

# **INMARSAT PLC**

## **SCRIP DIVIDEND SCHEME**

**This document is important and requires your immediate attention**

If you have sold or transferred all of your shares in Inmarsat plc ('the Company') please send this document, together with any relevant accompanying documents, to the person you sold or transferred your shares to, or to the bank, stockbroker or other agent who arranged the sale or transfer for you.

This document contains the terms and conditions of the Company's Scrip Dividend Scheme and should be read in conjunction with the Mandate Form or the terms applicable to other means of making elections under the Scrip Dividend Scheme. Please retain this document in case you need to refer to it in future.

The opportunity to elect to receive new Ordinary Shares in place of a cash dividend is not being offered to, or for the account of, any citizen, national or resident of the United States, Canada, Australia or Japan any corporation, partnership or other entity created or organised in, or under the laws of, the United States, Canada, Australia, Japan, or any political sub-division of these countries, or with a registered address in any of these countries or any estate or trust, the income of which is subject to United States federal income tax, or income tax in Canada, Australia or Japan, regardless of its source. "United States" means the United States of America (including the District of Columbia). References to the United States, Canada, Australia and Japan include their territories, possessions and all areas subject to their jurisdiction.

No person receiving a copy of this document and/or a Mandate Form in any territory other than the United Kingdom may treat the same as constituting an invitation to him unless in such territory such an invitation could lawfully be made to him without compliance with any registration or other legal requirements. It is the responsibility of any such person wishing to elect to receive new Ordinary Shares to satisfy himself as to the full observance of the laws of such territory, including obtaining any governmental or other consents which may be required and observing any other formalities needing to be observed in such territory.

If you wish to receive dividends on your Ordinary Shares in cash, you do not need to take any action and may disregard this document and the Mandate Form. The Company does not accept responsibility and will not be held liable for any failure on the part of any CREST provider to notify any Shareholder of the contents of this document.

Capitalised terms used are defined in the body of the document and/or on page 11.

## **INMARSAT PLC SCRIP DIVIDEND SCHEME**

### **TERMS AND CONDITIONS**

The Scrip Dividend Scheme was approved by an ordinary resolution of Inmarsat plc ("**Company**") at the Company's AGM on 5 May 2016.

#### **A. INTRODUCTON TO THE INMARSAT PLC SCRIP DIVIDEND SCHEME**

##### **1. What is the Inmarsat Scrip Dividend Scheme?**

The Company is authorised to offer current holders of Ordinary Shares ("**Shareholders**") the opportunity, if they wish, to participate in the Inmarsat plc Scrip Dividend Scheme ("**Scheme**"). The Scheme gives Shareholders the option of receiving new shares ("**New Shares**") instead of the standard cash dividends. As an existing Shareholder, you will be aware that the value of shares, and the income you derive from them, may fall as well as rise.

The Scheme allows Shareholders to increase their shareholding in the Company in a simple manner, without incurring the usual dealing costs or paying stamp duty.

The Scheme is offered to Shareholders at the discretion of the Directors, and can potentially apply to all dividends, interim and final, paid by the Company. If the Directors decide not to offer the Scheme in respect of a particular dividend, the Company will simply pay any dividend in cash.

The operation of the Scheme requires Shareholder approval, which must be renewed at the Company's 2021 AGM if the Directors wish to continue to offer the Scheme.

#### **B. ELIGIBILITY**

##### **2. Can I participate in the Scheme?**

The Scheme is available to all Shareholders other than any person who is, or whom the Company believes is, resident in the United States of America, Canada, Australia or Japan, or their respective territories or possessions (subject to applicable exemptions) or in any other jurisdiction outside the United Kingdom where the offer requires compliance by the Company with any governmental or regulatory procedures or any similar formalities. No person receiving a copy of these documents in any such country or jurisdiction may treat them as offering a right to elect unless such an offer could lawfully be made without any such compliance. Any Shareholder resident outside the United Kingdom wishing to receive Ordinary Shares instead of a cash dividend is responsible for ensuring that such an election can be validly and lawfully made and for observing all governmental or regulatory procedures or any similar formalities and paying any issue, transfer or other taxes in the applicable jurisdiction.

The Ordinary Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or registered or qualified under the securities laws of any state of the United States and, accordingly, may not be offered, sold, pledged, taken up, resold, transferred or delivered, directly or indirectly, in the United States (as defined in Regulation S under the Securities Act) at any time, except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and in compliance with any applicable securities laws of any state or other

jurisdiction of the United States and as may be agreed by the Company in writing. The New Shares may not be sold or transferred except in transactions that qualify as Regulation S transactions or that are otherwise exempt from the registration requirements of the Securities Act. All shareholders receiving New Shares will be deemed to have represented that they are a non-US person. The New Shares may not be transferred or sold except in transactions that qualify as Regulation S transactions or that are otherwise exempt from the registration requirements of the US Securities Act.

Each Shareholder is responsible for ensuring that their election to receive New Shares can validly be made without any further obligations on the part of the Company. Shareholders must also satisfy themselves as to the full observance of the laws of the relevant territory, including complying with any regulatory or legal procedures which may be required, and observing all other necessary formalities. If these requirements have not been satisfied, you may not participate in the Scheme, and all materials you have received in relation to the Scheme should be treated as informational only.

Please also note that the right to join the Scheme is not transferable.

### **3. Will I need to make an election each time a dividend is due to be paid?**

If you are a Shareholder who holds Ordinary Shares as certificates (a “**Certificated Shareholder**”) and you decide to participate in the Scheme, your election will apply on an “evergreen” basis, so you will receive New Shares instead of cash dividends as a matter of routine (subject to the various cancellation, suspension and termination scenarios explained below).

If you are a Shareholder who holds Ordinary Shares electronically on the Company’s Shareholder register through the CREST system (a “**CREST Shareholder**”) you have the choice to make an “evergreen” or “one-off” election by making the appropriate communication to your CREST provider.

### **4. Does the Scheme apply to jointly-owned shares?**

Yes. The Scheme applies to jointly-held shares, so long as all joint Shareholders make the election together.

## **C. JOINING THE SCHEME**

### **5. How do I join the Scheme?**

If you are a Certificated Shareholder and wish to participate in the Scheme, please complete a Mandate Form which has been sent to you with this document (and which is also available for download at [www.inmarsat.com/about-us/investor-relations/dividends](http://www.inmarsat.com/about-us/investor-relations/dividends)) and return it to Equiniti at the address set out in section F.

Please note that you will not be issued with an acknowledgement of receipt, and Equiniti reserves the right to disregard any Mandate Form which has not been properly completed.

Each Mandate Form will be effective for all future dividends unless you cancel the Mandate in writing.

Equiniti must receive a properly completed Mandate Form by the Election Date (or if an Election Date is not published, at least 15 working days prior to the payment date of the relevant dividend) in order for a Shareholder to be eligible for that dividend. If a Mandate Form is received after the Election Date it will be applied to the next dividend.

Details of all dividends issued by the Company are available at [www.inmarsat.com/about-us/investor-relations/dividends](http://www.inmarsat.com/about-us/investor-relations/dividends).

If you are a CREST Shareholder you can choose to participate in the Scheme by submitting a CREST 'Dividend Election Input Message' no later than 16:30 (UK time) on the Election Date. By submitting the message through CREST, you are confirming your wish to participate in the Scheme and your acceptance of these terms and conditions (as amended from time to time).

#### **6. Can I make an election for only a part of my shareholding?**

If you are a Certificated Shareholder, the Mandate Form will apply to the full number of Ordinary Shares registered in your name at the relevant time.

If you are a CREST Shareholder, you can make an election in respect of a lesser number of Ordinary Shares than the full shareholding. Any such election in respect of part of a shareholding will continue to apply to the number of Ordinary Shares specified in respect of future dividends until it is amended or cancelled. The standard cash dividend will automatically be paid on any Ordinary Shares which are not included in an election.

If the election to join the Scheme is made by a CREST Shareholder and it applies to less than the total number of elected Ordinary Shares held at the Record Date, then the message must contain the number of Ordinary Shares relating to the election. If the number of elected Ordinary Shares is zero, the message will be rejected. If the number of elected Ordinary Shares is either greater than the number of Ordinary Shares held at the relevant Record Date, or the entry is simply left blank, then the election will be applied to the entire holding as at the relevant Record Date.

#### **7. What happens if I buy more shares after I've made my election?**

Any additional Ordinary Shares purchased by a Certificated Shareholder prior to the Record Date for a dividend will be covered by the Mandate Form that is in place. New Shares will therefore be issued instead of cash dividends for the entire shareholding.

CREST Shareholders should contact the appropriate party to ensure that newly acquired shares are covered by the election instruction given to Equiniti by the CREST provider.

#### **8. What happens if I sell part of my shareholding?**

The Scheme will only apply to your remaining holding of Ordinary Shares.

#### **9. What happens if I have more than one shareholding?**

You must complete a separate Mandate Form (as a Certificated Shareholder) or make an election via CREST (as a CREST Shareholder) for each separate holding.

Please note that Equiniti can combine multiple sole shareholdings into a single registered holding at a Shareholder's request. Please write to Equiniti at the address set out in section F below, quoting 'Inmarsat PLC'.

#### **D. NEW SHARES**

#### **10. How is the Scrip Price calculated?**

The Scrip Calculation Price is calculated using the average of the middle market quotations of an Inmarsat plc Ordinary Share, according to the London Stock Exchange Daily Official List, for the five consecutive business days commencing on, and including, the day the Ordinary Shares are first quoted

“ex-dividend”. The results of this calculation, including any currency exchange rates used, will be made available at [www.inmarsat.com/about-us/investor-relations/dividends](http://www.inmarsat.com/about-us/investor-relations/dividends).

#### 11. How many shares will I receive?

The number of New Shares you will receive for each dividend will depend on a number of factors, including: the amount of the cash dividend; the number of Ordinary Shares registered in your name on the Record Date; and the price to be used in calculating your entitlement to New Shares.

Obviously the cash dividend entitlement is unlikely to convert exactly into a whole number of New Shares. Fractions of New Shares cannot be issued, so any residual cash balance will be carried forward, without interest, and included in the calculation for the next dividend payment.

The formula for determining the number of New Shares is as follows:

***(Number of Ordinary Shares held at the Record Date X Cash value of dividend per Ordinary Share) + any Residual Cash Balance***

#### ***Scrip Calculation Price***

An illustrative example is set out below:

<b>Number of Ordinary Shares held</b>	2,000
<b>Dividend</b>	£0.32 per Ordinary Share
<b>Scrip Calculation Price</b>	£8.30
<b>Residual Cash Balance from previous Dividend</b>	£0.00

<b>STEP 1</b>	Determine maximum cash available (Cash dividend payable + Residual Cash Balance)	$(2,000 \times £0.32) + 0.00 = £640.00$
<b>STEP 2</b>	Determine number of New Shares to be issued (Maximum cash available divided by Scrip Calculation Price)	$£640.00 \div £8.30 = 77.10$ (rounded down to 77 New Shares)
<b>STEP 3</b>	Determine Residual Cash Balance (Maximum cash available minus value of New Shares)	$£640.00 - (77 \times £8.30) = £0.90$

On the example above, the Shareholder would be entitled to 77 New Shares with a cash value of £639.10. The Residual Cash Balance of £0.90 will be rolled forward and factored into the Scrip calculation for the next Dividend.

## **12. How will I know how many New Shares I've received?**

Once the New Shares have been issued you will receive a statement, together with a share certificate if you are a Certificated Shareholder, showing the number of New Shares granted instead of the cash dividend. The statement will also show any residual cash balance that has been carried forward and contains details of the calculation price.

If the cash dividend entitlement combined with any brought-forward cash balance is not sufficient to acquire at least one New Share, a statement will be sent explaining that no New Shares have been issued and will detail how much residual cash has been carried forward to the next dividend.

## **13. What happens to any residual cash balance?**

The Company cannot issue fractions of New Shares, so the general position is that any residual cash balance after the scrip calculation has been carried out will be carried forward, without interest, and included in the calculation for the next dividend. However, in certain circumstances the residual cash balance will be paid out to Shareholders (without interest).

A Shareholder can request payment of the residual cash balance by writing to Equiniti at the address set out in section F below. Please note that any such request will be treated as a notice of withdrawal from the Scheme.

In addition, any residual cash balance will be paid out if:

- your original Mandate Form has been revoked in writing; or
- all of your Ordinary Shares are sold or transferred to a third party; or
- Equiniti receives proper notice of your death (in which case any residual cash balance will be returned to your estate), bankruptcy or mental incapacity, or, in the case of a corporate Shareholder, of such body being placed into liquidation; or
- the Company terminates the Scheme.

Payments of residual cash balances will be paid by cheque sent, at the Shareholder's risk, as soon as reasonably practicable after the relevant event, or by other appropriate means.

## **14. How will I receive the New Shares?**

Dealings in the New Shares would generally begin on the dividend payment date. Subject to the New Shares being admitted to the official list of the UK Listing Authority, and to trading on the London Stock Exchange's market for listed securities, then either a share certificate will be posted to you at your risk (if you are a Certificated Shareholder), on or around the same day as dividend cheques are posted to Shareholders who are receiving their dividends in cash or, if you are a CREST Shareholder, your CREST account will simply be credited directly with New Shares on the same day the cash dividend is paid.

In the unlikely event that the New Shares are not admitted to listing, your dividend will be paid in cash as soon as reasonably practicable.

## **15. Are the new shares included in future scrip dividends?**

Yes. New Shares will rank equally in all respects with the existing Ordinary Shares and will qualify for all future dividends.

## **E. CANCELLATION**

### **16. Can I cancel my instructions?**

Yes. If you are a Certificated Shareholder you can leave the Scheme at any time by writing to Equiniti to cancel your existing Mandate. For the cancellation to be effective for a particular dividend, it must be received at least 15 working days before the payment date for that dividend. If a cancellation is received after that date, it will apply to all subsequent dividends.

If you are a CREST Shareholder, you can cancel your election through CREST by completing a notice of cancellation, which must be received no later than 16:30 (UK time) on the Election Date for it to be effective. If the notice is received after that time, it will apply to all subsequent dividends.

If you sell or transfer your Ordinary Shares to another person, your instructions in relation to those shares will be cancelled from the date of registration of the transfer. Your instructions will also be cancelled immediately on notification of your death, bankruptcy or mental incapacity.

### **17. Can the Company cancel or amend the Scheme?**

Yes. The Board of Directors is entitled to amend, suspend or terminate the Scheme at its discretion, by written notice to the Shareholders. Also, the Scheme will come up for renewal by Shareholder approval in five years time.

If these Terms and Conditions are amended, your instructions will remain valid under the amended terms unless you notify Equiniti otherwise.

If the Scheme is terminated, Shareholders will simply receive their dividends in cash as soon as reasonably practicable.

Information relating to the Scheme will be published at [www.inmarsat.com/about-us/investor-relations/dividends](http://www.inmarsat.com/about-us/investor-relations/dividends).

## **F. FURTHER QUESTIONS**

### **18. Who should I contact if I have further questions?**

If you are in doubt about the action you should take, you should seek advice from your stockbroker, bank manager, solicitor or other professional adviser authorised under the Financial Services and Markets Act 2000.

If you have any further questions regarding the Scheme itself, you can also contact Equiniti using the contact details set out below:

<b>Address</b>	Equiniti, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA
<b>Telephone (UK only)</b>	0371 384 2739  Lines open 08:30 – 17:30 (UK time), Monday to Friday, excluding bank holidays.
<b>Telephone (outside the UK)</b>	+44 (0)121 415 7047
<b>Textel UK</b>	0371 384 2255
<b>Website</b>	<a href="http://www.shareview.co.uk">www.shareview.co.uk</a>

## **G. TAX**

### **19. What are the tax effects of electing to receive a Scrip Dividend Alternative?**

The tax effect will depend on your individual circumstances. The guidance provided on page 9 is correct as of 9 September 2016, but is for informational purposes only. You should consult a professional adviser for personal tax advice before taking any action.

## **H. COMMUNICATION**

### **20. How will the information relating to the Scheme be communicated to me?**

All documents sent by post will be sent at each Shareholder's risk and neither the Company nor Equiniti will be liable for any accidental failure to receive any document. All notices and documents will be sent to the first named shareholder at the address on the share register. If the sole or first-named joint holder has given the Company an email address:

- the Company will have a discretion to send any notices or other documents to you via that email address; and
- by sending to that email address a link to the Company's website, the Company will have a discretion to use that website to provide to you (together with other participants in the Scheme) general information or documents relevant to these terms and conditions in the future.

If you provide the Company with an email address but subsequently decide that you do not want the Company to communicate with you by email or using a website, please send Equiniti a letter stating this and it will resume using the last postal address they have for you.

## **I. GOVERNING LAW**

The Scheme, and all related documentation, is governed by English law. Any proceedings between a Shareholder and the Company will be subject to the exclusive jurisdiction of the courts of England and Wales.

## **J. TAX CONSIDERATIONS**

### **Taxation treatment for UK residents**

The Company understands that under current UK legislation and HMRC practice (which may not be binding on HMRC) as at 9 September 2016, the taxation consequences for Shareholders electing to receive New Shares instead of a cash dividend will broadly be as set out as follows:

#### **Please remember:**

- This summary is only an outline of the tax position, not a comprehensive picture your own tax treatment will depend on your individual circumstances.
- It only covers the position of Shareholders resident in the UK for taxation purposes who hold their Ordinary Shares beneficially as an investment, otherwise than under an individual savings account and who have not (and are not deemed to have) acquired their Ordinary Shares by reason of any office or employment.
- It does not address the position of certain classes of Shareholders such as dealers in securities.
- UK legislation and HMRC practice can change from time to time, possibly with retroactive effect.
- Shareholders who may be subject to taxation in a jurisdiction other than the UK should seek their own professional advice.
- If you are in any doubt as to your tax position, you should consult your solicitor, accountant or other professional adviser before taking any action.

### **UK resident individual shareholders**

#### **Income tax**

An individual Shareholder who is a UK resident and elects to receive New Shares will have the same liability to income tax as the Shareholder would have had on the receipt of a cash dividend of an amount equal to the 'cash equivalent' of the New Shares. The 'cash equivalent' of the New Shares will be the amount of the cash dividend which the Shareholder would have received in the absence of an election to take New Shares, unless the difference between, on the one hand, the amount of the cash dividend which the Shareholder would have received had the Shareholder not so elected and, on the other hand, the market value of the New Shares on the first day when dealing in the New Shares begins on the London Stock Exchange, is 15% or more of that market value in which case the market value of the New Shares on that day will be treated as the 'cash equivalent' of the New Shares for taxation purposes.

#### **Applicable rates from 6 April 2016**

An individual Shareholder will be liable to tax on the amount of the "cash equivalent":

- (i) at the dividend ordinary rate of 7.5% to the extent that that amount, when treated as the top slice of the Shareholder's income, falls below the threshold for the higher rate of income tax;

(ii) at the dividend upper rate of 32.5% to the extent that that amount, when treated as the top slice of the Shareholder's income, falls above the threshold for the higher rate of income tax but below the threshold for the additional rate; and (iii) at the dividend additional rate of 38.1% to the extent that that amount, when treated as the top slice of the Shareholder's income, falls above the threshold for the additional rate of income tax.

In each case, this is subject to the "dividend nil rate" annual allowance, which provides that the first £5,000 of dividends paid to a UK resident individual Shareholder in any given tax year is charged to income tax rate at nil rate (but note that dividends charged at the nil rate are not disregarded for the purposes of determining in which rate bands the Shareholder's income falls).

A trustee of a UK resident trust which is normally liable to pay income tax at the currently applicable rate of 45% will be liable to pay tax on the amount of the "cash equivalent" at the currently applicable rate of 38.1%.

The above two paragraphs do not reflect current law, as the relevant provisions are currently included within a Finance Bill which has yet to be passed into law. However, it is expected that these provisions will receive Royal Assent in Autumn 2016 without material amendment, and will take effect retrospectively to 6 April 2016 such that they apply for the tax year 6 April 2016 to 5 April 2017 and subsequently.

### **Capital Gains Tax**

For Capital Gains Tax purposes, the New Shares received by an individual Shareholder instead of the cash dividend will generally be treated as forming a single asset (a 'share pool') with all the Ordinary Shares held by the individual Shareholder, regardless of when they were originally acquired. The 'cash equivalent' of the New Shares will be allowable expenditure in respect of such a share pool.

### **UK resident companies**

A corporate Shareholder is not generally liable to corporation tax on cash dividends and will not generally be charged corporation tax on New Shares received instead of a cash dividend. These New Shares will be added to the corporate Shareholder's existing holding of Ordinary Shares and treated as having been acquired when the existing holding was acquired.

For the purposes of corporation tax on chargeable gains, no consideration will be treated as having been given for the New Shares; so there will be no increase in base cost.

### **Stamp duty and stamp duty reserve tax**

No stamp duty or stamp duty reserve tax will be payable on the issue of New Shares.

## K. DEFINITIONS

**Certificated Shareholder** means a Shareholder who holds Ordinary Shares in hard-copy certificated form

**CREST** means the relevant system (as defined in the Uncertificated Securities Regulations 2001 (SI/3755)) in respect of which Euroclear UK & Ireland Limited is the operator

**CREST Shareholder** means a Shareholder who holds Ordinary Shares electronically on the Company's register of Shareholders through the CREST system

**Directors** means the directors of Inmarsat plc

**Election Date** means the date 15 working days before the dividend payment date in respect of any particular dividend

**London Stock Exchange** means the London Stock Exchange plc

**Mandate** means the instructions as set out in a valid Mandate Form

**Mandate Form** means a mandate in a form provided by the Company from a Shareholder to the Directors to allot New Shares under the terms of the Scheme in lieu of cash dividends

**New Shares** means new Ordinary Shares issued under the Scheme

**Ordinary Shares** means Ordinary Shares of €0.0005 each in the capital of the Company

**Record Date** means the date on which Ordinary Shares must be held in order for a Shareholder to be eligible to receive a declared dividend

**The Company** means Inmarsat plc

**Scrip Dividend Scheme** or **Scheme** means the Inmarsat plc Scrip Dividend Scheme comprised in the terms and conditions contained in this document as amended from time to time

**Shareholder** means a holder of Ordinary Shares