Press release

INMARSAT RECEIVES PHASE 2 NOTICE FROM LIGHTSQUARED

London: 28 January 2011 – Inmarsat plc (LSE: ISAT.L), the leading provider of global mobile satellite communications services, today announced that it has received notice from LightSquared triggering Phase 2 of the Cooperation Agreement between Inmarsat and LightSquared.

Under Phase 2 of the Cooperation Agreement Inmarsat will support a spectrum plan that increases the total capacity available through the LightSquared network. In return Inmarsat will immediately begin to receive payments of US$115m per annum, payable quarterly in advance. Phase 2 of the Cooperation Agreement has an initial minimum commitment period of 5 years. In connection with the notice announced today, Inmarsat has received a first partial quarterly payment of US$20.1m.

Perry Melton, Inmarsat’s Chief Operating Officer said, “In preparation for the notice received today, Inmarsat has already initiated programmes to ensure our customers are protected from interference risks and has conducted analysis of the issues over an extended period. Inmarsat is confident that the effects on customers will be minimal and, where needed, will be dealt with responsibly.”

The notice for Phase 2 follows the notice given in August 2010 for Phase 1. Under Phase 1 Inmarsat and LightSquared agreed to a plan to enable the rebanding and efficient reuse of L-band radio spectrum covering North America. Phase 1, which is currently being implemented, is designed to increase the contiguous spectrum available to support the deployment of 4G ancillary terrestrial component (“ATC”) services and to protect the continued deployment and growth of MSS activities in North America.

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About Inmarsat
Inmarsat plc (LSE: ISAT) is the leading provider of global mobile satellite communications services. Since 1979, Inmarsat has been providing reliable voice and high-speed data communications to governments, enterprises and other organizations, with a range of services that can be used on land, at sea or in the air. The company's services are delivered through a global network of more than 400 distribution partners and service providers operating in 100 countries. For the year ended 31 December 2009, Inmarsat plc had total revenue of US$1,038.1m (2008: US$996.7m) with an EBITDA of US$594.2m (2008: US$531.2m). For more information, please visit www.inmarsat.com.

About LightSquared
LightSquared’s mission is to revolutionize the U.S. wireless industry. Through the creation of the first-ever wholesale-only nationwide 4G-LTE network complemented by satellite coverage, LightSquared offers people the speed, value, and reliability of universal broadband connectivity, wherever they are in the United States. Through its
wholesale-only business model, those without their own wireless network or who have limited geographic coverage or spectrum can develop and sell their own devices, applications, and services using LightSquared’s open 4G network—at a competitive cost and without retail competition from LightSquared. For further information about LightSquared, please go to www.LightSquared.com.

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ATC QUESTIONS & ANSWERS

Background to ATC

What is ATC?
An Ancillary Terrestrial Component is a terrestrial mobile telecom capability integrated into a mobile satellite system. It combines terrestrial wireless and satellite services, and is similar in concept to the Complementary Ground Component (CGC) approach adopted in Europe.

Is ATC new?
In January 2003, the FCC amended its rules to allow eligible Mobile Satellite Service (MSS) operators to offer ATC. This amendment was made despite the concerns about interference put forward by Inmarsat and Honeywell; however, we actively worked to ensure that our customers were minimally impacted.

Why did the FCC amend the rules?
The Commission said: “ATC operation would serve the public interest by facilitating increased network capacity, more efficient use of spectrum and extension of coverage for handset operation to places where mobile operators have previously been unable to offer reliable service”.

Background to LightSquared

What is LightSquared’s strategy?
LightSquared plans to create a new nationwide 4G LTE wireless broadband network in the United States in the L band mobile satellite spectrum that it shares with Inmarsat and other operators. It is the United States’ first wholesale-only integrated wireless broadband and satellite network.

LightSquared’s network will allow its reseller partners to offer satellite-only, terrestrial-only, or integrated satellite-terrestrial services to their end users. Canada is not included in initial deployment.

What is LightSquared’s role in ATC?
LightSquared’s role is to deploy the ATC network with its partners and to continue to operate its satellite system in North America.
Why did the NTIA recently raise concerns about GPS interference?
NTIA (the US agency representing USG customers) has raised claims of interference and called on the FCC to defer acting on LightSquared’s application until the interference issues are satisfactorily addressed. The concern stems around the possibility of GPS interference and has been an issue that has been discussed at some length since the ATC concept was defined. At least some GPS terrestrial receivers contain no or inadequate filters and they may be subject to interference from signals leaking into the GPS band.

Inmarsat’s manufacturers are aware of the GPS issue and are working to both understand the problem and any practical solutions.

What has LightSquared done to address these concerns?
The potential for GPS-MSS interference has been recognized since at least 2003 when the FCC granted the initial ATC approval. But NTIA (a Dept. of Commerce agency), in its recent letter to the FCC, stressed that as the plan for terrestrial ATC service has evolved, so has the potential risk of interference.

The FCC has now required LightSquared to comply with its proposal to organize an industry group -- including telecom, GPS, chipset and device manufacturers -- to analyze the scope of interference and develop technical solutions, with an initial report due in six months, and $20 million committed to fund the group and its work. The FCC has indicated that LightSquared cannot commence commercial service until the FCC is satisfied with its resolution of the GPS issues.

Background to Inmarsat and ATC

What is the relationship between Inmarsat and LightSquared?
LightSquared and Inmarsat signed an agreement in December 2007 agreeing to terms of sharing L-Band MSS spectrum that would ensure Inmarsat’s customers were protected from interference, while enabling LightSquared (previously known as MSV and then called SkyTerra) to deploy ATC. Inmarsat's goal was to reduce the long term risk around satellite and spectrum coordination, and prepare for the deployment of ATC. Inmarsat felt it was better to work with LightSquared to ensure Inmarsat customers were protected as much as possible.

What are the benefits of the agreement between Inmarsat & LightSquared?

- It reduces uncertainty around satellite and spectrum coordination
- It ensures continued North American market access for Inmarsat
- It protects Inmarsat spectrum against adjacent band interference
- It supports both ATC and MSS
- It enables improved cooperation on co-channel re-use for better spectrum efficiency
- It allows Inmarsat and its customers to use traditional ‘disputed’ spectrum
- It allows for Inmarsat’s input into the deployment of ATC
- It ensures Inmarsat customers can be protected as much as possible from interference from ATC base stations

Is Inmarsat making spectrum available to LightSquared? Will Inmarsat have enough to provide service to all customers?
Now that LightSquared has triggered Phase 2, there is an extended roll-out period during which Inmarsat will co-ordinate spectrum with LightSquared.

Although this will cause an eventual reduction in available L-Band spectrum for Inmarsat services over North America, we will be using that spectrum more efficiently by encouraging customers to upgrade to BGAN/FB/SB as part of our longer term strategy that is well known to our customers. We are confident that we will continue to be able to support all our customers. Furthermore, by 2014, Inmarsat customers will benefit from extensive Ka Band service through its Global Xpress services, via Boeing satellites.

How will Inmarsat operate in North America with less spectrum?
We are confident that, with the measures we have already taken as part of a migration programme to offer enhanced services for customers (such as the Inmarsat B to FB migration incentive; safety services over SB programme), and the efforts we will continue to take (encouraging users to progressively upgrade to much more spectrally efficient BGAN/SB/FB), we will be able to continue to operate our services over North America with minimal impact to our users. With the launch of Global Xpress, we are in an excellent position to service all our customers for decades to come.

How will this new 4G network affect Inmarsat users?
The 4G Base Transceiver Stations (BTS) will be using L-Band frequencies and operating at power levels significantly greater than from a satellite. Inmarsat terminals operating at close proximity and in line of sight to a BTS or a heavily deployed BTS network may experience a degraded quality of service in certain environments. BTS operations are, however, subject to technical and operational requirements considered appropriate to mitigate potential interference, particularly in the maritime and aeronautical contexts.
Which Inmarsat services may be affected?
If you currently use an Inmarsat service in the USA, particularly an older legacy service, in close proximity to a BTS, there is a possibility that you may experience a degradation of service. The extent of that degradation, and the need to mitigate that, depends on the specific type of service offering and the operating environment.

Inmarsat has conducted extensive laboratory testing of terminals to understand and evaluate the impacts of potential BTS interference and evaluate the most effective response.

Inmarsat will continue to evaluate and monitor any such interference as LightSquared begins to deploy the BTS network.

What happens during “service degradation”?
As a terminal gets closer to the BTS, voice calls are likely to become less clear and standard IP throughput speeds may decrease.

When will possible interference happen?
The earliest potential impact could be early H2 2011 in those areas where LightSquared have their initial BTSs. LightSquared and Inmarsat are currently and will continue to work closely together to ensure customers are informed of ATC deployment and any potential impact.

Where will the Base Transceiver Stations be located?
LightSquared has begun to share the detailed information on the deployments plans with Inmarsat. As one would expect from a mobile operator, the focus is on urban centres with high population densities (ie areas where Inmarsat is rarely used).

LightSquared will begin initial BTS deployment at power levels that will have virtually no impact on customers, except in certain rare and specific circumstances. Special protection arrangements are in place for airports, ports, and navigable waterways. Inmarsat has conducted extensive laboratory testing of the potential impact on customers, and the testing programme will continue once a base station is operating.

Will Inmarsat’s obligations to safety services be affected?
Maritime – No effect on our safety services/GMDSS obligations.
Aero – No effect because there is no satellite component to aero safety over CONUS. Oceanic safety services are not affected.

Has Inmarsat cleared this with IMSO?
Inmarsat has kept IMSO fully-briefed.
How will partner and user communities be kept informed?
Inmarsat will be putting in place an outreach programme to ensure that partner and user communities are kept fully appraised of the activities and impacts of BTS deployment.

What does it mean for maritime services?

How will maritime services be affected?
Inmarsat does not anticipate any maritime terminal operating in US coastal waters will be impacted once appropriate mitigation measures are taken. Special protection arrangements will be implemented at ports in order to minimise BTS interference. Additional filtering will be required in some circumstances.

Inmarsat is working with our maritime manufacturers to ensure that future terminals – specifically Inmarsat C and FleetBroadband – will be resilient to the agreed BTS interference levels. Inmarsat anticipates that Inmarsat C and FleetBroadband equipment with the necessary filtering will become available from H2 2011 and early 2012 respectively.

What about FleetBroadband users?
We will evaluate FleetBroadband usage, but current experience shows minimal usage when in port.

What about Inmarsat C users?
ATC does not affect the mandatory IMO requirements for GMDSS.

What about Inmarsat B users?
Inmarsat has already announced the global retirement of Inmarsat B on 31st December 2014 with the maritime community. There is a programme in place to support Inmarsat B users upgrading to FleetBroadband.

What about Fleet users?
For the very small number of Fleet users that may be impacted by BTS interference, Inmarsat will put in place a programme to support an upgrade to FleetBroadband.

What about Mini M maritime users?
For the very small number of Mini M users that may be impacted by BTS interference, Inmarsat will consider a programme to support an upgrade to FleetBroadband.
What does it mean for Land services?

What will be the impact on land-based services?

In extremely rare occasions, BGAN terminals may experience degradation in service, or temporarily not be able to access the network. If a land terminal is operating in close proximity to a base station, there may be a few cases where service will be affected.

A number of factors will need to occur simultaneously for this to happen: the user must be operating the BGAN terminal at very close proximity to a base station and be pointing the terminal towards the base station.

However, it is worth remembering that LightSquared’s focus is on urban centres with high population densities – areas where Inmarsat is rarely used.

Will there be any impact on your recently launched IsatPhone Pro?

In extremely rare occasions, where there are a number of base stations in close proximity to the user, the IsatPhone Pro service may be degraded, or the user may temporarily not be able to access the network.

The service is targeted at those users who require coverage where mobile coverage does not exist and so is unlikely to be used in an urban area close to a BTS.

What does it mean for Aero services?

How will aero services be affected?

Technical restrictions on BTS operations will be in place near airports to minimise the impact of interference. But there will be some Inmarsat terminals, particularly the older Inmarsat “Classic” terminals that may experience degradation in service within close proximity to an ATC base station – e.g. when they are at an airport, or flying over a metropolitan area with a dense BTS deployment.

Inmarsat’s latest Aero Service, SwiftBroadband, is more resilient to any potential interference from ATC as well as providing a whole range of additional services. Therefore, our recommended solution is for aero customers to upgrade to SwiftBroadband. For those customers who do not want to upgrade to SwiftBroadband and wish to have their Classic equipment protected, commercially-available filters can provide protection from ATC interference.

Inmarsat will be working with our aero manufacturers to ensure that future terminals – specifically SwiftBroadband – will be resilient to all likely BTS deployment scenarios that may cause ATC interference.