	As at 31 December 2010	As at 31 December 2009
Non-current:		
Other prepayments and accrued income	**5.2**	1.5
	5.2	1.5

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

18. Inventories

(US$ in millions)	As at 31 December 2010	As at 31 December 2009
Finished goods	**19.4**	8.2
Work in progress	**0.8**	1.3
	20.2	9.5

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

19. Borrowings

(US$ in millions)	Effective interest rate %[a]	As at 31 December 2010	As at 31 December 2009
Current:			
Bank overdrafts	1.8	**0.3**	0.5
Deferred satellite payments[b]	7.0	**8.3**	9.3
Senior Credit Facility[c]	2.54	**50.0**	90.0
Stratos Senior Credit Facility[d]		**–**	9.6
Total current borrowings		**58.6**	109.4
Non-current:			
Deferred satellite payments[b]	7.0	**32.5**	38.1
Senior Credit Facility[c]	2.54	**143.9**	189.4
Senior Notes due 2017[e]	7.375	**639.2**	637.5
– Issuance discount		**(4.2)**	(4.8)
EIB Facility[f]	1.65	**305.8**	–
Convertible Bond[g]	9.88	**282.6**	261.3
– Accretion of principal		**2.5**	2.3
Stratos Senior Credit Facility[d]		**–**	197.3
Stratos Senior Unsecured Notes[h]		**–**	82.4
Total non-current borrowings		**1,402.3**	1,403.5
Total borrowings		**1,460.9**	1,512.9

(a) The effective interest rates do not include the impact of the Group's interest rate hedging policy.

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

(c) On 6 November 2009, we drew down on our US$500.0m Senior Credit Facility. The facility consists of a US$200.0m Term Loan and a US$300.0m Revolving Credit Facility. The Senior Credit Facility will mature in May 2012. Advances under the Senior Credit Facility bear interest equal to 3-month USD LIBOR, plus an applicable margin of between 2.00% and 3.00% determined by reference to the ratio of total net debt to EBITDA. During the year we repaid US$90.0m of the revolving portion of the Senior Credit Facility. In addition, US$50.0m of the Senior Credit Facility was transferred from non-current to current in the year.

(d) On 10 May 2010 we pre-paid and cancelled the outstanding amount under the Stratos Senior Credit Facility of US$207.0m and wrote-off unamortised costs in relation to the facility of US$1.9m.

(e) On 12 November 2009, we issued US$650.0m aggregate principal amount of 7.375% Senior Notes due 1 December 2017 ('Senior Notes due 2017'). The aggregate gross proceeds were US$645.2m, net of US$4.8m issuance discount and we capitalised US$12.5m of issuance costs.

(f) On 15 April 2010, we signed an 8-year facility agreement from the European Investment Bank (the 'EIB Facility'). Under the agreement, we were able to borrow up to €225m at any time before 23 December 2010. The facility was available in Euros and US dollars. An initial draw-down of US$180.0m was made on 30 April 2010 and a final draw-down of US$128.4m was made on 28 October 2010. This facility matures on 30 April 2018 and is repayable in equal annual instalments beginning 30 April 2012. Interest is equal to 3-month USD LIBOR plus a margin payable in April, July, October and January each year.

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

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

(US$ in millions)	
Fair value of convertible bonds issued	287.7
Cost of issue	(6.5)
Net proceeds	281.2
Equity component[(1)]	(56.9)
Liability component at date of issue[(2)]	224.3
Cumulative interest charged to 31 December 2009	48.3
Cumulative amortisation of debt issue costs to 31 December 2009	1.6
Cumulative coupon interest accrued to 31 December 2009	(10.6)
Liability component at 31 December 2009	263.6
Interest charged	**25.5**
Amortisation of debt issue costs	**1.0**
Coupon interest accrued	**(5.0)**
Liability component at 31 December 2010	**285.1**

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

The interest charged for the year is calculated by applying an effective interest rate of 9.88% to the liability component. The total interest charge is split between the coupon interest charge of US$5.0m and accreted interest of US$20.5m. The coupon interest is paid semi-annually in May and November each year until maturity. Similarly, the bonds accrete semi-annually in May and November each year until maturity.

(h) On 2 June 2010 we redeemed the entire principal amount of US$150.0m outstanding under the Stratos Senior Unsecured Notes (US$62.4m, net of US$87.6m Senior Unsecured Notes held by the Group at the date of redemption) and paid the associated net note redemption premium of US$3.1m. In addition, we wrote-off US$3.9m in respect of unamortised debt issue costs in relation to the Stratos Senior Unsecured Notes.

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

	As at 31 December 2010			As at 31 December 2009		
(US$ in millions)	**Amount**	**Deferred finance cost**	**Net balance**	Amount	Deferred finance cost	Net balance
Senior Credit Facility	**200.0**	**(6.1)**	**193.9**	290.0	(10.6)	279.4
EIB Facility	**308.4**	**(2.6)**	**305.8**	–	–	–
Senior Notes due 2017	**650.0**	**(10.8)**	**639.2**	650.0	(12.5)	637.5
– Issuance discount	**(4.2)**	**–**	**(4.2)**	(4.8)	–	(4.8)
Deferred satellite payments	**40.8**	**–**	**40.8**	47.4	–	47.4
Convertible Bonds	**285.2**	**(2.6)**	**282.6**	264.9	(3.6)	261.3
– Accretion of interest on the principal	**2.5**	**–**	**2.5**	2.3	–	2.3
Bank overdrafts	**0.3**	**–**	**0.3**	0.5	–	0.5
Stratos Senior Credit Facilities	**–**	**–**	**–**	209.2	(2.3)	206.9
Stratos Senior Unsecured Notes	**–**	**–**	**–**	86.8	(4.4)	82.4
Total Borrowings	**1,483.0**	**(22.1)**	**1,460.9**	1,546.3	(33.4)	1,512.9

The maturity of non-current borrowings is as follows:

(US$ in millions)	**2010**	2009
Between one and two years	**477.2**	50.1
Between two and five years	**144.6**	702.4
After five years	**780.5**	651.0
	1,402.3	1,403.5

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

The Group has a US$300.0m Revolving Credit Facility that has no restrictions and as at 31 December 2010 was drawn down by US$nil (2009: US$90.0m).

At 31 December 2009, Stratos had in place a US$10.0m Revolving Operating Facility which was undrawn; this was subsequently cancelled in the year ending 31 December 2010.

The Directors consider the carrying value of borrowings, other than the Senior Notes due 2017 and Convertible Bonds to approximate to their fair value (see note 32).

The effective interest rates, excluding the impact of the Group's interest rate hedging policy, at the balance sheet dates were as follows:

Effective interest rate %	2010	2009
Bank overdrafts	1.8	1.8
Senior Credit Facility	2.54	2.78
EIB Facility	1.65	–
Senior Notes due 2017	7.375	7.375
Deferred satellite payments	7.0	7.0
Convertible Bonds	9.88	9.88
Stratos Senior Credit Facilities	–	2.75
Stratos Senior Unsecured Notes	–	9.875

20. Trade and other payables

(US$ in millions)	As at 31 December 2010	As at 31 December 2009
Current:		
Trade payables	100.5	96.4
ACeS deferred consideration	0.5	2.9
SkyWave deferred consideration (note 15)	6.1	2.3
Other taxation and social security payables	2.7	2.9
Other creditors	15.5	24.1
Other short-term deferred consideration	13.2	–
Accruals and deferred income[a]	210.1	77.5
	348.6	206.1

(a) As at 31 December 2010, includes US$135.0m (2009: US$31.3m) of deferred income relating to payments received from LightSquared LP, Skyterra (Canada) Inc. and LightSquared Inc. (together 'LightSquared') in connection with an agreement for L-band operations in North America. During 2010 we released US$17.5m to the income statement to reflect revenue earned, based on the percentage of completion method (2009: US$nil).

(US$ in millions)	As at 31 December 2010	As at 31 December 2009
Non-current:		
SkyWave deferred consideration (note 15)	4.0	9.7
Other long-term deferred consideration	32.2	–
Other payables	22.1	17.9
	58.3	27.6

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

21. Provisions

(US$ in millions)	Other provision	Asset retirement obligations	Total
Current:			
As at 1 January 2009	–	–	–
Charged to provision in respect of current year	1.8	–	1.8
Utilised in current year	(1.3)	–	(1.3)
Asset retirement obligation transferred from non-current liability	–	0.4	0.4
As at 31 December 2009	0.5	0.4	0.9
Utilised in current year	(0.4)	(0.4)	(0.8)
Asset retirement obligation transferred from non-current liability	–	0.3	0.3
As at 31 December 2010	**0.1**	**0.3**	**0.4**

(US$ in millions)	Post-retirement healthcare benefits	Pension	Asset retirement obligations	Other provisions	Total
Non-current:					
As at 1 January 2009	19.8	11.7	3.4	0.9	35.8
Charged to Income Statement in respect of current year	4.4	1.8	0.3	0.2	6.7
Charged directly to Comprehensive Income in respect of current year	9.3	12.1	–	–	21.4
Contributions paid	–	(6.4)	–	–	(6.4)
Utilised in current year	(0.3)	–	(0.1)	(0.6)	(1.0)
Revision in estimated cash flows and timing of settlement	–	–	(0.3)	–	(0.3)
Transfer to current liability	–	–	(0.4)	–	(0.4)
As at 31 December 2009	33.2	19.2	2.9	0.5	55.8
Charged to Income Statement in respect of current year	**1.7**	**1.4**	**0.3**	**0.2**	**3.6**
Credited directly to Comprehensive Income in respect of current year	**(4.8)**	**(5.1)**	**–**	**–**	**(9.9)**
Contributions paid	**–**	**(5.4)**	**–**	**–**	**(5.4)**
Utilised in current year	**(0.3)**	**(1.0)**	**(0.1)**	**(0.1)**	**(1.5)**
Revision in estimated cash flows and timing of settlement	**–**	**–**	**0.2**	**–**	**0.2**
Transfer to current liability	**–**	**–**	**(0.3)**	**–**	**(0.3)**
As at 31 December 2010	**29.8**	**9.1**	**3.0**	**0.6**	**42.5**

Following the actuarial valuation of the Inmarsat Pension Plan ('the Plan') as at 31 December 2008 (see note 28), the trustee and the Company have agreed that additional contributions will be paid to the Plan. It was agreed that £2.2m would be paid in November 2009 and £2.2m annually thereafter, up to and including November 2015. During 2010, the Group made an additional cash contribution of US$3.5m (2009: US$3.6m) to reduce the pension deficit.

Asset retirement obligations have been recognised in respect of the expected costs of removal of equipment from leased premises by Stratos.

Other provisions in 2010 and 2009 relate to a legally required provision for eventual severance payments to employees based overseas.

22. Current and deferred income tax assets and liabilities

The current income tax liability of US$46.8m (2009: US$34.0m) represents the income tax payable in respect of current and prior periods less amounts paid.

Recognised deferred income tax assets and liabilities

The movements in deferred income tax assets and liabilities (prior to the offsetting of balances within the same jurisdiction as permitted by IAS 12) during the year are shown below.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

	As at 31 December 2010			As at 31 December 2009		
(US$ in millions)	Assets	Liabilities	Net	Assets	Liabilities	Net
Property, plant and equipment and intangible assets	–	113.6	113.6	(2.6)	108.8	106.2
Other	(12.2)	9.6	(2.6)	(10.5)	3.8	(6.7)
Pension asset	(8.5)	–	(8.5)	(12.7)	–	(12.7)
Share options	(6.5)	–	(6.5)	(5.5)	–	(5.5)
Loss carry forwards	(10.7)	–	(10.7)	(10.0)	–	(10.0)
Net deferred income tax liabilities	**(37.9)**	**123.2**	**85.3**	(41.3)	112.6	71.3

Movement in temporary differences during the year:

(US$ in millions)	As at 1 January 2010	Recognised in income	Recognised in equity	As at 31 December 2010
Property, plant and equipment and intangible assets	106.2	7.4	–	113.6
Other	(6.7)	8.2	(4.1)	(2.6)
Pension asset	(12.7)	1.6	2.6	(8.5)
Share options	(5.5)	–	(1.0)	(6.5)
Loss carry forwards	(10.0)	(0.7)	–	(10.7)
Total	71.3	**16.5**	**(2.5)**	**85.3**

(US$ in millions)	As at 1 January 2009	Recognised in income	Recognised in equity	As at 31 December 2009
Property, plant and equipment and intangible assets	100.5	5.7	–	106.2
Other	(20.0)	0.8	12.5	(6.7)
Pension asset	(6.7)	(0.7)	(5.3)	(12.7)
Share options	(2.9)	(1.0)	(1.6)	(5.5)
Loss carry forwards	(18.4)	8.4	–	(10.0)
Total	52.5	13.2	5.6	71.3

Total unprovided deferred tax assets:

(US$ in millions)	As at 31 December 2010	As at 31 December 2009
Temporary timing differences	(4.1)	(5.2)
Unused income tax losses	(4.3)	(2.5)
Unused capital losses	(33.0)	(35.8)
Total	**(41.4)**	(43.5)

Overseas dividends received on or after 1 July 2009 will be largely exempt from UK tax but may be subject to foreign withholding taxes. The unrecognised deferred tax liability in respect of the unremitted earnings of those overseas subsidiaries affected by such taxes is US$3.6m (2009: US$2.7m). No deferred tax liability is recognised on these temporary differences as the Group is able to control the timing of reversal and it is probable that this will not take place in the foreseeable future.

23. Cash generated from operations

Reconciliation of operating profit to net cash inflow from operating activities:

(US$ in millions)	2010	2009
Profit for the year	**261.1**	152.8
Adjustments for:		
Depreciation and amortisation	**234.6**	231.6
Income tax charge	**72.4**	44.1
Interest payable	**128.5**	161.6
Interest receivable	**(1.4)**	(1.7)
Non-cash employee benefit costs	**14.6**	23.2
Forward exchange contracts	**0.5**	(8.5)
Share of results of associates, net of dividends received	**0.3**	(0.1)
Gain on disposal of fixed assets	**–**	(2.1)
Acquisition-related adjustments	**2.1**	8.8
Non-cash foreign exchange movements	**0.2**	0.6
Changes in net working capital:		
(Increase)/decrease in trade and other receivables	**(20.9)**	23.6
(Increase)/decrease in inventories	**(9.1)**	10.2
Increase in trade and other payables[a]	**106.1**	5.9
Decrease in provisions	**(3.2)**	(4.2)
Cash generated from operations	**785.8**	645.8

(a) The increase is due primarily due to deferred revenue recognised in respect of payments received from LightSquared (see note 20).

24. Share capital

(US$ in millions)	As at 31 December 2010	As at 31 December 2009
Authorised:		
1,166,610,560 ordinary shares of €0.0005 each (2009: 1,166,610,560)	**0.7**	0.7
	0.7	0.7
Allotted, issued and fully paid:		
460,607,047 ordinary shares of €0.0005 each (2009: 459,554,882)	**0.3**	0.3
	0.3	0.3

During the year ended 31 December 2010, a total of 1,052,165 (2009: 506,234) ordinary shares of €0.0005 each were allotted and issued by the Company under its employee share schemes.

25. Employee share options and awards

In line with IFRS 2, Share-Based Payment, the Group recognised US$11.4m (2009: US$10.8m) in total share compensation costs across all its share plans for the 2010 financial year. Total share-based compensation costs are recognised over the vesting period of the options and share awards ranging from one to four years.

In November 2004, the Company adopted the Staff Value Participation Plan (the '2004 Plan') making awards in November 2004, January and May 2005.

All options granted under the 2004 Plan and held by optionholders have now vested and are exercisable. Whenever options are exercised under the 2004 Plan, the holder must pay a de minimis charge of €1 for each tranche of options exercised. The options expire 10 years from the date of grant. Shares are transferred to the optionholders from the Inmarsat Employees' Share Ownership Plan Trust ('the Trust') (resident in Guernsey). No new shares have been issued to satisfy the exercise of these options.

A summary of share activity within the Trust and options outstanding under the 2004 Plan as at 31 December 2010 is as follows:

	Shares available for grant	Options outstanding	Weighted average exercise price per option
Balance at 1 January 2009	1,022,158	188,961	£3.75
Exercised	–	(25,787)	£5.64
Exercise re International Sharesave Plan	(1,922)	–	
Adjustment	(4,942)	–	
Balance at 31 December 2009	**1,015,294**	**163,174**	**£3.67**
Market purchase of shares (11 March 2010)	125,000	–	
Subscription for International Share Incentive Plan	43,936	–	
Exercised	–	(60,044)	£7.24
Exercise re International Sharesave Plan	(823)	–	
Exercise re International Share Incentive Plan	(12,627)	–	
Balance at 31 December 2010	**1,170,780**	**103,130**	**£3.71**
Exercisable at 31 December 2010	**–**	**103,130**	
Exercise Price per tranche	**–**	**€1.00**	

The weighted average of the remaining contractual life for the 2004 Plan at 31 December 2010 is 4 years.

The Company also operates a Bonus Share Plan ('BSP'). Awards have been made regularly under the BSP to the Executive Directors and certain members of senior management and details of the awards made in 2010 are provided in the Remuneration Report.

Awards are made in the form of a conditional allocation of shares. The performance conditions attached to the BSP are non-market based performance conditions. Dividends will accrue and be added as additional shares upon vesting. Details of the operation of the BSP can be found in the Remuneration Report.

The rules of the BSP provide that the Remuneration Committee has the discretion to satisfy the awards using cash instead of shares. It is the intention, however, of the Company to satisfy the awards using newly-issued shares.

As the BSP provides free share awards with no market-based performance conditions attached, and which carry an entitlement to dividends paid in cash or shares during the vesting period, the fair value of the awards is the value of the grant. This is due to the fact that regardless of the market price at the time the award of shares is made, the total value of shares to be awarded will not change.

The Company also operates a Performance Share Plan ('PSP') and regular annual awards are made to the Executive Directors and certain members of senior management. Details of awards made under the PSP in 2010 are provided in the Remuneration Report. Participants are entitled to receive the value of any dividends that are paid during the vesting period in the form of cash or additional shares.

The PSP shares will not normally be transferred to participants until the third anniversary of the award date. The transfer of shares is dependent upon the performance conditions being satisfied over the three consecutive financial years starting in the financial year the award date falls. The rules of the PSP provide that the Remuneration Committee has the discretion to satisfy the awards using cash instead of shares. It is the intention, however, of the Company to satisfy the awards using newly-issued shares at the end of the relevant three year period unless a participant leaves and is entitled under the Rules to receive a proportionate award and the performance condition has been met. Details of the operation of the PSP can be found in the Remuneration Report.

The performance conditions for the PSP are based on the Group's Total Shareholder Return ('TSR') relative to constituents of the FTSE 350 Index (excluding investment trusts) and a non-market based condition, based on EBITDA measured over a three year period. The vesting schedule for PSP awards is structured so that the shape of the vesting schedule is determined by both TSR and EBITDA performance. The market based performance condition has been incorporated into the valuation. The fair value of the allocation and the assumptions used in the calculation are as follows:

	Performance Share Plan			
Grant date	19 March 2008	20 March 2009	14 May 2009	26 March 2010
Grant price	£4.39	£4.57	£5.35	£7.905
Exercise price	nil	nil	nil	nil
Bad leaver rate	0%	0%	0%	0%
Vesting period	3 years	3 years	3 years	3 years
Volatility	28.5%	34.9%	36.2%	35.7%
Fair value per share option	£2.40	£3.21	£3.30	£5.62

Both the BSP and PSP share awards expire 10 years after date of grant. The weighted average of the remaining contractual life for both the BSP and PSP share awards at 31 December 2010 is 7.4 and 6.5 years respectively.

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

The share price performance condition will be assessed on the basis of the average closing price of Inmarsat shares over the last 60 days of the performance period. Additional shares will accrue representing the value of dividends paid during the performance period on the number of shares that ultimately vest. There is no material change in the incremental fair value granted due to the above modifications.

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

An announcement was made on 16 December 2009 relating to a deferred share bonus award of 125,000 shares to the Chief Executive Officer. The mid-market closing share price on 15 December 2009 was £6.59 per share. The performance condition of EBITDA growth related to the 2010 financial year has been satisfied; therefore the shares will vest in September 2012.

	CEO Award	CEO Deferred Share Bonus Award
Grant date	28 September 2007	16 December 2009
Grant price	£4.49	£6.59
Exercise price	nil	nil
Bad leaver rate	0%	0%
Vesting period	3 years	3 years
Expected correlation between any pair of shares in PSP comparator group	n/a	n/a
Volatility	28%	n/a
Fair value per share option	£2.65	£6.59

The weighted average of the remaining contractual life for both the CEO Award and CEO Deferred Share Bonus Award at 31 December 2010 is 6.7 and 9.0 years respectively.

The Company also operates a UK Sharesave Scheme. The Sharesave Scheme is an HM Revenue & Customs approved scheme open to all UK PAYE-paying permanent employees. The maximum that can be saved each month by an employee is £250 and savings plus interest may be used to acquire shares by exercising the related option at the end of the three year savings contract. Options are exercisable for a period of up to six months following the end of the three-year savings contract and under certain circumstances if an employee leaves the Inmarsat group. No dividends are accumulated on options during the vesting period. Newly issued shares will be used to satisfy the options.

Two grants have been made so far; the first grant matured on 1 September 2008. A second grant was made in December 2008 with an option price of £3.06 per ordinary share (reflecting the maximum discount permitted of 20%).

The Company also operates an International Sharesave Plan which mirrors the operation of the UK Sharesave Scheme as closely as possible. However, instead of receiving a share option, participants receive the spread between the share price at the date of exercise and the grant price, delivered (at the Company's discretion) in cash or shares. It is the Company's intention to satisfy the awards using shares only – some of which are held by the Trust and some of which will be newly-issued.

Two grants have been made so far; the first grant matured on 1 September 2008. A second grant under the International Sharesave Plan was made in December 2008 with an option price of £3.06 per ordinary share.

Options under the UK Sharesave Scheme and International Sharesave Plan expire after a maximum of 3.5 years following the initial savings payments having been made. The weighted average of the remaining contractual life for the current grant of the UK Sharesave Scheme and International Sharesave Plan at 31 December 2010 is 1.5 years for each plan.

Options under the UK Sharesave Scheme and International Sharesave Plan have been valued using the Black-Scholes model with the following assumptions:

Grant date	Sharesave Scheme (UK) 15 December 2008	Sharesave Plan (International) 15 December 2008
Market price at date of Grant	£4.44	£4.44
Exercise price	£3.06	£3.06
Bad leaver rate	3%pa	3%pa
Vesting period	3 years	3 years
Volatility	33.2%	33.2%
Dividend yield assumption	3.36%	3.36%
Risk free interest rate	2.46%	2.46%
Fair value per option	£1.50	£1.50

The historical volatility is based on the constituents of the FTSE 350 Telecoms Service Index, which was measured over three years to each of the grant dates. The volatility assumption used for each of the awards is based on median volatility for the constituents of the sector.

Several awards have been made under the UK Share Incentive Plan ('SIP'). The SIP is an HM Revenue & Customs approved plan open to all UK PAYE employees and operates in conjunction with a UK tax-resident trust which holds shares on behalf of participating employees. Under the SIP, the Company can award 'Free Shares' (up to a maximum value of £3,000) to employees. Employees can also acquire 'Partnership Shares' from their salary up to a maximum of £1,500 per annum and the Company will match this with up to two free 'Matching Shares' per 'Partnership Share' (equivalent to a maximum value of £3,000 per annum). Details of the SIP award made in 2010 are provided in the Remuneration Report.

Arrangements were put in place for eligible overseas employees to replicate the awards made under the SIP as closely as possible. The same market values per ordinary share were used as for the SIP for each award.

A summary of share awards and option activity as at 31 December 2010 (excluding the 2004 Plan which is noted previously) is as follows:

	SIP (UK)	SIP (Intl and Unapproved)	BSP	CEO Share Plans[a]	PSP	Sharesave (UK)	Sharesave (International)	Total
Balance at 31 December 2009	505,364	12,010	1,361,511	1,125,000	867,896	799,161	158,860	4,829,802
Granted/Allocated	316,676	43,936	564,576	–	272,403	–	–	1,197,591
Lapsed	(2,800)	–	–	–	–	(29,834)	–	(32,634)
Exercised	–	–	–	–	–	(2,663)	(823)	(3,486)
Transferred/Sold	(39,986)	(12,627)	(567,655)	–	(121,235)	–	–	(741,503)
Balance at 31 December 2010	**779,254**	**43,319**	**1,358,432**	**1,125,000**	**1,019,064**	**766,664**	**158,037**	**5,249,770**
Exercisable at 31 December 2010	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Exercise Price per share	**n/a**	**n/a**	**nil**	**nil**	**nil**	**(b)**	**(c)**	**n/a**

(a) The CEO Share Plans comprises (i) the CEO Award of one million shares, where as described previously, a further award over 700,000 shares could be earned if the share price has reached £9.25 per share; and (ii) the CEO Deferred Share Bonus Award of 125,000 shares.
(b) The second grant under the UK Sharesave scheme in 2008 has an exercise price of £3.06.
The weighted average exercise price at 31 December 2010 was £3.06 per share (31 December 2009: £3.06 per share).
The weighted average exercise price of options exercised during the year as £3.06 per share.
(c) The second grant under the International Sharesave plan in 2008 has an exercise price of £3.06.
The weighted average exercise price at 31 December 2010 was £3.06 per share (31 December 2009: £3.06 per share).
The weighted average exercise price of options exercised during the year as £3.06 per share.

26. Reserves

Cash flow hedge reserve:

(US$ in millions)	2010	2009
Balance as at 1 January	**(2.6)**	(34.1)
Gain/(loss) recognised on cash flow hedges:		
Forward exchange contracts	**0.8**	15.8
Interest rate swaps	**(0.2)**	(1.8)
Fx movement through cash flow hedge reserve	**(0.1)**	(3.0)
Income tax charged directly to equity	**–**	(3.2)
Reclassified to the Income Statement[a]		
Forward exchange contracts	**(7.9)**	27.6
Interest rate swaps	**–**	11.1
Fx movement through cash flow hedge reserve	**1.3**	(5.9)
Income tax credited/(charged) related to amounts transferred to the Income Statement	**4.1**	(9.3)
Reclassified and capitalised on the Balance Sheet[b]		
Forward exchange contracts	**(3.5)**	0.2
Fx movement through cash flow hedge reserve	**0.6**	–
Balance as at 31 December	**(7.5)**	(2.6)

The cash flow hedge reserve represents hedging gains and losses recognised on the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge is recognised in the Income Statement or capitalised on the Balance Sheet when the hedged transactions impacts the Income Statement/Balance Sheet.

(a) Gains and losses reclassified from equity into the Income Statement during the period are included in the following Income Statement lines:

(US$ in millions)	2010	2009
Total net operating costs	**(6.6)**	21.7
Interest payable and similar charges	**–**	11.1
Income tax expense/(credit)	**4.1**	(9.3)
Total reclassified ((credited)/charged) to the Income Statement in the year	**(2.5)**	23.5

(b) Gains and losses reclassified from equity and capitalised on the Balance Sheet during the period are included in the following Balance Sheet lines:

(US$ in millions)	2010	2009
Property, plant and equipment	**(2.9)**	0.2
Total reclassified and capitalised on the Balance Sheet in the year	**(2.9)**	0.2

27. Earnings per share and adjusted earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding those held in the employee share trust, which are treated as cancelled, and after taking account of the restructuring of the existing share capital.

	2010	2009
Profit attributable to equity holders of the Company (US$ in millions)	**260.9**	152.7
Weighted average number of ordinary shares in issue (number)	**460,148,337**	459,189,778
Basic earnings per share (US$ per share)	**0.57**	0.33

Diluted earnings per share

Diluted earnings per share is calculated by adjusting the profit attributable to equity holders for the interest on the Convertible Bonds (net of tax) and by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Currently the underlying shares in relation to our Convertible Bonds outstanding and the Share options and awards in relation to employee share plans are the only categories of dilutive potential ordinary shares. For the Convertible Bonds the weighted average of the maximum number of ordinary shares, assuming full conversion, is included in the calculation of the weighted average number of shares. For employee share options and awards a calculation is performed to determine the number of shares that could have been acquired at fair value (determined as the average annual market price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options and awards and value of related future employee services.

	2010	2009
Profit attributable to equity holders of the Company (US$ in millions)	**260.9**	152.7
Adjustments for:		
– Interest on Convertible Bonds, net of tax	**18.4**	17.1
Profit attributable to equity holders of the Company for diluted earnings per share number (US$ in millions)	**279.3**	169.8
Weighted average number of ordinary shares in issue (number)	**460,148,337**	459,189,778
Adjustments for:		
– Share options (number)	**4,170,140**	4,096,264
– Convertible Bonds (number)	**22,664,251**	22,664,251
Weighted average number of ordinary shares for diluted earnings per share (number)	**486,982,728**	485,950,293
Diluted earnings per share (US$ per share)	**0.57**	0.35

2009 Adjusted earnings per share

The basic and diluted earnings per share for the year ended 31 December 2009 were adjusted to exclude the after tax effect of the one-off costs of US$28.8m in relation to the refinancing of our previous debt facilities, (see note 9), the goodwill adjustment of US$8.8m and the associated tax credit of US$8.8m (see notes 10 and 14).

Adjusted basic earnings per share	2009
Profit attributable to equity holders of the Company (US$ in millions)	152.7
Adjustments for:	
– One-off re-financing costs, net of tax (US$ in millions)	20.7
– Goodwill adjustment (US$ in millions)	8.8
– Tax credit relating to Goodwill adjustment (US$ in millions)	(8.8)
Adjusted profit attributable to equity holders of the Company (US$ in millions)	173.4
Weighted average number of ordinary shares in issue (number)	459,189,778
Adjusted basic earnings per share (US$ per share)	0.38

Adjusted diluted earnings per share	2009
Profit attributable to equity holders of the Company for diluted earnings per share number (US$ in millions)	169.8
Adjustments for:	
– One-off re-financing costs, net of tax (US$ in millions)	20.7
– Goodwill adjustment (US$ in millions)	8.8
– Tax credit relating to Goodwill adjustment (US$ in millions)	(8.8)
Adjusted profit attributable to equity holders of the Company for diluted earnings per share number (US$ in millions)	190.5
Weighted average number of ordinary shares in issue (number)	459,189,778
Adjustments for:	
– Share options (number)	4,096,264
– Convertible Bonds (number)	22,664,251
Weighted average number of ordinary shares for diluted earnings per share (number)	485,950,293
Adjusted diluted earnings per share (US$ per share)	0.39

28. Pension arrangements and post-retirement healthcare benefits

Inmarsat Global provides both pension fund arrangements and post-retirement medical benefits for its employees.

Inmarsat Global operates pension schemes in each of its principal locations. The UK scheme has two plans: a defined benefit scheme, which is closed to new employees, and a defined contribution plan. The defined benefit scheme is funded and its assets are held in a separate fund administered by a corporate trustee.

The defined benefit plan was valued using the projected unit credit method with the formal valuation undertaken by professionally qualified and independent actuaries, Towers Watson Limited, as at 31 December 2008. The actuarial valuation of the liabilities of the scheme at that date, net of assets, was US$17.3m. The results of the valuation have been updated for any material transactions and material changes in circumstances (including changes in market prices and interest rates) up to 31 December 2010. The results of this updated valuation as at 31 December 2010, for the purposes of the additional disclosures required by IAS 19, are set out below.

The post-retirement healthcare benefits are the provision of healthcare to retired employees (and their dependants) who were employed before 1 January 1998. Employees who have 10 years of service at the age of 58 and retire are eligible to participate in the post-retirement healthcare benefit plans. The plan is self-funded and there are no plan assets from which the costs are paid. The cost of providing retiree healthcare is actuarially determined and accrued over the service period of the active employee group. Membership of this plan is multi-national, although most staff are currently employed in the UK.

Both the defined benefit pension plan and the post-retirement healthcare benefits plan are denominated in Pounds Sterling and are subject to fluctuations in the exchange rate between US Dollars and Pounds Sterling.

Stratos provides pension fund arrangements for its employees and operates schemes in each of its principal locations, the majority of which are defined contribution pension plans.

As part of a previous acquisition, Stratos assumed defined benefit pension plans administered by KPN for employees in the Netherlands. The assets of these plans were not segregated from the assets of other KPN administered plans and therefore they were treated as multi-employer plans and were accounted for in the same manner as defined contribution plans. This arrangement expired on 31 December 2009, at which point all existing and new employees began to accrue benefits under the new Stratos defined benefit plan (the 'Stratos DB Plan'). As per the arrangement with the Netherlands Works Council and KPN, all benefits accrued to employees under the KPN plan will remain within the KPN plan, with all future benefits accruing after 31 December 2009 recognised in the Stratos DB Plan. The Stratos DB Plan is a hybrid plan, meaning that it has a defined benefit component and a defined contribution component. Employees earn benefits up to a maximum salary, after which Stratos will contribute a percentage of salary to the defined contribution component of the plan.

Also as part of a previous acquisition, Stratos assumed an early retirement plan in the Netherlands. This is a defined benefit plan that is neither funded nor insured through a third party, but is paid directly to employees upon early retirement. Stratos recognises a provision for all benefits that will become a payment obligation in accordance with the then prevailing collective labour agreement.

Stratos defined benefit pension plans are denominated in Euros and subject to fluctuations in the exchange rate between US Dollars and the Euro.

The defined benefit plan and unfunded early retirement plan were valued using the projected unit credit method with the formal valuation undertaken by professionally qualified and independent actuaries Lnbb actuarissen + pensioenconsultants as at 31 December 2010.

The principal actuarial assumptions used to calculate Inmarsat Global's pension and post-retirement healthcare benefits liabilities under IAS 19 are:

	As at 31 December 2010	As at 31 December 2009
Discount rate	**5.50%**	5.50%
Expected return on plan assets	**7.80%**	7.77%
Future salary increases	**5.50%**	5.60%
Medical cost trend rate	**7.75%**	7.85%
Future pension increases	**3.75%**	3.85%

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The principal actuarial assumptions used to calculate Stratos' pension benefit liabilities under IAS 19 are:

	As at 31 December 2010	As at 31 December 2009
Discount rate	**2.70-5.00%**	1.70-3.80%
Future salary increases	**2.00%**	1.50-2.00%
Future pension increases	**0.00-1.50%**	0.00-1.80%

The mortality assumption has been updated to reflect experience and expected changes in future improvements in life expectancy. The average life expectancy assumptions for Inmarsat Global's pension and post-retirement healthcare benefits liabilities are as follows:

	2010 Number of years	2009 Number of years
Male current age 65	**87.5**	87.4
Female current age 65	**90.4**	90.3

For 2010 and 2009, mortality has been assumed to follow the SAPS Series 1 Normal Health tables, with long cohort improvements from 2003 based on year of birth, subject to minimum funding improvements of 1% per annum.

Mortality rates for the new Stratos DB Plan for a male and female currently aged 65 are 84.6 and 87.5 years respectively. These mortality rates are based on the mortality tables GBM/V 2010-2060, published by the Dutch Actuarial Association. These tables include a best estimate of the mortality trend up to 2060; no age set back has been applied.

For the Stratos unfunded early retirement plan the payment of supplementary old age pension will end on the last day of the month prior to the month in which the employee reaches the age of 65 or on the last day of the month in which the employee deceases.

The assets held in respect of the Inmarsat Global's and Stratos' defined benefit scheme and the expected rates of return were:

	As at 31 December 2010		
	Long-term rate of return expected %	Value (US$ in millions)	Percentage of total plan assets %
Equities	**8.05%**	**52.2**	**79.82%**
Cash	**5.00%**	**0.4**	**0.61%**
Bonds	**4.90%**	**11.0**	**16.82%**
Other	**6.15%**	**1.8**	**2.75%**
Fair value of scheme assets		**65.4**	

	As at 31 December 2009		
	Long-term rate of return expected %	Value (US$ in millions)	Percentage of total plan assets %
Equities	8.15%	46.8	86.99%
Cash	4.75%	–	–
Bonds	5.00%	5.3	9.85%
Other	6.30%	1.7	3.16%
Fair value of scheme assets		53.8	

Amounts recognised in the Balance Sheet are:

(US$ in millions)	As at 31 December 2010	As at 31 December 2009
Present value of Inmarsat Global's funded defined benefit obligations (pension)	**(70.4)**	(68.6)
Present value of Inmarsat Global's unfunded defined benefit obligations (post-retirement healthcare)	**(29.8)**	(33.2)
Present value of Stratos unfunded defined benefit obligations (pension)	**(4.1)**	(4.4)
Fair value of Inmarsat Global's defined benefit assets	**65.0**	53.8
Fair value of Stratos defined benefit assets	**0.4**	–
Net defined benefit liability recognised in the Balance Sheet	**(38.9)**	(52.4)

Analysis of the movement in the present value of the defined benefit obligations is as follows:

(US$ in millions)	Inmarsat Global Defined benefit pension plan	Stratos Defined benefit pension plans	Post-retirement medical benefits
At 1 January 2009	41.9	4.8	19.8
Current service cost	1.1	0.1	0.8
Interest cost	3.4	0.1	1.6
Actuarial loss	17.4	0.5	9.3
Foreign exchange loss/(gain)	4.0	(0.1)	2.0
Benefits paid	(0.2)	(1.0)	(0.3)
Contributions by pension participants	1.0	–	–
At 31 December 2009	68.6	4.4	33.2
Current service cost	**1.4**	**0.8**	**1.0**
Interest cost	**3.5**	**0.2**	**1.7**
Actuarial gain	**(2.2)**	**–**	**(4.8)**
Foreign exchange gain	**(1.8)**	**(0.3)**	**(1.0)**
Benefits paid	**(0.2)**	**(1.0)**	**(0.3)**
Contributions by pension participants	**1.1**	**–**	**–**
At 31 December 2010	**70.4**	**4.1**	**29.8**

Analysis of the movement in the fair value of the assets of the defined benefit pension plans are as follows:

(US$ in millions)	Inmarsat Global	Stratos
At 1 January 2009	35.0	–
Expected return on plan assets	3.7	–
Actuarial gain	5.8	–
Contributions by employer	5.4	–
Contributions by pension participants	1.0	–
Benefits paid	(0.2)	–
Foreign exchange gain	3.1	–
At 31 December 2009	53.8	–
Expected return on plan assets	**4.0**	**(0.1)**
Actuarial gain	**2.9**	**–**
Contributions by employer	**4.9**	**0.5**
Contributions by pension participants	**1.1**	**–**
Benefits paid	**(0.2)**	**–**
Foreign exchange loss	**(1.5)**	**–**
At 31 December 2010	**65.0**	**0.4**

Amounts recognised in the Income Statement in respect of the plans are as follows:

	2010			2009		
(US$ in millions)	**Inmarsat Global Defined benefit pension plan**	**Stratos Defined benefit pension plans**	**Post-retirement healthcare benefits**	Inmarsat Global Defined benefit pension plan	Stratos Defined benefit pension plans	Post-retirement healthcare benefits
Current service cost	**1.4**	**0.8**	**1.0**	1.1	0.1	0.8
Interest cost	**3.5**	**0.2**	**1.7**	3.4	0.1	1.6
Expected return on pension assets	**(4.0)**	**0.1**	**–**	(3.7)	–	–
Foreign exchange (gain)/loss	**(0.3)**	**(0.3)**	**(1.0)**	0.9	(0.1)	2.0
	0.6	**0.8**	**1.7**	1.7	0.1	4.4
Actual return on plan assets gain/(loss)	**6.9**	**(0.1)**	**–**	10.5	–	–

Current services costs for 2010 are included within employee benefit costs (note 7). The net financing costs together with foreign exchange losses are included within interest payable (note 9).

Amounts recognised in the Statement of Comprehensive Income in respect of the plans are as follows:

(US$ in millions)	2010 Inmarsat Global Defined benefit pension plan	2010 Stratos Defined benefit pension plans	2010 Post-retirement healthcare benefits	2009 Inmarsat Global Defined benefit pension plan	2009 Stratos Defined benefit pension plans	2009 Post-retirement healthcare benefits
Net actuarial (gains)/losses	**(5.1)**	**–**	**(4.8)**	11.6	0.5	9.3

The cumulative amounts recognised in the Statement of Comprehensive Income in respect of the plans are as follows:

(US$ in millions)	2010 Inmarsat Global Defined benefit pension plan	2010 Stratos Defined benefit pension plans	2010 Post-retirement healthcare benefits	2009 Inmarsat Global Defined benefit pension plan	2009 Stratos Defined benefit pension plans	2009 Post-retirement healthcare benefits
Cumulative pre-tax actuarial losses/(gains)	**7.9**	**(1.9)**	**11.3**	13.1	(1.9)	16.1

History of experience gains and losses:

(US$ in millions)	2010 Inmarsat Global Defined benefit pension plan	2010 Stratos Defined benefit pension plans	2010 Post-retirement healthcare benefits
Present value of defined benefit obligations (US$ in millions)	**(70.4)**	**(4.1)**	**(29.8)**
Fair value of plan assets (US$ in millions)	**65.0**	**0.4**	**–**
Deficit in plans (US$ in millions)	**(5.4)**	**(3.7)**	**(29.8)**
Experience (losses)/gains on plan liabilities (US$ in millions)	**–**	**(0.2)**	**4.1**
Percentage of plan liabilities	**0.0%**	**(4.4%)**	**13.9%**
Experience losses on plan assets (US$ in millions)	**2.9**	**–**	**–**
Percentage of plan assets	**4.4%**	**–**	**–**

(US$ in millions)	2009 Inmarsat Global Defined benefit pension plan	2009 Stratos Defined benefit pension plans	2009 Post-retirement healthcare benefits	2008 Inmarsat Global Defined benefit pension plan	2008 Stratos Defined benefit pension plans	2008 Post-retirement healthcare benefits
Present value of defined benefit obligations (US$ in millions)	(68.6)	(4.4)	(33.2)	(41.9)	(4.8)	(19.8)
Fair value of plan assets (US$ in millions)	53.8	–	–	35.0	–	–
Deficit in plans (US$ in millions)	(14.8)	(4.4)	(33.2)	(6.9)	(4.8)	(19.8)
Experience (losses)/gains on plan liabilities (US$ in millions)	(0.3)	0.5	0.1	–	0.2	(7.1)
Percentage of plan liabilities	(0.4%)	11.4%	0.3%	0.0%	4.3%	(35.9%)
Experience losses/(gains) on plan assets (US$ in millions)	5.8	–	–	(14.7)	–	–
Percentage of plan assets	10.8%	–	–	(42.0%)	–	–

	2007 Inmarsat Global Defined benefit pension plan	2007 Stratos Defined benefit pension plans	2007 Post-retirement healthcare benefits	2006 Inmarsat Global Defined benefit pension plan	2006 Post-retirement healthcare benefits
Present value of defined benefit obligations (US$ in millions)	(58.2)	(7.9)	(22.3)	(56.3)	(22.0)
Fair value of plan assets (US$ in millions)	51.6	–	–	41.1	–
Deficit in plans (US$ in millions)	(6.6)	(7.9)	(22.3)	(15.2)	(22.0)
Experience gains on plan liabilities (US$ in millions)	–	–	0.3	3.4	0.3
Percentage of plan liabilities	0.0%	0.0%	1.3%	6.0%	1.4%
Experience gains on plan assets (US$ in millions)	(0.3)	–	–	(0.2)	–
Percentage of plan assets	(0.6%)	–	–	(0.5%)	–

The estimated contributions expected to be paid into the Inmarsat Global defined benefit pension plan during 2011 are US$4.7m (2010: actual US$4.9m).

The estimated contributions expected to be paid into the Stratos DB pension plans during 2011 are US$0.5m.

The healthcare cost trend rate assumption for Inmarsat Global's post-retirement healthcare benefits has a significant effect on the amounts recognised in the Income Statement in respect of the post-retirement medical benefits. Increasing the assumed healthcare cost trend rate by one percentage point would have increased the post-retirement medical benefit obligation as of 31 December 2010 by US$8.0m (2009: US$9.5m) and the aggregate of the service cost and interest cost by US$0.8m (2009: US$0.7m). Decreasing the assumed healthcare cost trend rate by one percentage point would have reduced the post-retirement medical benefit obligation as of 31 December 2010 by US$6.0m (2009: US$7.0m), and the aggregate of the service cost and interest cost by US$0.6m (2009: US$0.5m).

29. Acquisitions

On 12 January 2010, we completed the acquisition of the business and assets of Segovia, Inc. ('Segovia') for an initial consideration of US$110.0m, and may pay additional amounts depending on the performance of the acquired business over the three years following the acquisition. Segovia is a leading provider of secure IP managed solutions and services to United States government agencies and other commercial customers. We have acquired Segovia in order to strengthen our relationships with key government customers across land, maritime and aeronautical environments as well as to bring enhanced services to the government sector generally. The management team that was in place before the acquisition continues to operate Segovia as a separate business.

The acquisition of Segovia has been accounted for using the purchase method of accounting in accordance with IFRS 3 (2008), 'Business Combinations'. The consolidated results of the Group for 2010 include the financial results of Segovia for the period from 12 January 2010 to 31 December 2010. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

During the year ended 31 December 2010, the allocation of the purchase consideration was finalised. As a result of this review, the Group recognised identifiable intangible assets of US$113.7m (refer to table below) and goodwill of US$27.2m. Goodwill represents the excess of the purchase consideration over the fair value of the assets and liabilities acquired. Qualitatively, goodwill represents among other factors, the assembled workforce, which is not separately identified as part of the purchase price allocation. In addition, the Group believes that Segovia's expertise in designing, deploying and operating mixed satellite and terrestrial networks, particularly in the government and military environment, will generate value for the Group through future customer relationships.

During the year ended 31 December 2009, the Group recognised US$3.9m of transaction costs directly associated with the acquisition of Segovia as an expense in the Income Statement.

The allocation of the purchase consideration to the net assets and liabilities of Segovia, based on information up to 31 December 2010, is as follows:

(US$ in millions)	Book value	Fair value adjustments	Fair value at acquisition date
Net assets acquired:			
Intangible assets[a][b]	–	113.7	113.7
Property, plant and equipment[b]	3.3	–	3.3
Total non-current assets	**3.3**	**113.7**	**117.0**
Restricted cash[c]	6.0	–	6.0
Trade and other receivables[d]	12.9	–	12.9
Inventories	1.5	–	1.5
Total current assets	**20.4**	**–**	**20.4**
Trade and other payables	(2.8)	–	(2.8)
Deferred revenue	(14.9)	–	(14.9)
Total liabilities	**(17.7)**	**–**	**(17.7)**
Identifiable net assets	**6.0**	**113.7**	**119.7**
Allocated purchase consideration:			
Cash consideration			110.0
Contingent consideration[e]			36.9
Total allocated purchase consideration			**146.9**
Goodwill recognised[f]			**27.2**

(a) The increase in intangible assets consists of US$108.9m of customer relationships and US$4.8m in relation to the Segovia trade name, which are to be amortised over their useful lives of fourteen and ten years respectively.
(b) Includes US$0.3m software which has subsequently been reclassified from property, plant and equipment to intangible assets.
(c) Restricted cash relates to cash received from customers for the advance payment of services.
(d) The book value of trade receivables of US$11.1m, included within trade and other receivables, approximates to their fair value and the entire balance is deemed collectable.
(e) The contingent consideration arrangement requires Inmarsat to pay the former owners of Segovia an amount in respect of each of the calendar years ending 31 December 2010, 2011 and 2012 (the 'Earn-Out Payments'), subject to Segovia achieving certain specified EBITDA and Capital Expenditure targets. The potential undiscounted amount of all future Earn-Out Payments that Inmarsat could be required to make under the contingent consideration arrangement is between US$nil and US$139.0m. The fair value of the contingent consideration arrangement of US$36.9m is based on the probability-adjusted Earn-Out Payments and the application of a discount rate of 14.0%.
(f) The total goodwill recognised of US$27.2m is deductible for tax purposes over a fifteen-year period.

The contingent consideration element relating to 2010 is estimated at US$13.0m. We accounted for US$10.9m of the contingent consideration as part of the initial purchase accounting, with the additional US$2.1m being recorded directly in the Income Statement in 2010. This additional contingent consideration arose due to better than expected performance in 2010 and has been recorded directly in the income statement in line with IFRS 3 (2008).

The revenue included in the Income Statement for 2010, contributed by Segovia since the acquisition date, was US$84.3m. Segovia also contributed a profit after tax of US$10.3m during 2010. Given the close proximity of the acquisition date to the beginning of the year, Segovia's contribution to the Income Statement, assuming the transaction had occurred on 1 January 2010, would not be materially different from their actual contribution from the date of acquisition.

30. Operating lease and other commitments

The Group's future aggregate minimum lease payments under non-cancellable operating leases are as follows:

(US$ in millions)	As at 31 December 2010	As at 31 December 2009
Within one year	**43.0**	22.8
Within two to five years	**60.3**	57.3
After five years	**92.9**	106.9
	196.2	187.0

Operating lease commitments relate to leased office space, primarily of the Group's head office located at 99 City Road, London, and various non-cancellable network service contracts and maintenance contracts, which have varying terms.

In addition the Group has the following purchase commitments, relating to future obligations to purchase space segment capacity:

(US$ in millions)	As at 31 December 2010	As at 31 December 2009
Within one year	**35.1**	10.4
Within two to five years	**20.2**	10.0
	55.3	20.4

The total of future sub-lease payments expected to be received under non-cancellable sub leases at 31 December 2010 relating to the above head office lease is US$6.8m over five years (as at 31 December 2009: US$1.1m over one year).

The Group has various agreements deriving revenue from designated leased capacity charges. These amounts are recorded as revenue on a straight-line basis over the respective lease terms. The Group's future aggregate minimum lease payments under non-cancellable operating leases expected to be received (including Inmarsat Global and Stratos but excluding intragroup amounts) are as follows:

(US$ in millions)	As at 31 December 2010	As at 31 December 2009
Within one year	**85.2**	58.6
Within two to five years	**8.3**	1.2
	93.5	59.8

31. Capital risk management

The following table summarises the capital of the Group:

(US$ in millions)	As at 31 December 2010	As at 31 December 2009
As per Balance Sheet		
Cash and cash equivalents	**(343.8)**	(226.8)
Borrowings	**1,460.9**	1,512.9
Net debt	**1,117.1**	1,286.1
Equity attributable to shareholders of the parent	**1,088.0**	969.5
Capital	**2,205.1**	2,255.6

The Group's objective when managing its capital is to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group continually evaluates sources of capital and may repurchase, refinance, exchange or retire current or future borrowings and/or debt securities from time to time in private or open-market transactions, or by any other means permitted by the terms and conditions of borrowing facilities and debt securities. Additionally, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group uses a maximum ratio of net borrowings to EBITDA as an internal planning parameter and in regular forecasting and monitoring activities. In addition, movements in cash and borrowings as well as total available liquidity are monitored regularly.

The net borrowing to EBITDA ratio for the year ending 31 December 2010 is 1.64 (2009: 2.22).

The following table sets out total available liquidity of the Group:

(US$ in millions)	As at 31 December 2010	As at 31 December 2009
Cash and cash equivalents (note 16)	**343.8**	226.8
Available but undrawn borrowing facilities (note 19)	**300.0**	210.0
Total available liquidity	**643.8**	436.8

No changes were made in the Group's objectives, policies or processes for managing capital in the years ended 31 December 2010 and 2009.

32. Financial instruments

Treasury management and strategy

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

Key features of treasury management include:

- ensuring that the Group is in a position to fund its obligations in appropriate currencies as they fall due;
- maintaining adequate undrawn borrowing facilities;
- economically hedging both contracted and anticipated foreign currency cash flows on a minimum 12 months rolling basis with the option of covering exposures up to a maximum of three years forward;
- interest rate hedging; and
- maximising return on short-term investments.

Treasury activities are only transacted with counterparties who are approved relationship banks.

Treasury foreign exchange policy is implemented primarily through the use of forward purchases of foreign currencies. The treasury department is, however, authorised to use purchased options, futures and other derivative instruments, but only to the extent that such instruments form part of the hedging policy so as to establish a known rate of exchange.

Having arranged the purchase of foreign currency in line with the anticipated requirement for that currency over each financial year, an average rate of exchange is calculated from the agreed currency deals. This average rate is applied as per requirements of IAS 21. The policy is designed to minimise the impact of currency gains and losses in the Income Statement; gains and losses will arise to the extent that the level of actual payments in the period are different from those that were forecast.

Financial instruments by category

The following table sets out the categorisation of financial assets and liabilities in terms of IAS 39:

	As at 31 December 2010			As at 31 December 2009		
(US$ in millions)	**Loans and receivables**	**Derivatives used for hedging**	**Total**	Loans and receivables	Derivatives used for hedging	Total
Assets as per Balance Sheet						
Trade and other receivables[(a)]	**203.0**	**–**	**203.0**	176.2	–	176.2
Cash and cash equivalents	**343.8**	**–**	**343.8**	226.8	–	226.8
Derivative financial instruments	**–**	**14.3**	**14.3**	–	24.1	24.1
	546.8	**14.3**	**561.1**	403.0	24.1	427.1

(a) Consists of trade receivables and other receivables (see note 17).

	As at 31 December 2010			As at 31 December 2009		
(US$ in millions)	**Derivatives used for hedging**	**Other financial liabilities**	**Total**	Derivatives used for hedging	Other financial liabilities	Total
Liabilities as per Balance Sheet						
Borrowings	**–**	**1,460.9**	**1,460.9**	–	1,512.9	1,512.9
Trade and other payables[(a)]	**–**	**178.6**	**178.6**	–	129.2	129.2
Derivative financial instruments	**26.5**	**–**	**26.5**	27.0	–	27.0
	26.5	**1,639.5**	**1,666.0**	27.0	1,642.1	1,669.1

(a) Consists of trade payables, ACeS deferred consideration, SkyWave deferred consideration, other deferred consideration and other payables (see note 20).

The table below analyses the Group's financial liabilities and net-settled derivative financial instruments into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying values as the impact of discounting is not significant.

	As at 31 December 2010				
(US$ in millions)	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Borrowings[a]	123.6	549.2	304.3	884.6	1,861.7
Derivative financial instruments	12.9	7.9	5.7	–	26.5
Trade and other payables	120.3	21.3	15.9	21.1	178.6
	256.8	578.4	325.9	905.7	2,066.8

(a) Includes interest obligations on the Senior Notes due 2017, Senior Credit Facility, EIB Facility and Convertible Bond. Interest obligations on the Revolving Credit Facility assume the current balance is held to maturity in May 2012. The interest obligations do not take into account the impact of interest rate swaps and assume no changes in floating interest rates from the year end.

	As at 31 December 2009				
(US$ in millions)	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Borrowings[a]	193.1	143.1	893.0	786.9	2,016.1
Derivative financial instruments	14.1	7.8	5.1	–	27.0
Trade and other payables	101.6	10.4	3.7	13.5	129.2
	308.8	161.3	901.8	800.4	2,172.3

(a) Includes interest obligations on the Senior Notes due 2017, Senior Credit Facility, Convertible Bond, Stratos Senior Credit Facility and Stratos Senior Unsecured Notes. Interest obligations on the Revolving Credit Facility assume the current balance is held to maturity in May 2012. The interest obligations do not take into account the impact of interest rate swaps and assume no changes in floating interest rates from the year end.

Net fair values of derivative financial instruments

The Group's derivative financial instruments as at 31 December 2010 consist of forward foreign currency contracts and interest rate swaps. The interest rate swaps and approximately 90% of forward foreign currency contracts (2009: 90%) are designated cash flow hedges.

The net fair values at the Balance Sheet date were:

(US$ in millions)	As at 31 December 2010	As at 31 December 2009
Contracts with positive fair values:		
Forward foreign currency contracts – designated cash flow hedges	13.4	23.7
Forward foreign currency contracts – undesignated	0.9	0.4
Contracts with negative fair values:		
Forward foreign currency contracts – designated cash flow hedges	(0.6)	(1.3)
Total forward exchange currency contracts	13.7	22.8
Interest rate swap – designated cash flow hedge	(25.9)	(25.7)
Total net fair value	(12.2)	(2.9)
Less non-current portion		
Forward foreign currency contracts – designated cash flow hedges	6.9	12.0
Interest rate swap – designated cash flow hedge	(13.6)	(12.9)
Current portion	(5.5)	(2.0)

The full value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and, as a current asset or liability if the maturity of the hedged item is less than 12 months.

The fair value of foreign exchange contracts performed by management are based upon a valuation provided by the counterparty and are classified as level 2 in the fair value hierarchy according to IFRS 7. The fair value of foreign exchange contracts are based upon the difference between the contract amount at the current forward rate at each period end and the contract amount at the contract rate, discounted at a variable risk free rate at the period end.

The fair value of the interest rate swaps performed by management are based upon a valuation provided by the counterparty and are classified as level 2 in the fair value hierarchy according to IFRS 7. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

Forward foreign exchange

The following table sets out the face value and fair value of forward foreign exchange contracts outstanding for the Group as at 31 December 2010 and 2009:

	As at 31 December 2010				
Outstanding forward foreign exchange contracts (in millions)	**Face value**	**Maturing within 1 year**	**Maturing between 1 and 2 years**	**Maturing between 2 and 5 years**	**Fair value (US$)**
GBP contracts	**£128.5**	**£66.5**	**£62.0**	**–**	**7.2**
Euro contracts	**€122.1**	**€74.3**	**€47.8**	**–**	**5.6**
Canadian dollar contracts	**$19.5**	**$15.6**	**$3.9**	**–**	**0.9**
					13.7

	As at 31 December 2009				
Outstanding forward foreign exchange contracts (in millions)	Face value	Maturing within 1 year	Maturing between 1 and 2 years	Maturing between 2 and 5 years	Fair value (US$)
GBP contracts	£79.3	£70.3	£9.0	–	8.3
Euro contracts	€129.6	€40.5	€45.2	€43.9	14.9
Canadian dollar contracts	$19.2	$19.2	–	–	(0.4)
					22.8

As at the reporting date the aggregate amount of gains under forward exchange contracts deferred in the cash flow hedge reserve relating to these anticipated future transactions is US$0.8m (2009 gain: US$15.8m). It is anticipated that expenditure will be incurred during the next 2 years during which the amount deferred in equity will be released into the Income Statement.

Interest rate swap

The following table details the notional principal amounts and remaining terms of interest rate swap contracts outstanding for the Group as at 31 December 2010:

	Average contracted fixed interest rate		Notional principal amount		Fair value	
Outstanding floating for fixed contracts	**2010 %**	2009 %	**2010 (US$ in millions)**	2009 (US$ in millions)	**2010 (US$ in millions)**	2009 (US$ in millions)
Less than 1 year	**4.50%**	–	**100.0**	–	**(12.3)**	(12.8)
1 to 2 years	**–**	4.50%	**–**	100.0	**(7.9)**	(7.8)
2 to 5 years	**4.93%**	4.93%	**200.0**	200.0	**(5.7)**	(5.1)
5 years +	**–**	–	**–**	–	**–**	–
			300.0	300.0	**(25.9)**	(25.7)

Under the interest rate swaps the Group receives quarterly floating interest (three-month USD LIBOR) to offset floating interest payable. Gains or losses will reverse in the Income Statement when the swaps expire. In 2009, the Group recognised a credit of US$0.6m directly in the Income Statement as a result of ineffectiveness arising on designated interest rate swaps (2010: US$nil).

Non-derivative financial assets and financial liabilities

Non-derivative financial assets consist of cash at bank, short-term and long-term investments, trade debtors and other debtors.

Non-derivative financial liabilities consist of bank overdrafts, deferred satellite payments, Senior Credit Facilities, Senior Notes due 2017, the EIB Facility, Convertible Bonds, accrued and accreted interest on borrowings, trade creditors and other creditors. In 2009, includes the Stratos Senior Credit Facilities and Stratos Senior Unsecured Notes.

Fair value of non-derivative financial assets and financial liabilities

With the exception of the Senior Notes due 2017 and Convertible Bonds, the fair values of all non-derivative financial instruments approximate to the carrying value in the Balance Sheet. In 2009, includes the Stratos Senior Unsecured Notes.

The following methods and assumptions have been used to determine fair values:

- The fair values of cash at bank, overdrafts and short-term deposits approximate their carrying values because of the short-term maturity of these instruments (see note 16).
- The fair value of trade and other receivables and payables approximate their carrying values (see notes 17 and 20 respectively).
- The carrying amount of deferred satellite payments represents the present value of future payments discounted, using an appropriate rate, at the period end. This carrying amount approximately equals fair value (see note 19).
- Senior Credit Facilities are reflected in the Balance Sheet as at 31 December 2010 net of unamortised arrangement costs of US$6.1m (2009: US10.6m). The fair value approximates the carrying value (see note 19).
- The Senior Notes due 2017 are reflected in the Balance Sheet as at 31 December 2010 net of unamortised arrangement costs and issuance discount of US$10.8m and US$4.2m (2009: US$12.5m and US$4.8m), respectively (see note 19). The fair values of the Senior Notes due 2017 are based on the market price of the bonds as at 31 December 2010 and are reflected in the table below.
- The EIB Facility is reflected in the Balance Sheet as at 31 December 2010 net of unamortised arrangement costs of US$2.6m (2009: US$nil). The fair value approximates the carrying value (see note 19).
- The liability component of the Convertible Bond is reflected in the Balance Sheet as at 31 December 2010 on an amortised cost basis, net of unamortised arrangement costs of US$2.6m (2009: US$3.6m) (see note 19). The fair value of the Convertible Bond is based on the market price of the bonds as at 31 December 2010 and is reflected in the table below.
- The Stratos Senior Credit Facilities and Stratos Senior Unsecured Notes were redeemed in May and June 2010 respectively. (see note 19).

	As at 31 December 2010		As at 31 December 2009	
(US$ in millions)	**Carrying amount**	**Fair value amount**	Carrying amount	Fair value amount
Senior Notes due 2017	**(650.0)**	**(683.7)**	(650.0)	(661.4)
Convertible Bond	**(285.2)**	**(354.2)**	(264.9)	(331.8)
Stratos Senior Unsecured Notes[a]	**–**	**–**	(86.8)	(91.8)

(a) At 31 December 2009 includes US$63.2m of the aggregate principal amount outstanding which was owned by the Group (see note 19).

33. Capital commitments

The Group had authorised and contracted but not provided for capital commitments as at 31 December 2010 of US$931.2m (2009: US$394.5m). These amounts primarily represent commitments in respect of the Alphasat and Global Xpress projects.

34. Related party transactions

In the normal course of operations Stratos engages in transactions with its equity owned investees Navarino Telecom SA and NTS Maritime Limited (together 'Navarino') and JSAT Mobile Communications Inc. These transactions represent sales of airtime and equipment and are measured at the amounts exchanged. Group revenue from the related parties for the 2010 financial year was US$22.1m and US$8.6m respectively (2009: US$23.1m and US$0.2m respectively). The amount receivable from the related party at 31 December 2010 was US$10.0m and US$2.4m, respectively (2009: US$8.4m and US$nil, respectively).

Remuneration paid to key management personnel, being the Executive Staff (including Executive Directors) of the Company, during the year is as follows:

(US$ in millions)	**2010**	2009
Short-term employee benefits[a]	**8.8**	14.2
Post-employment benefits	**0.2**	0.2
Share-based payment[a]	**6.6**	6.5
Total remuneration	**15.6**	20.9

(a) Includes employers National Insurance or other social security contributions.

The amount owing to the Executive Staff (including Executive Directors) as at 31 December 2010 and 2009 was US$3.1m and US$8.0m respectively.

Management believes that all related party transactions were made on an arm's length basis.

35. Principal subsidiary undertakings

At 31 December 2010, the Company had investments in the following principal subsidiaries that have a significant impact on the consolidated results and total assets of the Group. To avoid a statement of excessive length, details of subsidiaries and associates which are not significant have been omitted from this list. A full list of subsidiaries and associates will be annexed to the Company's next annual return to be filed with the Registrar of Companies.

	Principal activity	Country of incorporation and operation	**Interest in issued ordinary share capital at 31 December 2010**	Interest in issued ordinary share capital at 31 December 2009
Inmarsat B.V.	Service provider	The Netherlands	**100%**	100%
Inmarsat Employment Company Limited	Employment company	Jersey	**100%**	100%
Inmarsat Finance plc	Finance company	England and Wales	**100%**	100%
Inmarsat Global Limited	Satellite telecommunications	England and Wales	**100%**	100%
Inmarsat Group Limited	Holding company	England and Wales	**100%**	100%
Inmarsat Holdings Limited	Holding company	England and Wales	**100%**	100%
Inmarsat Inc.	Service provider	USA	**100%**	100%
Inmarsat Investments Limited	Holding company	England and Wales	**100%**	100%
Inmarsat Leasing (Two) Limited	Satellite leasing	England and Wales	**100%**	100%
Inmarsat Navigation Ventures Limited	Operating company	England and Wales	**100%**	100%
Inmarsat Services Limited	Employment company	England and Wales	**100%**	100%
Inmarsat Ventures Limited	Holding company	England and Wales	**100%**	100%
Segovia, Inc[a]	Holding company	USA	**100%**	100%
Moskowskij Teleport	Operating company	Russia	**80%**	80%
Stratos Communications Inc.	Operating company	USA	**100%**	100%
Stratos Global Limited	Operating company	England and Wales	**100%**	100%
Stratos Global Solutions Limited[b]	Holding company	England and Wales	**100%**	100%
Stratos Government Services Inc.	Operating company	USA	**100%**	100%
Stratos Mobile Networks Inc.	Operating company	USA	**100%**	100%
Stratos New Zealand Limited	Operating company	New Zealand	**100%**	100%
Stratos Offshore Services Company	Operating company	USA	**100%**	100%
Stratos Wireless Inc.[c]	Operating company	Canada	**100%**	100%
Stratos B.V.[d]	Operating company	The Netherlands	**100%**	100%
Stratos Global Singapore Pte Ltd.[e]	Operating company	Singapore	**100%**	100%
Stratos Hong Kong Ltd.[f]	Operating company	Hong Kong	**100%**	100%

(a) Hornet Acquisition, Inc. was incorporated in November 2009 and was renamed Segovia, Inc. in January 2010.
(b) CIP UK Holdings Limited was renamed Stratos Global Solutions Limited in December 2010.
(c) In June 2010 there was an amalgamation of Stratos Wireless Inc., Stratos Global Corporation and CIP Canada Investment Inc. with the resulting company called Stratos Wireless Inc.
(d) Xantic Sales B.V. merged into Xantic B.V. in September 2010. Xantic B.V. subsequently changed its name to Stratos B.V. in November 2010.
(e) Xantic Mobile Satellite Services Singapore Pte Ltd changed its name to Stratos Global Singapore Pte Ltd in December 2010.
(f) Xantic Hong Kong Ltd changed its name to Stratos Hong Kong Ltd in January 2011.

36. Events after the balance sheet date

Subsequent to 31 December 2010 other than the events discussed above there have been no other material events, which would affect the information reflected in the consolidated financial statements of the Group.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INMARSAT PLC

We have audited the Parent Company financial statements of Inmarsat plc for the year ended 31 December 2010 which comprise the Balance Sheet, the Cash Flow Statement, the Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ('IFRSs') as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006.

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

Respective responsibilities of Directors and Auditors

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the Parent Company financial statements:

- give a true and fair view of the state of the Parent Company's affairs as at 31 December 2010;
- have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the Parent Company financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the consolidated financial statements of Inmarsat plc for the year ended 31 December 2010.

Panos Kakoullis FCA
Senior Statutory Auditor
for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor
London, United Kingdom
7 March 2011

COMPANY BALANCE SHEET

(US$ in millions)	As at 31 December 2010	As at 31 December 2009
Assets		
Non-current assets		
Investments[a]	**1,043.2**	714.1
Other receivables[b]	**5.7**	345.9
Deferred income tax asset	**1.1**	1.0
	1,050.0	1,061.0
Current assets		
Cash and cash equivalents	**21.1**	0.4
Trade and other receivables[c]	**1.3**	1.1
Current income tax asset	**7.3**	0.5
	29.7	2.0
Total assets	**1,079.7**	1,063.0
Liabilities		
Current liabilities		
Trade and other payables[d]	**10.6**	8.9
	10.6	8.9
Non-current liabilities		
Borrowings[e]	**285.1**	263.6
	285.1	263.6
Total liabilities	**295.7**	272.5
Net assets	**784.0**	790.5
Shareholders' equity		
Ordinary shares	**0.3**	0.3
Share premium	**683.9**	679.7
Convertible bond reserve	**56.9**	56.9
Other reserves	**25.5**	17.5
Retained earnings	**17.4**	36.1
Total equity	**784.0**	790.5

(a) Investments consist of a US$1,007.8m investment in Inmarsat Holdings Limited (2009: US$676.6m), US$35.4m of capital contributions to Group companies in respect of share-based payments (2009: US$26.4m) and US$nil (2009: US$11.1m) notional capital contribution to Inmarsat Finance III Limited.
(b) Other receivables consist of US$5.7m amounts due from Group companies (2009: US$345.9m).
(c) Trade and other receivables consists of US$1.2m amounts due from Group companies (2009: US$1.1m). In addition, 2010 includes US$0.1m prepayments and accrued income (2009: US$nil).
(d) Trade and other payables consists of US$0.5m due to shareholders in respect of dividends paid during 2010 (2009: US$0.4m), operating accruals of US$2.2m (2009: US$1.6m), and amounts due to Group companies of US$7.5m (2009: US$6.9m). In addition, 2010 includes trade creditors of US$0.4m (2009: US$nil).
(e) Borrowings comprise the Convertible Bond discussed in note 19 to the consolidated financial statements.

The financial statements of the Company, registered number 4886072, on pages 105 and 107 were approved by the Board of Directors on 7 March 2011 and signed on its behalf by

Andrew Sukawaty
Chairman and Chief Executive Officer

Rick Medlock
Chief Financial Officer

COMPANY CASH FLOW STATEMENT

(US$ in millions)	2010	2009
Cash flow from operating activities		
Cash generated (used in)/from operations	**(4.3)**	0.8
Interest received	**0.1**	31.3
Net cash (outflow)/inflow from operating activities	**(4.2)**	32.1
Cash flow from investing activities		
Dividend received from Group companies	**159.0**	144.8
Net cash from investing activities	**159.0**	144.8
Cash flow from financing activities		
Dividends paid to shareholders	**(158.3)**	(146.0)
Interest paid on convertible bond	**(5.1)**	(5.0)
Net proceeds from issue of ordinary shares	**4.2**	0.1
Intercompany funding	**25.1**	(29.4)
Net cash used in financing activities	**(134.1)**	(180.3)
Net increase/(decrease) in cash and cash equivalents	**20.7**	(3.4)
Movement in cash and cash equivalents		
At beginning of year	**0.4**	3.8
Net increase/(decrease) in cash and cash equivalents	**20.7**	(3.4)
As reported on the Balance Sheet (net of bank overdrafts)	**21.1**	0.4
At end of year, comprising		
Cash at bank and in hand	**0.6**	0.4
Short-term deposits with original maturity of less than 3 months	**20.5**	–
	21.1	0.4

COMPANY STATEMENT OF CHANGES IN EQUITY

(US$ in millions)	Ordinary share capital	Share premium account	Convertible bond reserve	Share option reserve	Other reserve[a]	Accumulated profit	Total
Balance at 1 January 2009	0.3	679.6	56.9	18.3	(10.0)	34.0	779.1
Issue of share capital	–	0.1	–	–	–	–	0.1
Profit for the year	–	–	–	–	–	143.6	143.6
Dividends paid	–	–	–	–	–	(141.8)	(141.8)
Share options charge	–	–	–	9.2	–	–	9.2
Tax on share options	–	–	–	–	–	0.3	0.3
Balance at 31 December 2009	**0.3**	**679.7**	**56.9**	**27.5**	**(10.0)**	**36.1**	**790.5**
Issue of share capital	**–**	**4.2**	**–**	**–**	**–**	**–**	**4.2**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**140.2**	**140.2**
Dividends paid	**–**	**–**	**–**	**–**	**–**	**(159.0)**	**(159.0)**
Share options charge/(credit)	**–**	**–**	**–**	**10.0**	**(2.0)**	**–**	**8.0**
Tax on share options	**–**	**–**	**–**	**–**	**–**	**0.1**	**0.1**
Balance at 31 December 2010	**0.3**	**683.9**	**56.9**	**37.5**	**(12.0)**	**17.4**	**784.0**

(a) The other reserve relates to ordinary shares held by the employee share trust.

NOTES TO THE FINANCIAL STATEMENTS

Basis of accounting
During the 2009 financial year the Company converted from UK GAAP to International Financial Reporting Standards ('IFRS'). In the 2010 and 2009 financial statements the Directors have applied IFRS as adopted by the European Union and IFRS as issued by the International Accounting Standards Board.

The accounting policies and financial risk management policies and objectives, where relevant to the Company, are consistent with those of the consolidated Group as set out in notes 2 and 3 to the consolidated financial accounts.

Income Statement
The Company has taken advantage of the exemption available under section 408 of Companies Act 2006 and has not presented an Income Statement. The profit for the year ended 31 December 2010 was US$140.2m (2009: US$143.6m).

Auditors' remuneration
During the year, the Company paid its external Auditors US$0.2m for statutory audit services (2009: US$0.2m).

Employee costs and Directors' remuneration
The average monthly number of people employed during the year was 1 (2009: 1). Total staff costs for 2010 were US$2.7m (2009: US$3.4m). Full details of Directors' remuneration and Directors' share options and share awards are given in the Directors' Remuneration Report.

Foreign currency translation
The functional and reporting currency of the Company is the US dollar as the majority of operational transactions are denominated in US dollars. Transactions not denominated in US dollars during the accounting period have been translated into US dollars at an average hedged rate of exchange. Fixed assets denominated in currencies other than the US dollar have been translated at the spot rates of exchange ruling at the dates of acquisition. Monetary assets and liabilities denominated in currencies other than the US dollar for which the Company has purchased forward exchange contracts have been translated at the average hedged rates of exchange contained in those contracts. Monetary assets and liabilities denominated in currencies other than the US dollar for which the Company has not purchased forward exchange contracts are translated at year end rates. Differences on exchange are dealt with in the profit and loss account.

The exchange rate between US dollars and Pounds Sterling as at 31 December 2010 was US$1.57/£1.00 (2009: US$1.61/£1.00). The average rate and hedged rate between US dollars and Pounds Sterling for 2010 was US$1.55/£1.00 (2009: US$1.56/£1.00) and US$1.49/£1.00 (2009: US$1.92/£1.00) respectively.

Cash generated (used in)/from operations
Reconciliation of operating profit to net cash (outflow)/inflow from operating activities.

(US$ in millions)	**2010**	2009
Profit for the year	**140.2**	143.6
Adjustments for:		
Income tax credit	**(7.1)**	(1.2)
Interest payable	**26.8**	24.6
Interest receivable	**(11.4)**	(22.0)
Dividend receivable	**(159.0)**	(144.9)
Finance costs	**11.2**	–
Non-cash employee benefit costs	**1.1**	1.2
Changes in net working capital:		
(Increase)/decrease in trade and other receivables	**(5.0)**	0.8
Decrease in trade and other payables	**(1.1)**	(1.3)
Cash (used in)/generated from operations	**(4.3)**	0.8

ADDITIONAL INFORMATION

Five-year Summary

(US$ in millions)	**2010**	2009	2008	2007	2006
Revenues	**1,171.6**	1,038.1	996.7	576.5	500.1
EBITDA	**696.1**	594.2	531.2	388.1	331.7
EBITDA %	**59.4%**	57.2%	53.3%	67.3%	66.3%
Profit before income tax	**333.5**	196.9	193.8	124.7	89.8
Profit for year	**261.1**	152.8	355.4	96.3	127.7
Net cash inflow from operating activities	**744.3**	622.1	526.8	390.7	330.0
Net cash used in investing activities	**(295.5)**	(173.7)	(243.2)	(454.8)	(132.4)
Net cash (used in)/provided by financing activities	**(331.5)**	(376.3)	(244.4)	136.7	(189.8)
Total assets	**3,158.0**	2,905.6	2,906.8	2,826.5	1,973.6
Total liabilities	**(2,069.3)**	(1,935.6)	(1,973.1)	(2,093.1)	(1,257.1)
Shareholders' equity	**1,088.7**	970.0	933.7	733.4	716.5

Notes:
1. Results for 2010, 2009 and 2008 include Stratos for the full year. Results for 2007 include 21 days of Stratos trading. Results for 2010 include Segovia from 12 January 2010.

Financial calendar 2011

3 May	Annual General Meeting
11 May	Ex-dividend date for 2010 final dividend
13 May	Record date for 2010 final dividend
27 May	2010 final dividend payment date
August	2011 interim results
October	2011 interim dividend payment

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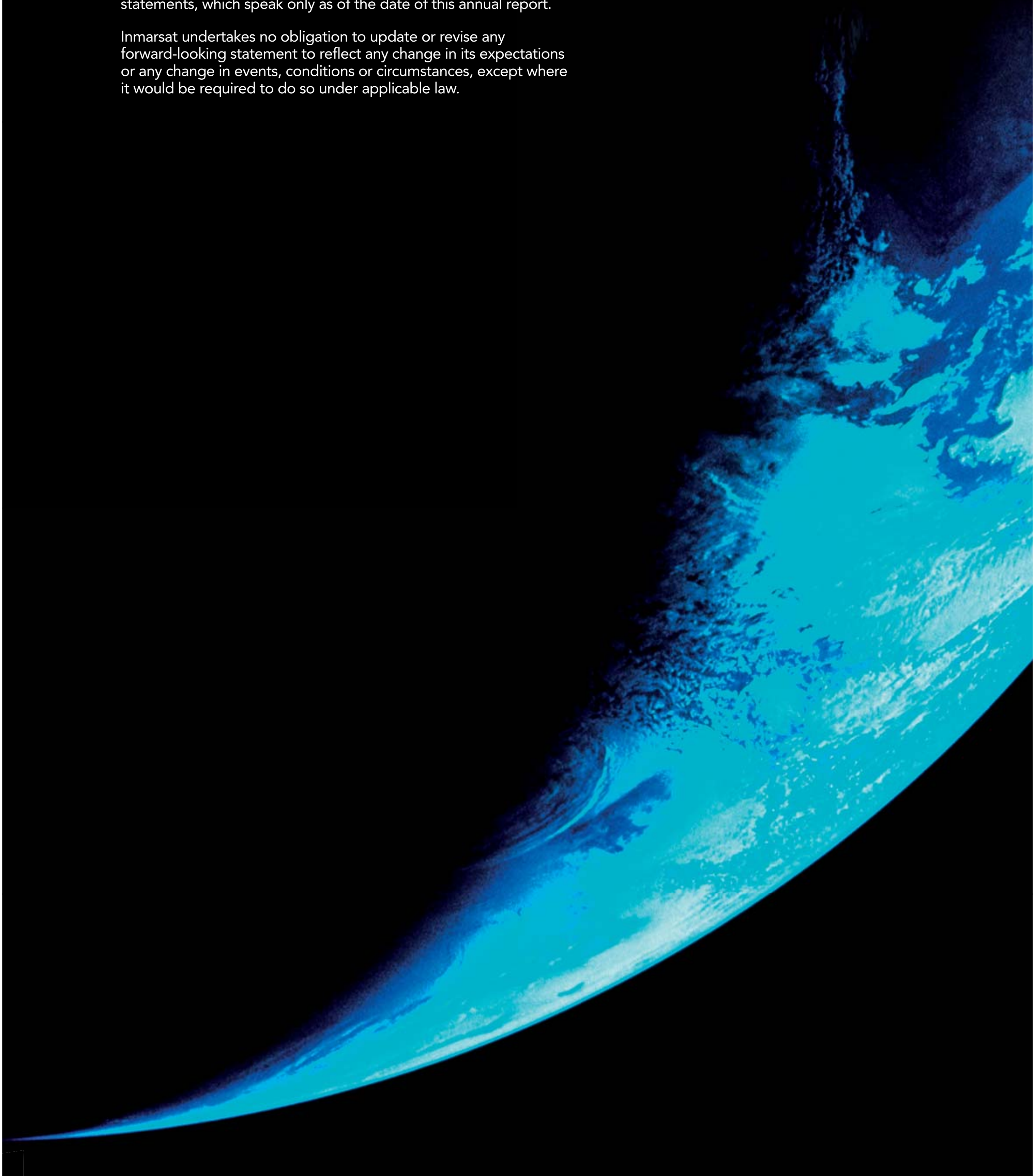
Cautionary statement regarding forward-looking statements
Certain statements in this annual report constitute 'forward-looking statements' within the meaning of the US Private Securities Litigation Reform Act of 1995. These forward-looking statements involve risks, uncertainties and other factors that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

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



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