

Directors' Remuneration Report

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Annual statement from the Remuneration Committee Chairman, Simon Bax

Dear shareholder

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the year ended 31 December 2018.

At our 2018 AGM a majority of shareholders voted against the resolution to approve our remuneration report. This outcome followed a high vote against our remuneration report in 2017. We have heard from those consulted since the AGM that there was no single reason for the high vote against the remuneration report, although during the extensive consultation that we have undertaken it is clear that the overriding issue has been that the level of executive pay was felt to be insufficiently aligned to performance and particularly share price performance.

In relation to the policy itself, even though 90% of shareholders supported the policy in 2017 we have listened to comments that the policy for incentive pay is too high, too focused on the short term and over-complicated by having two incentive plans both of which are deemed to be short term as they measured performance over a single year.

In relation to the application of the policy, investors felt that there was an unhelpful duplication of EBITDA across the plans, insufficient disclosure in relation to the strategic targets in the PSA (our LTIP) and a feeling that the performance conditions have not been sufficiently stretching to justify the remuneration levels paid. Finally, we lagged best practice by not disclosing the performance targets for the annual bonus and BSA immediately, but a year in arrears.

As part of a very comprehensive engagement process with a substantial number of investors and representative bodies, and having listened very carefully and modified our thinking as we have finalised our planning, we are proposing a new policy which will bring our disclosure in line with the standards expected by shareholders. We will simplify the incentive plans, ensure stretching targets are used, reduce the overall remuneration opportunity and improve the alignment of long-term and short-term interests between executives and shareholders. We will bring our disclosure in line with the standards expected by shareholders and provide information for 2018 performance in this Report.

In finalising the outcome of the overall remuneration for 2018, the Committee is using its discretion to reduce significantly the total amount we are paying our executives for performance in 2018 in large part to recognise the overall shareholder experience in 2018.

SIMON BAX
CHAIRMAN,
REMUNERATION
COMMITTEE

Remuneration Report

continued

▲▲ We spent considerable time engaging with shareholders to ensure the new policy and its implementation is appropriate ▼▼

In addition to seeking shareholder approval for a new remuneration policy and the annual shareholder vote on the remuneration report, there is a further resolution to approve an increase to the individual limit in our long-term incentive plan, to facilitate a rebalancing of incentives from short-term to longer-term performance. I very much hope that the changes set out in this report and summarised in my Statement will ensure a positive outcome at the 2019 AGM on all three resolutions.

Performance in 2018 and incentive payments to executives

Business performance during 2018 sets the context for how the Committee has reviewed pay for performance and assessed achievement against objectives.

During the course of the year, we delivered consistent profitable revenue growth, supported by our diversified portfolio, through a combination of our established L-band services and our new, higher growth broadband GX services, particularly in the In-Flight Connectivity segment in Aviation. This growth was delivered in spite of an intensifying competitive environment in the mid-market in Maritime, which, given the relative weighting of Maritime in our revenue base, continues to be an important driver of investor sentiment and, consequently, our share price.

Our revenue growth of 5% for the year was again supported by a focus on operational leverage through a carefully controlled cost base, with EBITDA growing by 4%, and an infrastructure capital investment programme that is expected to meaningfully moderate from the start of the next decade. These factors will help us to generate sustained free cash flow over the medium to long term.

Looking at the specifics of performance from a remuneration viewpoint, the performance conditions for the Annual Bonus and BSA were our Revenue and EBITDA performance and for the Annual Bonus a small part of the overall opportunity was based on the individual performance of the executive directors. At the start of the year our business plan was forecasting relatively flat performance against both Revenue and EBITDA and we were pleased to deliver year on year growth of 5% and 4% respectively against both measures. At the same time there has been strong performance of the executive directors against the achievement of the short-term operational milestones on which their individual performance was based.

For the PSA award granted in 2016, 2018 represented the final year of the three-year performance measurement period. Performance conditions were Total Shareholder Return, EBITDA and Strategic Objectives. Over the three years to 2018, the Company has made good progress against its strategic objectives, which has positioned us well for the future. However, over the three-year performance period we fell short of the challenging EBITDA targets that were set and we experienced a significant decline in our share price. This meant that whilst there was partial vesting against the Strategic Objectives there was no vesting of the portions of the award measured by reference to EBITDA or TSR performance.

On the basis of the formula-driven performance conditions the total remuneration for the Chief Executive and Chief Financial Officer would have been £2,347k and £1,899k respectively. However, recognising the wider performance factors and in particular the shareholder experience over the year under review (and the three-year performance period of the financial elements of the 2016 PSA) the Committee has used its discretion to reduce pay for FY18 very significantly. The pay-out level under the PSA has been reduced from £150k and £115k for the CEO and CFO respectively to £75k and £58k. This was considered appropriate recognising that, despite good progress against the Company's Long Range Business Plan, against wider business KPIs the performance had fallen short of the Board's expectations.

Additionally the Committee reviewed the pay-out level under the BSA and determined that the indicative level of vesting was too high in relation to the improvements in financial performance over the year and when considering the share price performance over 2018. Accordingly, the Committee determined that the payment should be reduced from £1,008k and £781k for the CEO and CFO respectively to £415k and £317k. Overall the level of pay has been reduced by £593k and £464k for the CEO and CFO respectively, which ensures that their pay for FY18 is lower than that received for FY17 (which itself followed a trend of reducing pay over recent years) on the single figure reported in the 2017 Annual Report and the 2017 figure reported in this Annual Report which is adjusted for the actual share price rather than average.

We believe that this decisive use of discretion to reduce pay for FY18 is in shareholders' short and long-term interests.

A new remuneration policy for FY19-21

During the year the Committee undertook a very detailed review of our remuneration policy to ensure that it addresses shareholder concerns by providing a stronger link between reward and performance. We spent considerable time engaging in extensive discussions with shareholders during 2018 and early in 2019 to ensure that the new policy, and its operation are appropriate going forward. We have adapted the policy to take on board shareholder comments through the consultation process and are appreciative of the constructive and helpful engagement we received from them and the proxy agencies.

Under the new policy we have strengthened the link between pay and performance in the following ways:

- A material reduction in the level of incentive pay under the policy and compared to FY18 actual incentive levels
- An increase to the proportionate weighting to the long-term incentive, for example from a combined potential opportunity for the CEO of 310% of salary under the two short-term plans and 185% of salary on the PSA, to 200% of salary being based on short-term performance and 250% of salary based on long-term performance
- One simpler single annual bonus plan instead of two
- The annual bonus maximum opportunity has been reduced materially to 200% for both Executive Directors, with 50% invested in shares which must be held for the long term
- There is no duplication of performance measures in annual bonus and long-term incentives
- Long-term incentive awards have been increased to 250% for both Executive Directors
- We have included a formal overriding discretion to adjust the formulaic outcome of incentive awards as envisaged by the Corporate Governance Code
- We have robust clawback and malus provisions which have been strengthened

This builds on some strong attributes of our previous policy, especially the very high share ownership requirements (500% of salary) and the very low level of pension contributions. There are further changes to the detail of the policy, which are summarised on pages 84 to 89.

Implementation of the remuneration policy in 2019

Our salary review takes place in June with any changes taking effect from 1 July. Any changes to salary levels will be no higher than the workforce average. The Executive Directors participate in the same pension and benefits programmes as other employees in the UK and on the same basis. The employer pension contribution will remain at circa 3% of salary, which is equivalent of 12.5% of capped salary.

In addition to making significant changes to the policy for incentives, we have made several changes to its operation. In particular we have increased the weighting to financial performance measures under the annual bonus and are focusing on two important business KPIs that we use to measure underlying financial performance: Revenue, which will apply to 30%, and EBITDA, which will apply to 50% of the bonus. Stretching performance conditions have been set for each measure, which represent a significant improvement on the FY18 year-end numbers (noting that 2018 included contributions from our co-operation agreement with Ligado and there is no such contribution in 2019) and an improvement on prior years' ranges. The element based on non-financial measures and personal performance will be weighted at a maximum of 20% of the overall bonus.

In addition to setting challenging target ranges, the Committee has adjusted the sliding scales for payment so that the pay-outs commence for performance at 5% below target (not 10%) and the target level of pay-out is 60% of the maximum (down from 71.9% as the average across both of the previous bonus plans). We will keep under review the target level of pay-out over the policy period. The maximum annual bonus opportunity will be 200% of base salary, with half (after deduction for tax) delivered in shares, which must be held for the long term.

There will be no overlap between the performance measures used for the annual bonus and the PSA awards. Vesting for the PSA will continue to be based on relative TSR, measured against the constituents of the FTSE 250 (instead of FTSE 50-150) excluding investment trusts (50% of total award), Free Cash Flow (25%) and the delivery of specific strategic objectives considered key drivers to our future success (25%). The PSA award level will now be 250% of salary, with 25% of the award vesting for threshold performance. A two-year holding period will continue to apply to vested PSA shares, during which time shares may not be sold except to cover taxes.

If the formula driven payments deliver a result which is at odds with the wider performance of the business the Committee will, again, consider the use of discretion to adjust the outcome.

Our shareholding guideline will remain at 500% of base salary, which our Chief Executive comfortably exceeds and our Chief Financial Officer is building towards. These continue to be at the upper end of what is the norm and support the alignment with shareholders.

Further detail on the implementation of our Policy for 2019 is included on pages 90 to 101.

Corporate Governance Code and Companies Act reporting changes

We aim to comply with the new UK Corporate Governance Code during FY19 and, in particular, are looking at broader stakeholder engagement carefully. Also, we are reporting early in line with the new legislative requirements for Directors' pay, including disclosing our CEO pay ratios to the rest of the UK workforce in this report.

Summary

I would like to thank shareholders for their input during the year. We believe that we have significantly improved our policy and the way it will be operated. I hope we can count on shareholders' support at the 2019 AGM, where I will be available to respond to any questions shareholders may have on this report or in relation to the Committee's activities. I continue to be available to meet and discuss our remuneration arrangements with shareholders.

SIMON BAX CHAIRMAN, REMUNERATION COMMITTEE

18 March 2019

Remuneration Report

continued

2019 Directors' Remuneration Policy

At our 2018 AGM a majority of shareholders voted against the resolution to approve our remuneration report. This means we must seek shareholder approval for a new remuneration policy at our May 2019 AGM. As noted in the Chairman's Statement we have consulted extensively with shareholders and this Directors' Remuneration Policy is put forward for a binding shareholder vote at the 2019 AGM and will take effect from the date of the AGM. The changes we have made to the new remuneration policy compared to the 2017 policy are summarised as follows:

- Maximum employer pension contribution is reduced from 20% of salary to 12.5% of salary (although current directors will receive contributions of circa 3% of salary)
- We currently have two bonus schemes measuring performance over a single year; the Cash Bonus (up to 125% of salary) and the Bonus Share Award (BSA) (up to 200% of salary). The total current short term incentive opportunity is 325% of salary overall. Instead, maximum annual bonus opportunity will be significantly reduced under a single new annual bonus plan to 200% of salary
- 50% of any bonus earned will be payable in cash and the remaining 50% will be required to be invested in shares, after tax. The shares will be owned beneficially by the executive at the outset but must be held and not sold for at least one, two and three years and then in equivalent one third tranches. The shares will remain subject to clawback during the holding period
- There will be flexibility for up to 20% of annual bonus to be subject to non-financial/strategic performance measures (previously 30%) for the Cash Bonus
- The threshold level of bonus payment will be no more than 25% of maximum. Previously this was much higher at 35.8% across both the Cash Bonus and BSA
- The target level for the annual bonus payment is being removed from the Policy and will be set annually in line with the business plan. The target level though will not exceed 60%. Target payment was previously much higher across both the previous Cash Bonus and BSA
- For the PSA there will be policy flexibility for up to 25% of the award to be subject to strategic measures (previously 40%). At a threshold level of performance 25% of any PSA award may vest under any measure. Previously the threshold level for a TSR, EBITDA or Strategic performance condition was 30%/0%/0%
- Clawback and malus provisions have been strengthened to add reputational damage and corporate failure as specified 'trigger events' for clawing back previous payments, in line with the 2018 UK Corporate Governance Code (the Code) requirements
- There will be a discretionary override for all incentive payments to allow the Committee to adjust the formula driven outturn for any incentive payment, taking into account all relevant factors
- We have considered carefully the requirements in the Code for post cessation of employment shareholding requirements. The 'good leaver' provisions in the annual bonus and PSA will require that performance is measured over the full period (not accelerated to cessation of employment). Holding requirements for beneficially owned shares for all categories of leaver under the bonus and PSA will continue after cessation of employment as well as for unvested awards retained by good leavers. On this basis there would continue to be a significant interest in shares after an executive has left

The Group's Remuneration Policy is designed to align directors' pay with the long-term strategy and sustainable success of the Group. We take into account the Group's overall business strategy, business performance in the current year and expectations for future years as incorporated into our Long Range Business Plan ('LRBP'), pay arrangements in the wider Inmarsat workforce and alignment of remuneration policy throughout the Group, and the global economic situation as well as investor views and feedback. We will consult with shareholders in advance of major changes to the Remuneration Policy or where we consider there are material changes to operation of the Policy. The Committee is committed to the principle that the Company should pay at the appropriate level to recruit and retain executives and incentivise them to achieve the Company's business strategy to create long-term sustained value for shareholders.

The remuneration policy is set out in the table below:

How does this link to strategy	What happens in practice	What amounts can be paid	How do we assess performance
BASIC SALARY			
<p>Paying market-competitive base salaries, commensurate with the individual's role, responsibilities and experience, allows us to recruit and retain Executive Directors of the calibre required to implement our strategy.</p> <p>Providing an appropriate fixed level of pay commensurate for the role, ensures no over reliance on variable pay.</p>	<p>Salaries are reviewed annually with any increase generally made in July or following a material change in responsibilities.</p> <p>Any increase is determined by a formal appraisal by the Committee; taking into account market pay levels; a review of salaries against companies of similar size, complexity and type; Group and individual performance, as well as the remuneration arrangements operated throughout the Group, with reference to UK-based employees in particular for pay comparison levels.</p>	<p>The maximum annual salary increase will normally be in line with the average increase applied to the UK workforce. However, larger increases may be awarded in certain circumstances including, but not limited to, an increase in scope or responsibility of the role; to apply salary progression for a newly appointed Director; where the Director's salary has fallen behind market positioning.</p>	<p>Based on Company performance and individual contribution.</p>
BENEFITS IN KIND			
<p>We provide cost-effective benefits which support the wellbeing of employees and maximise business continuity.</p>	<p>Provision of death, long-term sickness and medical and dental insurance cover (which can include spouse and dependants cover). Life assurance of four times salary, paid holiday and medical check-ups are also provided.</p> <p>If required, the Company would provide access to independent financial and legal advice on a case-by-case basis.</p> <p>Provision of other reasonable benefits including in the event of relocation, temporary accommodation and other related costs will be considered on a case-by-case basis.</p>	<p>The benefits provided, which may vary by role and levels of cover provided, will reflect market practice and the individual circumstances of the Executive Directors.</p> <p>It is not anticipated that the current cost of benefits (as set out in the Annual Report on Remuneration) would increase materially over the period for which this Policy will apply.</p> <p>The Committee retains the discretion to approve a higher cost in exceptional circumstances (e.g. relocation) or in circumstances where factors outside the Company's control have changed materially.</p>	<p>Not applicable.</p>
PENSION			
<p>We provide defined contribution pension arrangements, or cash in lieu of pension.</p>	<p>The Company may make contributions to its defined contribution pension plan, similar pension plans as appropriate to the Executive Director's nationality or location, our auto-enrolment pension scheme and/or make cash payments in lieu based on a percentage of salary.</p>	<p>Maximum employer contributions are 12.5% of the basic salary.</p>	<p>Not applicable.</p>

Remuneration Report

continued

How does this link to strategy	What happens in practice	What amounts can be paid	How do we assess performance
ANNUAL BONUS			
<p>To incentivise the achievement of annual financial, strategic and operational goals in line with Group strategy.</p> <p>The requirement for Executive Directors to acquire shares with their bonus provides a mechanism for alignment with longer-term performance and alignment of shareholders' interests.</p>	<p>Bonus payment levels are determined by the Committee annually by reference to performance against targets set at the start of the financial year.</p> <p>The annual bonus is determined by pre-determined performance conditions. The Committee has the discretion to adjust the formulaic bonus outcome where the outcome is not truly reflective of performance, delivery of value to shareholders or reward outcomes more widely within the workforce.</p> <p>The bonus is paid in cash and the Executive Directors are required to invest 50% of the bonus earned (after payment of taxes) in shares in the Company. One third of the shares must be held for one, two and three years. The holding period continues post cessation of employment.</p> <p>The Committee may apply malus and claw back bonuses in circumstances including (but not limited to) error in calculation, gross misconduct, fraud, corporate failure, reputational damage or misstatement.</p>	<p>Maximum opportunity:</p> <ul style="list-style-type: none"> > 200% of salary for both the CEO and CFO <p>Threshold opportunity:</p> <ul style="list-style-type: none"> > 25% of maximum <p>The Target opportunity will be determined annually.</p>	<p>Bonus is based on achievement of annual financial and strategic objectives.</p> <p>Performance measures and objectives are selected at the beginning of the year that best support the delivery of the Company's strategy. The strategic element will not account for more than 20% of the total in any year.</p> <p>For the financial measures a graduated scale of targets will be set. In relation to strategic objectives the structure of the target will vary based on the nature of the target set and it will not always be practicable to set targets using a graduated scale. Vesting may therefore take place in full if specific criteria are met and judgement may be applied by the Committee.</p> <p>Details of the measures and weightings and performance against targets for the financial year under review are provided in the Annual Report on Remuneration.</p>
PERFORMANCE SHARE AWARD ('PSA')			
<p>The PSA aligns executives' interests with long-term performance and shareholder value creation through rewarding the delivery of our longer-term business strategy with shares in the Company which are then retained for a period post vesting.</p> <p>The performance measures in the PSA reflect the value drivers in the LRBP.</p>	<p>We make annual awards of conditional shares, which vest after a minimum of three years subject to performance over a three-year period.</p> <p>A mandatory two-year holding period (after sales to meet taxes) applies to vested awards.</p> <p>Additional shares in lieu of accrued dividends over the vesting period are awarded only on the number of shares that vest.</p> <p>Unvested awards are subject to adjustment for malus and clawback, i.e. forfeiture or reduction in exceptional circumstances including (but are not limited to) error in calculation, gross misconduct, fraud, corporate failure, reputational damage or misstatement.</p>	<p>Maximum opportunity for all Executive Directors is up to 250% of salary.</p> <p>Threshold performance is 25% of maximum.</p> <p>There is the opportunity for an exceptional award of up to 300% of salary which would not be used unless it was appropriate to do so and fully explained in the implementation report.</p>	<p>The Committee selects performance measures and objectives at the time awards are granted that best support the delivery of the Company's long-term strategy.</p> <p>Strategic measures, if included, will not account for more than 25% of the total award in any year.</p> <p>Details of the measures, weightings and targets applicable to an award are provided prospectively in the Annual Report on Remuneration implementation of policy section for the year ahead.</p>
EMPLOYEE SHARE PLANS			
<p>To encourage share ownership across all employees as allowed by HMRC and relevant local laws.</p>	<p>We operate employee share savings plans for our global workforce where, depending on location, savings periods of between two and three years operate.</p> <p>We will look at opportunities to offer other employee share plans in the future.</p>	<p>Participation levels set by HMRC or relevant local laws from time to time.</p>	<p>Not applicable.</p>
SHAREHOLDING GUIDELINE			
<p>To build and retain a holding of shares in the Company which increases alignment of interest between management and shareholders and the longer-term performance of the Company.</p>	<p>The Executive Directors must retain at least 50% of shares acquired from annual bonus payments and vesting of PSA awards until the shareholding requirement of 500% of salary is achieved.</p>	<p>The level of requirement and calculation is set out in the Annual Report on Remuneration.</p>	<p>Not applicable.</p>

Legacy arrangements

Authority is given to the Company to honour any share awards entered into with the Executive Directors under the 2014 and 2017 Policies. Details of such outstanding share awards to Executive Directors are provided in the Annual Report on Remuneration.

Performance measurement selection

Performance measures and objectives are selected that best support the delivery of the Company's strategy, both short term and longer term. Performance targets are stretching, taking into account a range of reference points including the Group's annual budget, LRBP, the market in which the Company operates, the expected performance of competitors in these same markets, broker forecasts, the market and economic outlook, and latest internal forecasts. The Committee may adjust and/or set different performance measures and targets following a corporate event (such as a change in strategy, a material acquisition and/or divestment of a Group business) or a significant change in prevailing market conditions either specific to the Company's sector or macro-economic events which causes the Committee to determine that the measures and/or targets are no longer appropriate and that amendment is required so that the relevant award achieves its original purpose provided that the new targets are not materially less difficult to satisfy.

How the Executive Director pay policy aligns to the remuneration policy for other employees

Inmarsat operates remuneration arrangements to support our business strategy and attract and retain high-performing individuals. These principles apply to all employees across the Group, including the Executive Directors. As a global organisation, we also ensure that remuneration arrangements, particularly pensions and employee benefits are appropriate to each local market in which we operate.

The financial metrics and targets for our group-wide bonus plan are consistent with those which apply to the Executive Directors. The members of the Group Executive Management Team (senior direct reports to the CEO) participate in the PSA along with the two Executive Directors. Some performance measures are different for the Executive Team.

We also operate sales incentive plans for our front-line sales employees, which have measures and targets appropriate for their roles and accountabilities.

The Executive Directors participate in the same pension and benefits programmes as other employees in the UK. We do not operate separate 'executive pension or benefits plans'.

Inmarsat operates a number of all employee share plans, which have defined rules and are subject to local regulations. Currently these are the UK Sharesave Scheme, Employee Share Participation Plan (for U.S. and Canadian employees) and the International Sharesave Scheme. The Executive Directors are eligible to participate in the plans relevant to their geography on the same basis as other local employees.

The Committee takes into consideration the remuneration arrangements for the wider employee population in making its decisions on remuneration for senior executives. This relates to our philosophy around levels of base salary, operating bonus plans for all employees, pension entitlement and provision of benefits also being available across the Group.

The Group consults with its employees on general employment policies in a range of ways, including formal consultation forums in some countries where it operates. Our staff are encouraged to provide feedback directly to their line managers or to the HR team or to a confidential email address which will receive queries on all issues including anti-bribery.

Pay scenario charts for the CEO and CFO

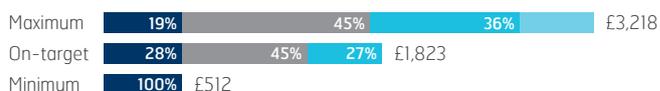
The following charts illustrate the potential future reward opportunities for the two current Executive Directors (CEO and CFO), and the potential split between the different elements of pay under three different performance scenarios: 'Minimum', 'Target', and 'Maximum'. Potential reward opportunities are based on Inmarsat's incentive opportunities for FY19, applied to salaries as at 1 January 2019. The Maximum scenario includes an additional element to represent 50% share price growth from the date of grant to vesting but apart from this the projected values exclude the impact of any share price movement.

PAY SCENARIOS £000

Chief Executive Officer



Chief Financial Officer



■ Fixed pay ■ Annual bonus
■ PSA ■ PSA with 50% share price growth

Each element of remuneration reflects the following assumptions:

- **Minimum:** includes fixed remuneration only, i.e. base salary as at 1 January 2019, taxable benefits (as disclosed for the previous financial year) and pension
- **Target:** includes fixed remuneration plus 60% of the maximum annual bonus opportunity and 50% of the PSA award
- **Maximum:** includes fixed remuneration and maximum payment under the annual bonus (200% of salary for both the CEO and CFO) and PSA (250% of salary for both the CEO and CFO), and includes the total maximum remuneration assuming 50% share price growth in PSA awards

Approach to recruitment remuneration

The remuneration package for a new Director will be set within the terms of the approved Remuneration Policy.

In determining appropriate remuneration arrangements for a newly recruited Executive Director the Committee will take into consideration all relevant factors (including but not limited to current remuneration, the structure of remuneration for other Inmarsat executives, external market data and the jurisdiction the candidate was recruited from and may be based in). The Policy enables the Committee to include benefits such as relocation assistance, housing or schooling expenses, paying only what is necessary to secure the right candidate and limiting certain benefits to a specified period where possible.

Annual bonus opportunity will normally reflect the period of service for the year.

For an internal appointment any incentive plans in respect of an executive's prior role will normally be allowed to continue according to its original terms.

Remuneration Report

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The Committee may compensate on hiring an external candidate for incentive pay forfeited or benefits foregone on leaving a previous employer. Replacement cash or share awards would take account of quantum forgone, any performance conditions attached to incentive pay awards, the form in which they were granted (for example, cash or shares), the time over which they would have vested, the likelihood of meeting any performance conditions and the share price at the time of buy-out. The Committee may grant Performance Share Awards or Restricted Share Awards if these reflect the terms of the awards forfeited. The Committee may grant these incentive awards under the provision provided for under Listing Rules (Chapter 9.4.2).

Executive Director service contracts and exit payment policy

Executive Director	Date of service contract	Term of office	Notice period
Rupert Pearce	18 January 2012	Indefinite until termination by either party	12 months' written notice by Company or Director
Tony Bates	21 February 2014	Indefinite until termination by either party	12 months' written notice by Company and six months' written notice by the Director

Notice periods will not exceed 12 months and for future appointments the same notice period will apply for both the Company and Director.

The Executive Directors have a clause to allow a payment in lieu of notice to be made. For the Executive Directors, the Company may make such payments monthly (up to 12 months) and these payments shall be reduced if the executive finds alternative employment.

At the discretion of the Committee a pro-rata bonus may become payable at the normal payment date for the period of active employment with financial performance targets based on full year performance.

The default treatment for share based awards is that any unvested award will lapse on termination of employment. However, in certain prescribed circumstances, such as death, injury, ill-health, retirement with the Company's agreement, redundancy, leaving the Group because the employer company or business leaves the Group or where the Committee determines otherwise, awards would be eligible to vest subject to the performance conditions being met over the normal performance period (or a shorter period in exceptional circumstances at the Committee's discretion) and with the award being reduced by an amount to reflect the proportion of the performance period not actually served (unless the Committee considers, in exceptional circumstances, a different treatment is appropriate).

The Company may also pay outplacement, legal and other reasonable relevant costs associated with termination and may settle any claim or potential claim relating to the termination.

Upon a change of control of the Company, share awards vest in accordance with the Executive Share Plan Rules, based on the extent to which the Committee determines that the performance conditions have been met and normally scaled back pro rata. For the annual bonus, the Committee will assess performance against targets at the point of change of control and any resulting bonus will be pro-rated for time and paid thereafter.

Non-Executive Directors

The Non-Executive Director ('NED'), receives a letter of appointment that summarises the time commitment expected of them and sets out details of their fees (base fee and Committee membership fee).

Element	Purpose and link to strategy	Operation	Maximum
NED fees	To provide fees reflecting time commitments and responsibilities of each role to enable recruitment of the right calibre of NED who can further the interests of the Group through their experience, stewardship and contribution to strategy	<p>All NEDs are paid a basic fee at the same level.</p> <p>The Committee Chairmen and other members of the Board Committees (currently but not limited to Audit, Remuneration, Nominations and Telecoms Regulatory Committees) and the Senior Independent Director are paid supplements to reflect their additional responsibilities and time commitment. Supplements may also be paid for any new roles or responsibilities that the NEDs may undertake.</p> <p>The Chairman of the Board is paid a single fee for all his responsibilities.</p> <p>NED fee levels are reviewed periodically by the Chairman and Executive Directors with reference to market levels in comparably sized FTSE companies as well as any increase in the scale, scope or responsibility of the role and a recommendation is then made to the Board.</p> <p>The Chairman's fee is reviewed periodically by the Committee taking into account time commitment, performance and fee levels at comparator companies and is then approved by the Board. If any changes are to be made, they are usually effective in July.</p> <p>Reasonable expenses incurred by the NEDs in carrying out their duties may be reimbursed by the Company including (grossed up) any personal tax payable by the Non-Executive Directors as a result of reimbursement of those expenses.</p> <p>Healthcare cover is provided for the Chairman, as a continuation of the cover provided to him previously as an Executive.</p>	The maximum annual aggregate fee for all Group NEDs is set out in the Company's Articles of Association.

NED appointments are initially for three years and unless agreed by the Board, NEDs may not remain in office for a period longer than six years, or two terms in office, whichever is the shorter unless the Nominations Committee recommends them to the Board to continue in the role past six years. All NEDs are subject to re-election by shareholders at each AGM.

Non-Executive Directors do not have service contracts but letters of appointment with appointment terminating on:

- A Director choosing to resign voluntarily
- A Director being prohibited from serving by law, bankruptcy or illness
- If the Nominations Committee does not approve the extension of the appointment
- A Director is found guilty of misconduct or
- A Director is not re-elected by the shareholders following retirement at an AGM

Dates of NED appointment letters are as follows:

Name	Date of appointment letter	Date of appointment
Simon Bax	28 May 2013	18 June 2013
Sir Bryan Carsberg	18 April 2005	22 June 2005
Tracy Clarke	29 January 2019	1 February 2019
Warren Finegold	13 March 2017	1 August 2017
General C. Robert Kehler (Rtd)	13 March 2014	6 May 2014
Phillipa McCrostie	18 May 2016	1 September 2016
Janice Obuchowski	6 May 2009	5 May 2009
Dr Abe Peled	10 May 2013	18 June 2013
Robert Ruijter	16 December 2014	1 February 2015
Andrew Sukawaty	16 September 2014	1 January 2015
Dr Hamadoun Touré	16 December 2014	1 March 2015

External appointments

Executive Directors serving as Non-Executive Directors on the Board of other companies are permitted to retain all remuneration and fees earned from outside directorships subject to a maximum of two external Board appointments. Directors accepting such positions shall take into account any guidelines for external directorships as contained in the UK Corporate Governance Code, subject at all times to pre-authorisation of the appointment by the Chairman. NEDs taking additional board positions are asked to speak to the Chairman in advance to ensure no conflict of interest and for the Chairman to speak to the Senior Independent Director for anything affecting him.

Consideration of shareholder views

The Remuneration Committee Chairman, Company Chairman, Senior Independent Director and Company Secretary engage proactively with major shareholders and shareholder representatives whenever appropriate. The Committee is always open to feedback from shareholders on its Remuneration Policy and operation and is committed to consulting shareholders in advance of making changes to Policy and its implementation. The Committee also considers specific investor remuneration guidelines as well as those of proxy voting agencies.

Remuneration Report

continued

Annual report on remuneration

The following section provides details of how Inmarsat's 2017 Remuneration Policy was implemented during the financial year ended 31 December 2018 and how the Committee intends to implement the new Policy which is subject to shareholder approval at our 2019 AGM.

Remuneration Committee membership in 2018

The Committee consists of independent Non-Executive Directors. We had five scheduled meetings during the year to discharge our responsibilities. In 2018, because of the need for preparation and consultation on a new Policy, we have held multiple additional Committee meetings and conference calls. Committee membership and attendance at scheduled meetings are set out in the table below:

Committee members	Attendance
Simon Bax (Committee Chairman)	5/5
Warren Finegold	5/5
General C. Robert Kehler (Rtd)	5/5
Pip McCrostie	1/1

Pip McCrostie was appointed to the Committee in December 2018. Tracy Clarke who joined the Inmarsat plc Board in February 2019 has also been appointed to the Committee.

During the year, the Committee operated to a forward agenda which ensured that items were discussed at the appropriate time during the year. In addition to regular standing items, following the high level of shareholder dissent at the AGM the key focus has been on engaging with shareholders to understand their concerns and designing a new policy to be presented

Summary of shareholder voting at the 2017 and 2018 AGM on Remuneration matters

At the 2017 Annual General Meeting ('AGM'), shareholders were asked to approve the current remuneration policy. At the 2018 AGM shareholders were asked to approve the FY17 Annual Report on Remuneration. The votes received for the Policy resolution at the 2017 AGM and the Annual Report on Remuneration at the 2018 AGM and shown below:

	2018 AGM: Vote on the 2017 Annual Report on Remuneration		2017 AGM: Vote on the Directors' Remuneration Policy	
	Total number of votes	% of votes cast	Total number of votes	% of votes cast
For (including discretionary)	141,196,411	41.51%	291,331,925	90.39%
Against	198,994,463	58.49%	30,971,298	9.61%
Total votes cast (excluding withheld votes)	340,190,874		322,303,223	
Votes withheld	22,105	n/a	29,263,436	n/a

The vote on the Annual Report on Remuneration was defeated at the 2018 AGM. Accordingly, the Company is required to bring its Directors' Remuneration Policy to shareholders for approval at its 2019 AGM, a year early. Since the 2018 AGM the Committee has conducted a detailed review of its current Directors' Remuneration Policy as well as the implementation of its Policy. This has included extensive consultation with investors and proxy voting agencies. This exercise has resulted in a new revised policy being brought to shareholders for approval at the 2019 AGM as well as the revision of certain aspects of policy operation for FY18.

Further details of the changes made and the new policy are set out in the Remuneration Chairman's Annual Statement and Policy Section of this Remuneration Report.

to shareholders at the 2019 AGM. This has entailed significant work to design the new policy and its operation for FY19 and discuss this with our institutional shareholders and shareholder representative bodies.

Advisors

During 2018, the Committee received input from Andrew Sukawaty (Chairman), Rupert Pearce (CEO), Tony Bates (CFO), Alison Horrocks (Chief Corporate Affairs Officer and Company Secretary), Natasha Dillon (Chief People Officer) and Alan Moore (Director of Reward). Dr Abe Peled, the Senior Independent Director, and Sir Bryan Carsberg also attended meetings. No member of management is present at a Committee meeting when their own remuneration arrangements are being discussed.

Korn Ferry was appointed by the Committee as its independent advisor in June 2018 following a tendering process. Until Korn Ferry's appointment the Committee received advice from Mercer Kepler. Both Korn Ferry and Mercer Kepler reported directly to the Committee Chairman and are signatories of the Code of Conduct for Remuneration Consultants (which can be found at remunerationconsultantsgroup.com). Korn Ferry provides other consulting services on leadership development, but this is an entirely separate team independent from the team advising the Committee and the advice to the Committee is therefore considered independent. Mercer Kepler's parent, the MMC Group, provides only unrelated services to the Company in the areas of pension investment advice and actuarial services to the Trustee to the Inmarsat UK Pension Plan and Mercer Kepler was therefore also considered independent. During 2018, Mercer Kepler's fees were based on time and materials and in relation to advice to the Committee (excluding VAT and expenses) totalled £20,814 (2017: £49,520). Korn Ferry's fees were based on time and materials and (excluding VAT and expenses) totalled £150,000.

Total remuneration paid to Executive Directors (audited)

The table below sets out the total remuneration received by each Executive Director for the year ended 31 December 2018 and the prior year:

	Rupert Pearce £000			Tony Bates £000		
	2018 (before discretion)	2018 (after discretion)	2017	2018 (before discretion)	2018 (after discretion)	2017
Basic salary	594	594	583	487	487	477
Taxable benefits ¹	2	2	3	2	2	3
Pension ²	17	17	17	17	17	17
Annual cash bonus ³	575	575	478	495	495	422
Bonus Share Award ⁴	1,008	415	492	781	317	381
Performance Share Award ⁵	150	75	121	116	58	92
Total⁶	2,346	1,679	1,694	1,898	1,377	1,392

1 Taxable benefits: include healthcare

2 Pension: payment made by the Company as cash in lieu of pension (see page 95 for details)

3 Annual cash bonus: cash bonus payments in relation to the financial years ended 31 December 2018 and 2017 (see pages 92 to 94 for details)

4 BSA: Shows the value of the BSA shares in relation to financial performance measured during the financial years ended 31 December 2018 and 2017. Performance targets tested over the relevant financial year determine the number of BSA shares that will vest on the relevant vesting dates. For 2017, the value is based on the spot share price on the determination date (being 9 March 2018) of £4.33. The award value has been revised from last year's report to reflect the actual share price on determination. For 2018, the share price for the award is valued using the average share price over the last quarter of 2018 of £4.43. The mid-market share price at the date of grant on 9 March 2018 was £4.33

5 PSA: the value at vesting of awards where vesting is determined by performance over the three-year periods ended 31 December 2018 and 31 December 2017. For 2017, the 2015 PSA is valued based on the spot share price on the vesting and sale date of £3.492. The award value has been revised from last year's report to reflect the actual share price on vesting, plus additional shares representing reinvested dividends. For 2018, as the share price on the vesting date is currently unknown, the 2016 PSA is valued using the average share price over the last quarter of 2018 of £4.43

6 The total remuneration figure for FY17 has been restated to reflect the actual value of PSA and BSA awards that vested in respect of FY17 performance (rather than basing this on the closing three month average share price for FY17). As the share price reduced significantly between the FY17 year end and the actual date of vesting, the total remuneration actually received by executive directors was significantly lower than the total single figure shown in last year's Directors' Remuneration Report by £181,000 and £140,000 for the CEO and CFO respectively

Incentive outcomes for the year ended 31 December 2018 (audited)

Annual cash bonus in respect of 2018 performance

The annual cash bonus was based on the achievement of Group financial targets for 70% of the bonus and individual performance objectives for the remaining 30%. The financial performance targets (70%) were split as to Group revenue 33% and EBITDA 67%.

Performance against targets and resulting bonus payable is set out below:

Financial performance measure	Weighting (% of financial element)	Performance targets			Actual performance (\$m)	Actual bonus outcome (% of financial element)
		Threshold (\$m) 0% of max payable	Target (\$m) 60% of max payable	Stretch (\$m)		
EBITDA	67%	673.3	748.1	785.5	770	83.8%
Revenue	33%	1,293.6	1,437.3	1,509.2	1,465	75.6%
Total	100%					81.1%

The individual performance objectives for the Executive Directors and scoring are set out below:

Rupert Pearce

Objectives	Weighting	Achievements towards objectives/performance targets set at the start of the year	Scoring overall (as a % of maximum)
Capture maximum number of broadband platforms	40%	Good progress on Maritime and aviation installation targets	9% (out of 12%)
Reposition L-band for new growth	25%	Partial achievement of Maritime targets Good delivery against Aviation, USG and Enterprise objectives	5% (out of 7.5%)
Establish our digital platform and business	10%	A miss on Maritime objectives but good progress made on other digital products with a solid pipeline generated	1% (out of 3%)
Create high performance organisation	10%	Objective of delivering new operating model for ABU partially completed Excellent progress against People objectives Successful merger of IG and USG business units	2.5% (out of 3%)
Transform our operating environment	15%	Successful delivery of major IT project on Billing systems and Customer Excellence Programme	3.5% (out of 4.5%)
Total score out of 30%			21%

Remuneration Report

continued

Tony Bates

Objectives	Weighting	Achievements towards objectives/performance (as % of maximum)	Scoring overall
Add value to the bottom line	50%	Significant overachievement against Cost Savings targets	14% (out of 15%)
Transform the Finance operating environment	40%	Delivered scheduled BTP releases (but at a higher cost than estimated) and Atlas roll-out Much more robust Long Range Business Plan	8% (out of 12%)
Create a high performing Finance function	10%	Strengthened senior finance team and processes	2.5% (out of 3%)
Total score out of 30			24.5%

The calculation of cash bonus outcome is set out below:

	Weighting	Actual bonus outcome (% of maximum)	Maximum bonus (% salary)	Actual bonus (% salary)
Financial element	70%	81.1%	87.5%	70.1%
Individual objectives	30%	CEO 70% CFO 82%	37.5%	CEO 26.3% CFO 30.1%
Total	100%	CEO 77.5% CFO 81.3%	125%	CEO 96.8% CFO 101.7%

Executive Director	Salary £	Actual 2018 bonus (% of salary)	Actual bonus £
Rupert Pearce	594,000	96.8%	575,266
Tony Bates	487,000	101.7%	495,000

BSA in respect of 2018 performance

The number of conditional shares subject to the 2018 BSA award made on 12 March 2018 at a share price of £4.327 that will be confirmed in March 2019 is determined by financial performance during FY18 as set out below. 2018 is the final year in which the Executive Directors will participate in an award under the BSA.

Performance measure	Weighting (% of financial element)	Performance targets			Actual performance (\$m)	Actual BSA outcome (% of element) before application of discretion	Actual BSA outcome following application of discretion
		Threshold (\$m) 60% of award vests	Target (\$m) 80% of award vests	Stretch (\$m)			
EBITDA	67%	673.3	748.1	785.5	770	91.9%	
Revenue	33%	1,293.6	1,437.3	1,509.2	1,465	87.8%	
Total	100%					90.5%	37.3% (CEO) 36.7% (CFO)

Based on performance, although before discretion 90.5% of the original allocation of shares made in March 2018 would have been confirmed, after discretion by the Committee, a reduced number will be confirmed in March 2019 and vest in equal tranches in March 2020, 2021 and 2022. The table below shows the confirmation of the number of shares awarded for the 2018 BSA and an estimate of the value of the shares that will vest.

Executive Director	Maximum monetary award	Market value of a share on award (9 March 2018)	Number of shares awarded in March 2018	Vesting level based on performance for year ended 31 December 2018	Value of shares that will vest before application of discretion*	Value of shares that will vest following application of discretion*	Confirmed number of shares based on vesting percentage after discretion
Rupert Pearce	£1,088,910	£4.33	251,655	90.5%	£1,008,082	£414,997	93,756
Tony Bates	£843,850	£4.33	195,020	90.5%	£781,213	£316,961	71,608

* Value of BSA at the time the number of shares is confirmed is calculated using a rounded share price of £4.43 (three month average to 31 December 2018) as the actual share price will only be known in March 2019

2016 PSA award in respect of performance over the three years ending 2018

In 2016, the CEO and CFO received awards of conditional shares under the PSA, for which the performance period ended on 31 December 2018 with vesting and performance against the performance conditions as set out below:

Executive Director	Date of grant	Award as % of salary	Number of shares subject to Award (2016)	Market price of a share at date of award	Face value at grant of award (2016)	Value of shares on vesting before application of discretion*	Value of shares following application of discretion*	Number of shares Vesting	Vesting date
Rupert Pearce	23 March 2016	185%	112,564	£9.30	£1,046,845	£149,473	£74,737	16,884	23 March 2019
Tony Bates	23 March 2016	175%	87,241	£9.30	£811,341	£115,845	£57,950	13,092	23 March 2019

* Value of the PSA at vesting is calculated using a rounded share price of £4.43 (three month average to 31 December 2018) as the actual share price will only be known in March 2019. The number of shares vesting will have additional shares in lieu of accrued dividends added to this number

Performance measure	Weighting (% of maximum)	Performance target	Actual performance	Actual vesting outcome
Three-year TSR vs. FTSE 50-150 (excluding investment trusts)	30%	Below median: nil vesting Median: 30% vesting Upper quartile: 100% vesting (straight-line vesting applies between median and upper quartile)	89 out of 93	0% (out of 30%)
Three-year EBITDA growth p.a. (excluding Ligado)	30%	Less than 5%: 0% vesting 11%: 100% vesting (straight-line vesting applies between 5% and 11%)	0.16% p.a.	0% (out of 30%)
Strategic objectives	40%	The strategic objectives and performance against them are noted below	See below	30% ¹ (out of 40%)
Total vesting outcome				30% ¹ of total award

¹ The 30% out of 40% assessment for the Strategic Element of the PSA has been reduced by the Committee to 15% out of 40%, after considering the broader performance (financial and TSR) over the three-year performance period. This results in a total vesting outcome of 15% of the total award

Details of performance against the strategic objectives:

Strategic objectives	Weighting	Achievements towards objectives/performance	Scoring
Complete successful market entry for next generation of Inmarsat satellites	40%	1. Successful satellite launch of GX-4 2. Required run rate of GX revenue targets achieved by H2 2018 and on track to achieve 5 year goal of \$500m 3. Successful conversion of XL into GX Maritime by H2 2019 4. Successful foray into Energy/resources markets 5. Successful extension into broader Government and miltatcoms markets including delivery of Boeing Take or Pay agreement 6. Successful extension into selected Enterprise markets 7. Successful extension into global Air Passenger market	100% 60% 100% 50% 80% 0% 90%
Put in place all key building blocks of Aviation business case (to support material revenues forecast for beyond 2017)	10%	1. Deliver S-band satellite on time and to budget for launch no later than H1 2017 2. Deliver ACGC network and on-board equipment for first revenues in 2017 3. Secure spectrum via 25+ MSS licences no later than H2 2017 4. Secure opportunity by 28+ ACGC licences no later than end 2017 5. Secure airline wins/strategic channel/technology partners for future revenue ramp 6. Run rate of European revenues/installations through EAN on track to deliver set targets	100% 80% 100% 90% 100% 20%
Aggressively work to sustain L-band revenues despite GX migration, on-going US sequestration and increasing competition	30%	1. Level of L-band revenues in 2018 vs. 2015 2. Level of new revenues from key replacement revenue product programmes, for example: IsatPhone, IsatHub, IDP, SB200, Fleet One, BRM/RFIC productisation and L-TAC 3. Success in key globalisation programmes – through Global Government outreach, greater focus on India, China market opportunities and channel evolution	70% 50% 100%
To maximise the overall net contribution of Ligado to Inmarsat	20%	To maximise the overall net contribution of Ligado to Inmarsat	100%
Remuneration Committee overall assessment of performance			75% out of 100% (30% out of 40%) before application of discretion

Remuneration Report

continued

Additional disclosure of 2017 performance targets (audited)

Annual cash bonus in respect of 2017 performance

Last year, the Company committed to disclose the 2017 bonus financial targets in this year's Annual Report on Remuneration. The targets and actual performance against them are set out below. In future the Annual Report on Remuneration will disclose performance targets for the annual bonus and performance against them for the reporting year just ended.

Performance measure	Weighting (% of financial element)	Performance targets for 2017 Financial Year			Actual performance (\$m)	Actual bonus outcome (% of financial element)
		Threshold (\$m) 0% of max payable	Target (\$m) 60% of max payable	Stretch (\$m)		
EBITDA	67%	620	730	803	732	65.1%
Revenue	33%	1,252	1,391	1,461	1,400	61.1%
Total	100%					62.8%

Costs in respect of workforce reduction were not budgeted for at the start of 2017 and therefore not taken into account in target setting but were included in the EBITDA outturn for calculation of bonus purposes.

The calculation of the cash bonus outcome which was paid in March 2018 is set out below:

Financial element	Weighting	Actual bonus outcome (% of maximum for each element)	Maximum bonus (% salary)	Actual bonus (% salary)
Total	100%	CEO 65.7% CFO 70.7%	125%	CEO 82.5% CFO 88.7%

Individual objectives and performance against them was disclosed in last year's Annual Report on Remuneration.

Executive Director	Salary £ in 2017	Actual bonus (% of salary)	Actual bonus £
Rupert Pearce	530,818	82.5%	478,000
Tony Bates	477,485	88.7%	422,000

BSA in respect of 2017 performance

The 2017 BSA targets and actual performance against them are set out below:

Performance measure	Weighting (% of financial element)	Performance targets			Actual performance (\$m)	Actual bonus outcome (% of element)
		Threshold (\$m) 60% of max payable	Target (\$m) 80% of max payable	Stretch (\$m)		
EBITDA	67%	620	730	803	732	82.6%
Revenue	33%	1,252	1,391	1,461	1,400	80.5%
Total	100%					81.22%

Costs in respect of workforce reduction were not budgeted for at the start of 2017 and therefore not taken into account in target setting but were included in the EBITDA outturn for calculation of bonus purposes.

Executive Director	Maximum monetary award	Market value of a share on award (9 March 2017)	Number of shares awarded in March 2017	Vesting level based on performance for year ended 31 December 2017	Confirmed number of shares based on vesting percentage	Value of shares that vested on 9 March 2018 (date of determination) at £4.33
Rupert Pearce	£1,068,187	£7.62	140,182	81%	113,779	£492,663
Tony Bates	£827,890	£7.62	108,647	81%	88,183	£381,832

Scheme interests awarded in 2018 (audited)

2018 PSA award in respect of performance over the period 2018 – 2020

In March 2018, the Executive Directors received PSA share awards which will vest on the third anniversary of grant subject to performance over the three years to 31 December 2020. At vesting, shares can be sold to cover the tax liability due and the balance must be retained for a further period of two years.

Executive Director	Date of grant	Number of shares subject to Award	Market price of a share at date of award	Face value at date of award	Award as % of salary	Vesting date
Rupert Pearce	12 March 2018	251,655	£4.33	£1,088,910	185%	12 March 2021
Tony Bates	12 March 2018	195,020	£4.33	£843,850	175%	12 March 2021

Vesting of the awards is determined by the following performance targets:

Performance measure	Weighting (% of maximum)	Performance target
Three-year TSR vs. FTSE 50-150 (excluding investment trusts)	30%	<p>Below median: nil vesting Median: 30% vesting Upper quartile: 100% vesting</p> <p>(straight-line vesting applies between median and upper quartile)</p>
Three-year EBITDA growth p.a. (excluding Ligado)	30%	<p>Less than 3%: nil vesting 3%: 0% vesting 7%: 100% vesting</p> <p>(straight-line vesting applies between 3% and 7%)</p>
Strategic objectives	40%	<p>The strategic objectives are:</p> <ul style="list-style-type: none"> ➤ capture the maximum number of broadband platforms for our high-speed GX services and EAN aviation service ➤ reposition L-band for new growth by focusing on additional targeted market opportunities ➤ establish our digital platform and business to drive new services and product innovation ➤ transform our operating environment to be more efficient in service delivery for customers and efficiency for all stakeholders ➤ maximise the overall contribution from an ongoing key strategic contract ➤ create a high-performance organisation which enhances our employee value proposition and encourages a high-performance culture <p>The objectives will be disclosed in detail at the end of the three-year performance period. They will be reassessed separately for performance against each objective.</p>

In 2017, the Executive Directors received a PSA award for the period 2017 – 2019 which will vest in March 2020 subject to performance conditions being met with the requirement to retain a net number after tax of the resulting shares for a further two years. The strategic objectives for the 2017 PSA are shown below. The other performance measures are EBITDA growth and TSR performance. Full details of performance against all measures will be provided in the 2019 Annual Report.

Strategic objectives	40%	<p>The strategic objectives are:</p> <ul style="list-style-type: none"> ➤ Global Xpress: complete successful market entry to satellite broadband market through the next generations of Inmarsat satellites ➤ Aviation: put in place all key building blocks of the aviation business case (to support material revenues forecast over the LRBP period) ➤ L-band: work assiduously to sustain L-band revenues despite L-band migration and both ongoing tight budgets and strong competition in all markets ➤ Strategic contract: maximise the overall net contribution of the contract to Inmarsat <p>The objectives will be disclosed in detail at the end of the three-year performance period. They will be assessed separately for performance against each objective.</p>
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Pension (audited)

The current employer contribution to the pension scheme (subject to the cap of £153,600 for the 2017/18 tax year and £160,200 for the 2018/19 tax year) is 12.5% of capped salary. The capped salary level increases nominally each year.

Mr Pearce and Mr Bates receive a cash supplement of 12.5% of capped salary. This amount is reduced by the cost to the Company of the employer national insurance, the effect of which is that the Executive Directors receive an equivalent 11% of capped salary, or approximately 3% of their gross salary.

Executive Director	Pension value
Rupert Pearce	£17,000 paid in 2018
Tony Bates	£17,000 paid in 2018

Remuneration Report

continued

Fees paid to Non-Executive Directors (audited)

The table below sets out a single figure for the total remuneration received by each Non-Executive Director for the year ended 31 December 2018 and the prior year:

	Base fee £000		Additional fees £000		Taxable benefits £000 ¹		Total £000	
	2018	2017	2018	2017	2018	2017	2018	2017
Andrew Sukawaty ²	318.8	312.6	0.0	0.0	19.1	18.0	337.9	330.6
Simon Bax	55.6	54.5	15.3	15.2	0.0	0.4	70.9	70.1
Sir Bryan Carsberg	55.6	54.5	10.3	16.7	0.9	1.1	66.8	72.3
Warren Finegold	55.6	23.0	11.2	4.7	0.0	0.1	66.8	27.7
General C. Robert Kehler (Rtd) ³	111.2	109.1	6.5	5.5	0.0	0.0	117.7	114.6
Phillipa McCrostie ⁴	55.6	54.5	6.1	5.5	1.7	1.9	63.4	62.0
Janice Obuchowski	55.6	54.5	11.2	11.1	0.0	0.0	66.8	65.6
Dr Abe Peled	55.6	54.5	31.0	30.3	0.0	0.0	86.6	84.8
Robert Ruijter	55.6	54.5	15.3	15.2	0.0	0.0	70.9	69.7
Dr Hamadoun Touré	55.6	54.5	11.2	11.1	0.0	0.0	66.8	65.6
Total	874.8	826.4	118.1	115.3	21.7	21.5	1014.6	963.2

1 The taxable benefits received by the Non-Executive Directors were associated with accommodation costs incurred with attendance at two-day Board meetings. The tax due in respect of these benefits is settled by the Company. The Company also reimburses the travel costs incurred by the Non-Executive Directors for travel to Board meetings where these do not take place in the country in which they are domiciled. The figures shown in the table are gross amounts

2 Mr Sukawaty receives healthcare cover

3 The fees for General C. Robert Kehler (Rtd) include a fee of £55,631 as a Non-Executive Director of Inmarsat Inc, a wholly-owned subsidiary in the U.S. and additionally includes a fee for joining the Nominations Committee in November 2018

4 Mrs McCrostie joined the Remuneration Committee in December 2018 and is entitled to a fee for participating in this Committee

Exit payments to departing Directors made in the year (audited)

There were no exit payments made in 2018.

Payments to past Directors (audited)

No payments were made to past Directors in 2018.

External appointments for Executive Directors

The Executive Directors do not currently hold positions in other companies as Non-Executive Directors. Mr Pearce holds various positions in organisations affiliated to the satellite industry which are disclosed in his biography on page 62; none are currently fee-paying.

Implementation of remuneration policy for 2019

Base salary

Salaries are typically reviewed annually in July for the Executive Directors and the general workforce. The Committee conducted its 2018 salary review in July 2018 and approved an increase of 2% for both the CEO and the CFO. This is consistent with the increase across the Executive Management Team and is below the average salary increase across the Group of 2.4% and across eligible UK employees of 2.7%. Salaries will next be reviewed in July 2019, which is the same time for the general workforce. The table below shows the Executive Directors' salaries as at July 2017 and July 2018.

Executive Director	Salary at 1 July 2017	% change	Salary at 1 July 2018
Rupert Pearce	£588,600	2%	£600,400
Tony Bates	£482,200	2%	£491,800

Pension

Pension contribution will be unchanged at approximately £17,000 for each Executive Director.

Annual bonus

The maximum annual bonus opportunity for Executive Directors will be 200% of salary for each of the CEO and CFO. The performance measures and weightings are set out below.

Measure	Weighting
EBITDA	50%
Revenue growth	30%
Individual strategic measures	20%

Revenue and EBITDA are significant operational KPIs for the business and stretching sliding scale targets have been set for both measures.

The individual objectives for the CEO and CFO will be based on the following:

Rupert Pearce

Objectives	Weighting	Basis for assessment at the year end
Maritime growth	30%	Maritime revenue, vessel installations and customer retention
Aviation growth	30%	Number of aircraft installed and in-flight connectivity revenue
Technology advancement	25%	Delivery of key technology projects in line with approved business plans
Strategic activity	15%	Management of key strategic risks

Tony Bates

Objectives	Weighting	Basis for assessment at the year end
Procurement cost savings	30%	Cost savings for 2019 vs. previous years
Execution of Corporate Financing initiatives	30%	Achievement of Board agreed corporate financing goals
Commercial architecture rollout	25%	Successful delivery of key finance systems
Working capital improvements	15%	Reduction in working capital at year end vs. 2019 budget

50% of the bonus is paid in cash and 50% will be used by the Executive Directors to acquire shares in the Company that must be held as to one-third for a further one, two and three years. The shares are owned beneficially but cannot be sold before the end of the holding period; they will also remain subject to clawback.

PSA award

A PSA award will be granted immediately after the May 2019 AGM using the then share price. The award will be made in May 2019 as it is part of the new remuneration policy. The level of award will be 250% of salary for the CEO and CFO.

Performance conditions will be measured over the three years to 31 December 2021 and awards will vest after the announcement of results for the year ended 31 December 2021. A mandatory two-year holding period applies to vested PSA awards. No shares may be sold during the holding period except to cover tax liabilities.

The performance conditions are as follows:

Performance measure	Weighting (% of maximum)	Performance target
Three-year TSR vs. FTSE 250 (excluding investment trusts)	50%	Below median: nil vesting Median: 25% vesting Upper quartile: 100% vesting (straight-line vesting applies between median and upper quartile)
Aggregate free cash flow ¹	25%	Less than -\$50m: nil vesting -\$50m: 25% vesting \$150m: 100% vesting (straight-line vesting applies between -\$50m and \$150m)
Strategic Objectives ²	25% broken down below	
Maritime growth: Delivery of a market-leading, profitable maritime broadband service and securing our legacy FleetBroadband customer base	35%	The number of vessels installed, revenue and the Maritime business EBITDA
Aviation growth: Delivery of a market-leading, profitable aviation broadband business	35%	The number of aircraft installed, revenue and Aviation BU EBITDA
Infrastructure development and deployment: Transformation of our global network infrastructure	30%	Successful launch of satellites and development of future technologies

In line with past practice all financial performance measures used for the PSA exclude the financial contribution from the contract signed in 2007 with Ligado Networks.

1 Free cash flow performance will be disclosed in the financial statements each year. The target range recognises that we are in an investment phase of our strategy, as already communicated to investors and the market. Targets have been set, and performance will be measured, excluding only the outcome of a long outstanding tax matter that is also disclosed separately in the Company's financial statements. Overall the Committee is satisfied that the range is appropriately stretching in view of the outlook for the business

2 Aside from financial measures our long-term strategy means that, more so than most other companies, we must make key strategic decisions for the long-term interests of our shareholders and all stakeholders. This means we consider that it is important to assess a proportion of PSA awards against the strategic milestones which contribute towards the achievement of our long-term goals

Remuneration Report

continued

Non-Executive Directors' fees

The current NED fee levels are set out in the table below. Fees were reviewed during the year in the context of market fee levels and time commitment, and increased by 2% with effect from July 2018.

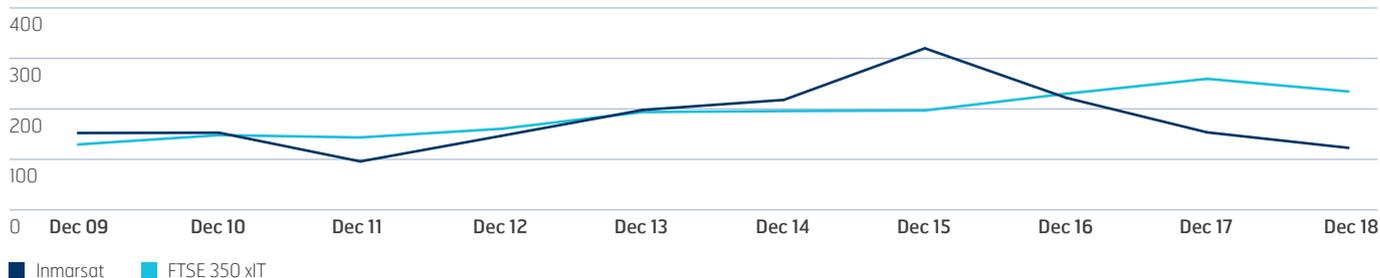
NED fees as at 31 December 2018	Amount
Basic fee	£56,182
Senior Independent Director (inclusive of any additional Committee fees)	£87,190
Non-Executive Chairman (inclusive of any additional Committee fees)	£322,004
Additional Committee fees:	
Chairman of the Audit Committee	£15,300
Chairman of the Remuneration Committee	£15,300
Chairman of the Nominations Committee	£10,200
Chairman of the Telecoms Regulatory Committee	£10,200
Committee membership (per Committee)	£5,610

Fees will next be reviewed in July 2019 and any increases will be for the decision of the Board, excluding the Non-Executive Directors. The Chairman also receives international healthcare cover (£19,077 in 2018).

Total shareholder return

The following graph shows the Company's performance over the last ten years, measured by total shareholder return on a holding in the Company's shares compared to a hypothetical holding of shares in the FTSE 350 index (excluding investment trusts). The FTSE 350 index has been selected as it provides a view of our performance against a broad equity market index, and Inmarsat is a constituent of the index.

TOTAL SHAREHOLDER RETURN



CEO ten-year remuneration history (audited)

The table below details the Chief Executive's total remuneration and actual variable pay outcomes over the same ten-year period. For the years 2009-2011, the Executive Chairman and Chief Executive (Andrew Sukawaty ('AS')) was the same individual reflecting a salary for the combined role. Rupert Pearce ('RP') became Chief Executive on 1 January 2012.

Year ended		31 Dec 2009	31 Dec 2010	31 Dec 2011	31 Dec 2012	31 Dec 2013	31 Dec 2014	31 Dec 2015	31 Dec 2016	31 Dec 2017	31 Dec 2018
Single figure of total remuneration ¹ (£000)	AS	2,218	3,661	2,819	3,850 ²	2,511 ²	4,427 ²	–	–	–	–
	RP	–	–	–	1,596	1,434	2,595	2,579	2,346	1,694	1,679
Annual bonus outcome (% of maximum)	AS	98%	100%	84%	–	–	–	–	–	–	–
	RP	–	–	–	91%	83%	96%	72%	71% ³	65%	77.5%
BSP/BSA conversion (% of maximum)	AS	100%	100%	98%	–	–	–	–	–	–	–
	RP	–	–	–	100%	73%	100%	100%	100%	81% ⁴	37.3% ⁵
PSP/PSA award vesting (% of maximum)	AS	100%	100%	Nil	–	–	–	–	–	–	–
	RP	–	–	–	Nil	Nil	54%	50%	48%	30%	15% ⁵

¹ See page 91 for detail of the single figure of total remuneration for 2018 and 2017

² We are only required to show the single figure for each year for the Chief Executive. However, because Mr Sukawaty was the highest paid Director as Executive Chairman in 2012, 2013 and 2014, we have also shown his single figure in this table for information

³ Formulaic bonus outcome prior to application of voluntary reduction

⁴ BSA payout calculated on a new basis where 80% is paid for target performance

⁵ Following application of discretion to reduce the level of remuneration paid

Percentage change in CEO remuneration

The data for other employees relates to the average pay across staff based in the UK, which is deemed to be the most appropriate employee group. The data is based on all Inmarsat UK employees, including Executive Directors (apart from the CEO) and the senior management team.

Change in remuneration from 2017 to 2018

	CEO		Other UK employees ⁵	
	2018 £000	2017 £000	% change	% change
Salary ¹	594	583	1.9	3.0
Taxable benefits ²	2.0	2.0	0.0	0.0
Short-term incentives ³	990	970 ⁴	2.1	19.6

1 The CEO's salaries shown relate to the average salaries paid in respect of each of the financial years

2 Taxable benefits include healthcare benefits

3 Represents the annual bonus payment for the financial year just ended plus the value of BSA shares as set out in the single figure table on page 91. The BSA figure used is that after discretion has been applied

4 The 2017 figures are restated for actual share price as shown on page 91

5 The number of employees is based on those who were in employment for the whole year

Gender pay

A copy of the Company's report on Gender Pay is included on our website and we have provided some comments in the Resources and Relationships section of this Annual Report on page 51.

CEO pay ratio

The Companies (Miscellaneous Reporting) Regulations 2018 Act requires all UK listed firms with more than 250 employees to publish, as part of their Directors' Remuneration Report, the ratio of their CEO's total remuneration to the median (50th), 25th, and 75th percentile remuneration of their UK employees.

The table below shows the relevant data for Inmarsat's UK employees for both 2017 and 2018, calculated using Option A as set out in the legislation.

Year	Methodology	25th percentile	Median	75th percentile
2017	A	£51,107	£76,386	£103,589
2018	A	£51,307	£79,828	£108,957

The table below shows the CEO single total figure of remuneration for FY2017 and FY2018 expressed as a ratio of the UK employee values.

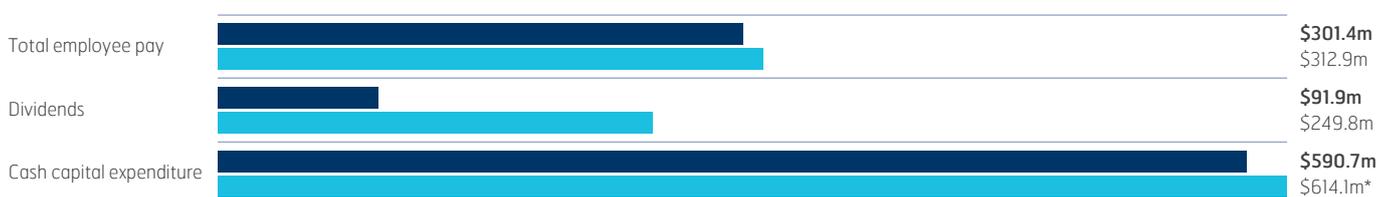
Year	Method	25th Percentile Pay Ratio	Median Pay Ratio	75th Percentile Pay Ratio
2017	Option A	33:1	22:1	16:1
2018	Option A	33:1	21:1	15:1

The CEO pay ratio is highly influenced by the mix of fixed and performance-related compensation, both for employees and for the CEO. For Inmarsat's UK employees, the value of performance-related remuneration typically represents less than 15% of total remuneration. In contrast, nearly 66% of the CEO Single Total Figure of Remuneration is the result of performance-related pay (both short term and long term), with a large percentage of total remuneration delivered in Inmarsat shares.

Relative importance of spend on pay

To assist in understanding the relative importance of spend on pay, we show below remuneration for all employees in comparison to distributions to shareholders (dividends) and other significant spend. Capital expenditure has been presented as a measure of significant spend as it shows the investment being made in the Company's future growth.

RELATIVE IMPORTANCE OF SPEND ON PAY \$m



■ 2018 ■ 2017

*Restated

Remuneration Report

continued

Directors' shareholding (audited)

The table below shows the shareholding of each Director against their respective shareholding requirement as at 31 December 2018 based on a share price of £3.79 as at 31 December 2018:

	Shares held as at 31 Dec 2017	Shares held as at 31 Dec 2018	Unvested and subject to deferral ¹	Unvested and subject to performance conditions ²	Shareholding guideline (% salary)	Current ³ shareholding (% salary)	Requirement met?
Rupert Pearce	920,623	998,986	262,295	391,837	500%	637%	Yes
Tony Bates	59,682	118,060	202,619	303,667	500%	92%	No ⁴
Andrew Sukawaty	1,172,352	1,199,184					
Simon Bax	23,000	23,000					
Sir Bryan Carsberg	16,327	16,327					
Warren Finegold	30,000	30,000					
General C. Robert Kehler (Rtd)	3,000	3,000					
Phillipa McCrostie	2,000	2,000					
Janice Obuchowski	7,000	14,200					
Dr Abe Peled ⁵	24,000	33,650					
Robert Ruijter	–	–					
Dr Hamadoun Touré	–	–					

1 The unvested and subject to deferral column includes BSA awards confirmed in 2016, 2017 and 2018 and 15% of the 2016 PSA as performance has been tested although the award has not yet vested. The amounts which are shown are net of tax, thus representing 53% of the total unvested and subject to deferral

2 The unvested and subject to performance conditions column includes PSA awards made in 2017 and 2018

3 The calculation at 31 December 2018 is not comparable to last year, as unvested and subject to deferral shares are not included and the figure includes beneficially held shares only. This excludes shares added following vesting of BSA awards in March 2019, where Mr Pearce and Mr Bates retained 55,789 and 50,095 shares respectively

4 Mr Bates joined the Company in June 2014. The shareholding guideline of five times salary is to be achieved over a five- to seven-year period

5 The 2017 interest has been restated to show the correct beneficial interest

Directors interests for Mr Pearce and Mr Bates have increased following the vesting of the BSA awards on 8 March 2019.

Directors' interests in shares in Inmarsat long-term incentive plans and all-employee plans (audited)

This information is accurate as at 31 December 2018.

Inmarsat bonus share awards (audited)

The table below shows details of BSA awards where the number of shares has been confirmed but which are still to vest with one third vesting each year over a three-year period.

	Share awards held at 1 January 2018	Awarded during the year	Reinvested dividends during the year ¹	Vested during the year	Share awards held at 31 December 2018	Allocation price ²	Vesting date
Rupert Pearce							
Share award confirmed in March 2015	29,062	–	–	29,062	–	£8.91	Fully vested: March 2018 was the last vesting date
Share award confirmed in March 2016	82,324	–	1,489	41,160	42,653	£9.30	March 2018 and March 2019
Share award confirmed in March 2017	119,140	–	2,874	39,712	82,302	£7.62	March 2018, March 2019 and March 2020
Share award confirmed in March 2018	–	113,779	4,117	–	117,896	£4.33	March 2019, March 2020 and March 2021
Tony Bates							
Share award confirmed in March 2015	19,330	–	–	19,330	–	£8.91	Fully vested: March 2018 was the last vesting date
Share award confirmed in March 2016	62,499	–	1,130	31,253	32,383	£9.30	March 2018 and March 2019
Share award confirmed in March 2017	92,338	–	2,227	30,779	63,786	£7.62	March 2018, March 2019 and March 2020
Share award confirmed in March 2018	–	88,183	3,190	–	91,373	£4.33	March 2019, March 2020 and March 2021
Andrew Sukawaty³							
Share award confirmed in March 2015	50,741	–	–	50,741	–	£8.91	Fully vested: March 2018 was the last vesting date

- 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 price is that used to calculate the number of shares to be allocated subject to performance at the grant date and is different to the share price on the date of determination when the shares are confirmed
- 3 Mr Sukawaty, as Non-Executive Chairman, remains entitled to receive the shares when they vest as they were awarded and earned while he was an Executive Director

For the BSA awards that vested in March 2018 (last third of the 2015 award, second third of the 2016 award and first third of the 2017 award), the Directors all sold sufficient shares to cover tax and retained the remaining shares. The share price on 12 March 2018 when the sales took place was £4.1692 which is significantly lower than the share prices used at the date of allocation.

Mr Pearce and Mr Bates' 2018 BSA awards will be confirmed in March 2019 for 93,756 and 71,608 shares respectively based on performance during FY18 and reflect a reduced number of shares following discretion by the Committee. The first vesting will be in March 2020, then in 2021 and 2022.

Inmarsat performance share awards (audited)

The table below shows details of outstanding PSA awards.

	Share awards held at 1 January 2018	Awarded during the year	Reinvested dividends during the year ¹	Vested during the year	Lapsed during the year	Share awards held at 31 December 2018	Award price	Vesting date
Rupert Pearce								
Award made in 2015 ²	111,089	–	4,926	38,252	77,763	–	£9.34	March 2018
Award made in 2016 ³	112,564	–	–	–	–	112,564	£9.30	March 2019
Award made in 2017	140,182	–	–	–	–	140,182	£7.62	March 2020
Award made in 2018	–	251,655	–	–	–	251,655	£4.33	March 2021
Tony Bates								
Award made in 2015 ²	84,337	–	3,739	29,040	59,063	–	£9.34	March 2018
Award made in 2016 ³	87,241	–	–	–	–	87,241	£9.30	March 2019
Award made in 2017	108,647	–	–	–	–	108,647	£7.62	March 2020
Award made in 2018	–	195,020	–	–	–	195,020	£4.33	March 2021

- 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 30% of the 2015 PSP vested in 2018
- 3 15% of the 2016 PSA will vest in March 2019 which is after discretion has been exercised by the Committee to reduce the overall number

Inmarsat sharesave scheme (2018 award) (audited)

The information below relates to the UK Sharesave plan which the Executive Directors can contribute monthly savings to over a three-year period.

Executive Director	Options held at 1 January 2018	Granted during the year	Lapsed during the year	Exercised during the year	Options held at 31 December 2018	Option price per share	Date from which exercisable	Expiry date
Rupert Pearce	1,584	–	1,584	–	–	£5.68	August 2019	January 2020
	1,489	–	1,489	–	–	£6.02	August 2020	January 2021
	–	5,982	–	–	–	£3.01	July 2021	January 2022
Tony Bates	1,584	–	1,584	–	–	£5.68	August 2019	January 2020
	1,489	–	1,489	–	–	£6.02	August 2020	January 2021
	–	5,982	–	–	–	£3.01	July 2021	January 2022

Approval

This report was approved by the Board of Directors on 18 March 2019 and signed on its behalf by

SIMON BAX
CHAIRMAN, REMUNERATION COMMITTEE

18 March 2019