



For Immediate Release:

Stratos Announces First-Quarter 2009 Results

BETHESDA, MD (May 7, 2009) – Stratos Global Corporation, the world’s trusted leader in delivering vital voice, data and IP communication services today announced financial results for the first quarter ended March 31, 2009.

Financial Highlights

(in millions of U.S. dollars, except per share amounts)

	First quarter ended March 31	
	2009	2008
Revenue	\$ 156.6	\$ 147.5
EBITDA*	\$ 27.8	\$ 23.9
Net earnings	\$ 4.5	\$ 0.7
Basic and diluted earnings per share	\$ 0.11	\$ 0.02

* EBITDA (a non-GAAP measure) is defined by the Corporation as earnings before interest expense, income taxes, other costs (income), management long-term incentive expense, depreciation and amortization, non-controlling interest and equity in earnings of investee.

The unaudited interim consolidated financial statements and management’s discussion and analysis of financial condition and results of operation are available on SEDAR, www.sedar.com and the Corporation’s website, www.stratosglobal.com

For the first quarter ended March 31, 2009, the Corporation achieved revenue of US\$156.6 million, a 6 percent increase compared with US\$147.5 million in the same period in 2008. This increase resulted primarily from increased Inmarsat leasing revenue and sales of mobile terminals and equipment. EBITDA for the first quarter of 2009 increased by 16 percent to US\$27.8 million compared with US\$23.9 million for the first quarter of 2008. The significant improvement in EBITDA was primarily driven by the increased revenue and cost of sales reductions resulting from increased volume discounts.

Net earnings for the first quarter of 2009 were US\$4.5 million, or US\$0.11 per share, compared with US\$0.7 million, or US\$0.02 per share during the same period in 2008.

Cash flow from operations (including working capital changes) in the first quarter of 2009 totaled US\$21.5 million, compared with US\$5.0 million generated during the first quarter in 2008. The increase primarily reflects a decreased investment in working capital and higher EBITDA.

- more -

About Stratos

Stratos is the world's trusted leader for vital communications. Stratos offers the most powerful and extensive portfolio of remote communications solutions including mobile and fixed satellite and microwave services. More than 20,000 customers use Stratos products and industry-leading value added services to optimize communication performance. Stratos serves U.S. and international government, military, first responder, NGO, oil and gas, industrial, maritime, aeronautical, enterprise, and media users on seven continents and across the world's oceans. For more information visit www.stratosglobal.com

Caution Concerning Forward-Looking Statements

Documents related to this release contain statements and information about potential future circumstances and developments. Such statements and information are qualified by the inherent risks and uncertainties surrounding future expectations generally and may differ materially from Stratos Global Corporation's actual future results. For additional information with respect to these risks and uncertainties, reference should be made to the Corporation's continuous disclosure materials filed with the Canadian Securities Administrators. Stratos Global Corporation disclaims any intention or obligation to update or revise any forward-looking statements or information, whether as a result of new information, future events, or otherwise.

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Consolidated Financial Statements of

STRATOS GLOBAL CORPORATION

*As at March 31, 2009 and December 31, 2008 and
For the three months ended March 31, 2009 and 2008*



Consolidated Balance Sheets

(Unaudited)

As at March 31, 2009 and December 31, 2008 (U.S. dollars; in thousands)

Incorporated under the laws of Canada

	2009	2008
Assets		
Current		
Cash and cash equivalents	\$ 118,875	\$ 104,906
Accounts receivable (Notes 12 and 14)	86,844	90,486
Unbilled revenue	38,646	36,129
Inventory	11,201	14,814
Prepays and other	17,850	23,942
Future income taxes (Note 8)	8,971	8,388
	282,387	278,665
Investments (Note 2)	7,669	6,415
Property, plant and equipment	115,439	117,489
Goodwill	323,873	323,873
Intangible assets	58,227	60,638
Other assets	1,443	2,192
	\$ 789,038	\$ 789,272
Liabilities		
Current		
Payables and accruals (Note 12 and 14)	\$ 151,905	\$ 157,722
Deferred revenue	13,203	13,108
Current portion of long-term debt (Note 3)	2,531	2,379
	167,639	173,209
Long-term debt (Note 3)	348,597	350,522
Other liabilities (Note 4)	11,998	10,079
Future income taxes (Note 8)	33,136	32,321
Total liabilities	561,370	566,131
Non-controlling interest	487	497
Shareholder's equity	227,181	222,644
	\$ 789,038	\$ 789,272

Commitments and contingencies (Note 13)

See accompanying notes



Consolidated Statements of Operations

(Unaudited)

Three months ended March 31 (U.S. dollars; in thousands, except per share amounts)

	2009	2008
Revenue	\$ 156,618	\$ 147,502
Cost of goods and services	115,427	109,102
Gross margin	41,191	38,400
Operating expenses	17,786	16,671
Interest expense	6,411	8,515
Depreciation and amortization	9,137	10,046
Other (income) costs (Note 7)	(553)	743
Non-controlling interest	(10)	82
Equity in earnings of investees	(176)	(234)
	32,595	35,823
Earnings before income taxes	8,596	2,577
Income tax expense (Note 8)	4,138	1,907
Net earnings	\$ 4,458	\$ 670
Basic and diluted earnings per share (Note 9)	\$ 0.11	\$ 0.02
See accompanying notes		

Consolidated Statements of Shareholder's Equity

(Unaudited)

Three months ended March 31 (U.S. dollars; in thousands)

	2009	2008
Retained earnings (deficit), beginning of period	\$ 2,007	\$ (18,881)
Net earnings	4,458	670
Retained earnings (deficit), end of period	6,465	(18,211)
Capital stock (Note 5)	216,153	216,153
Contributed surplus	4,563	4,563
Accumulated other comprehensive loss (Note 6)	-	(2,232)
Total shareholder's equity	\$ 227,181	\$ 200,273
See accompanying notes		



Consolidated Statements of Comprehensive Earnings (Loss)

(Unaudited)

Three months ended March 31 (U.S. dollars; in thousands)

	2009	2008
Net earnings	\$ 4,458	\$ 670
Other comprehensive earnings (loss):		
Reclassification adjustment for (gains) losses included in net earnings, net of income tax expense (recovery) of \$50 (2008 - \$(92))	(67)	176
Net gain (loss) on derivatives designated as cash flow hedges, net of income tax expense (recovery) of \$50 (2008 - \$(602))	146	(1,192)
	79	(1,016)
Comprehensive earnings (loss)	\$ 4,537	\$ (346)
See accompanying notes		



Consolidated Statements of Cash Flow

(Unaudited)

Three months ended March 31 (U.S. dollars; in thousands)

	2009	2008
Operating activities		
Net earnings	\$ 4,458	\$ 670
Items not requiring (generating) cash		
Depreciation and amortization	9,137	10,046
Asset impairment charge (Note 7)	-	98
Foreign exchange loss (gain)	674	(172)
Future income tax expense	232	1,330
Amortization of deferred financing costs	512	468
Equity in earnings of investees – net of dividends	(176)	(2)
Management incentive plan expense (Note 4)	4,398	2,199
Gain on transfer of intangible assets to investee (Note 7)	(1,078)	-
Other	824	319
	18,981	14,956
Change in non-cash working capital items related to operating activities	2,485	(10,005)
	21,466	4,951
Investing activities		
Purchases of property, plant and equipment	(4,680)	(3,386)
Proceeds from disposal of property, plant and equipment	-	760
Other assets	119	6
	(4,561)	(2,620)
Financing activities		
Long-term debt repayments	(2,280)	(11,286)
Other liabilities	(656)	(115)
	(2,936)	(11,401)
Change in cash and cash equivalents during the period	13,969	(9,070)
Cash and cash equivalents, beginning of period	104,906	63,878
Cash and cash equivalents, end of period	\$ 118,875	\$ 54,808
Supplementary cash flow information		
Interest paid	\$ 10,968	\$ 11,514
Income taxes paid	\$ 3,816	\$ 1,284
See accompanying notes		



Notes to the Consolidated Financial Statements

(Unaudited)

March 31, 2009 (U.S. dollars; tabular amounts in thousands except share and per share amounts)

1. Summary of significant accounting policies and accounting changes

a) Significant accounting policies

Basis of presentation

These unaudited consolidated interim financial statements ("financial statements") include the accounts of Stratos Global Corporation and its subsidiaries (collectively, "Stratos" or the "Corporation"). The financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") with respect to the preparation of interim financial statements and are in accordance with generally accepted accounting principles in the United States ("U.S. GAAP") except as described in Note 18. These financial statements are prepared using the same basis of presentation and accounting policies as the audited consolidated financial statements for the year ended December 31, 2008, with the exception of the adoption of the accounting policies discussed in Note 1(b). The financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2008.

Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

b) Accounting changes

Goodwill and intangible assets

On January 1, 2009, the Corporation adopted CICA Handbook Section 3064, "Goodwill and Intangible Assets", replacing Section 3062, "Goodwill and Other Intangible Assets" and Section 3450, "Research and Development Costs". The new section establishes revised standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The provisions related to the definition and initial recognition of intangible assets, including internally generated intangible assets, are equivalent to the corresponding provisions of International Accounting Standard 38, "Intangible Assets". The adoption of this standard did not have any impact on the Corporation's financial position or results of operations.

2. Investments

During the first quarter of 2009, the Corporation assigned the rights to certain of its internally generated intangible assets to JSAT Mobile Communications Inc. ("JSAT Mobile"). These intangible assets were not previously recognized in the financial statements of the Corporation and included dealer agreements and customer lists that were formerly the property of the Corporation's wholly owned subsidiary, Stratos Global (Japan) KK. An independent valuation determined the fair value of these assets to be ¥98.0 million (U.S. \$1.1 million) (Note 7).



Notes to the Consolidated Financial Statements

(Unaudited)

March 31, 2009 (U.S. dollars; tabular amounts in thousands except share and per share amounts)

2. Investments (cont'd.)

As consideration for the assignment of these rights, the Corporation subscribed to additional common stock of JSAT Mobile for an aggregate subscription price of ¥98.0 million (U.S. \$1.1 million). The other shareholders of JSAT Mobile invested additional cash, resulting in the Corporation's interest in JSAT Mobile remaining unchanged, at 26.67%.

3. Long-term debt

	Interest Rate at March 31, 2009	March 31, 2009	December 31, 2008
Senior credit facilities	LIBOR + 2.50%	\$ 209,250	\$ 211,500
Senior unsecured notes	9.875%	150,000	150,000
Mortgage obligation	7.03%	281	316
		359,531	361,816
Less: long-term debt due within one year		2,531	2,379
Less: unamortized financing costs		8,403	8,915
		\$ 348,597	\$ 350,522

Mortgage obligation

On April 8, 2009 the Corporation settled its remaining mortgage obligation of \$0.3 million.

4. Other liabilities

	March 31, 2009	December 31, 2008
Asset retirement obligation	\$ 3,485	\$ 3,418
Government assistance, net of accumulated amortization of \$1,376 (2008 - \$1,370)	462	468
Defined benefit pension obligation	143	143
Defined benefit pension obligation – Xantic early retirement plan	2,942	3,660
Other employment benefits	696	666
Management incentive plan	16,154	11,756
Other	1,571	1,724
	25,453	21,835
Less: management incentive plan due within one year (included in payables and accruals)	13,455	11,756
	\$ 11,998	\$ 10,079



Notes to the Consolidated Financial Statements

(Unaudited)

March 31, 2009 (U.S. dollars; tabular amounts in thousands except share and per share amounts)

4. Other liabilities (cont'd.)

Management incentive plan

As a result of the Arrangement Transaction (Note 15), the Corporation introduced a long-term Management Incentive Plan ("MIP") for certain senior employees. The MIP, in conjunction with a separate agreement executed between the Corporation and the employee, gives the employee the right to receive cash compensation, subject to the achievement of performance targets and the conditions specified in the MIP, which will be measured and achieved in each of 2007, 2008 and 2009, up to the date Inmarsat III exercised its option. Amounts payable under the MIP are generally expected to vest by July 15, 2010, however, awards are subject to earlier settlement under certain conditions. The deferred compensation arrangement will be recognized over the vesting period. The amount of compensation expense recorded in earnings during the three months ended March 31, 2009 was \$4.4 million (2008 – \$2.2 million). The maximum amounts expected to be paid at the end of the vesting period related to achievement of performance targets for 2009, 2008 and 2007 are \$5.0 million, \$11.0 million and \$10.9 million, respectively.

5. Capital stock

The Corporation is authorized to issue an unlimited number of preferred shares, issuable in series, and an unlimited number of common shares with no par value. No preferred shares have been issued, while the issued common shares were as follows:

	March 31, 2009		December 31, 2008	
	Number	Stated Value	Number	Stated Value
Beginning of period	41,998,207	\$ 216,153	41,998,207	\$ 216,153
End of period	41,998,207	\$ 216,153	41,998,207	\$ 216,153

6. Accumulated other comprehensive loss

Accumulated other comprehensive loss for the three months ended March 31 is comprised of the following:

	March 31, 2009	December 31, 2008
Balance, beginning of period	\$ (79)	\$ (1,216)
Other comprehensive earnings	79	1,137
Balance, end of period	\$ -	\$ (79)



Notes to the Consolidated Financial Statements

(Unaudited)

March 31, 2009 (U.S. dollars; tabular amounts in thousands except share and per share amounts)

7. Other (income) costs

Other (income) costs for the three months ended March 31 are comprised of the following:

	2009	2008
Costs related to the arrangement transaction	\$ 298	\$ 531
Gain on transfer of intangible assets to investee	(1,078)	-
Severance and other costs	227	67
Assets held for sale – impairment charge and related costs	-	145
	\$ (553)	\$ 743

Costs related to the arrangement transaction with CIP Canada

During the three months ended March 31, 2009 and 2008, the Corporation incurred financial advisory, legal, and other costs associated with the sale of the Corporation by way of a plan of arrangement (Note 15).

Gain on transfer of intangible assets to investee

In the first quarter of 2009, the Corporation assigned the rights to certain of its internally generated intangible assets to JSAT Mobile (Note 2). An independent valuation determined the fair value of these assets to be ¥98.0 million (U.S. \$1.1 million). As these internally generated intangible assets had not been previously recorded in the financial statements of the Corporation, a gain of \$1.1 million was recognized.

Severance and other costs

Severance and other costs during the three months ended March 31, 2009 and 2008 included severance and other costs related to restructuring measures as a result of a reorganization.

Assets held for sale - impairment charge and related costs

During the three months ended March 31, 2008, the Corporation incurred legal and other costs associated with the sale of certain of its Broadband Services (“Broadband”) segment’s telecommunications equipment located in Hameln, Germany. In the course of determining the net realizable value of the assets the Corporation recognized an impairment charge of \$0.1 million.



Notes to the Consolidated Financial Statements

(Unaudited)

March 31, 2009 (U.S. dollars; tabular amounts in thousands except share and per share amounts)

8. Income taxes

Reconciliation to statutory rates

The following is a reconciliation of income taxes, calculated at the Canadian combined federal and provincial statutory income tax rate, to the income tax expense recorded in the consolidated statements of operations for the three months ended March 31:

	2009	2008
Earnings before income taxes	\$ 8,596	\$ 2,577
Income tax expense based upon statutory rate	2,836	863
Increase (decrease) in income taxes resulting from:		
Benefit of current year's non-capital losses not recognized	517	1,661
Non-deductible CIP arrangement costs	99	178
Difference in foreign tax rates	217	(394)
Other non-deductible (non-taxable) items	440	(422)
Capital tax	29	21
Income tax expense	\$ 4,138	\$ 1,907

Income tax expense

The components of the income tax expense for the three months ended March 31 are as follows:

	2009	2008
Canadian		
Current taxes	\$ 42	\$ (131)
Future income taxes	-	242
	\$ 42	\$ 111
Foreign		
Current taxes	\$ 3,864	\$ 708
Future income taxes	232	1,088
	\$ 4,096	\$ 1,796
Income tax expense	\$ 4,138	\$ 1,907



Notes to the Consolidated Financial Statements

(Unaudited)

March 31, 2009 (U.S. dollars; tabular amounts in thousands except share and per share amounts)

8. Income taxes (cont'd.)

Future income taxes

The tax effects of temporary differences which give rise to future income tax assets and liabilities are as follows:

	March 31, 2009	December 31, 2008
Loss carry-forwards	\$ 32,536	\$ 34,080
Property, plant and equipment	803	310
Goodwill and other intangible assets	(36,886)	(36,586)
Current assets	2,256	2,256
Asset retirement obligation	1,094	1,074
Other	3,079	(4,101)
Current liabilities	5,620	5,037
Valuation allowance	(32,667)	(26,003)
Total future income taxes	\$ (24,165)	\$ (23,933)

Future income taxes comprise:

	March 31, 2009	December 31, 2008
Future income tax asset – current portion	\$ 8,971	\$ 8,388
Future income tax liability – long-term portion	(33,136)	(32,321)
Net future income tax liability	\$ (24,165)	\$ (23,933)

Tax losses

The Corporation has estimated non-capital tax losses carried forward at March 31, 2009 amounting to approximately \$109.3 million (December 31, 2008 - \$110.5 million), of which \$57.7 million (December 31, 2008 - \$55.6 million) arises in subsidiaries in Canada, the U.S. and the Netherlands, and expires at various dates from 2012 to 2029. The balance of \$51.6 million (December 31, 2008 - \$54.9 million) arises in subsidiaries outside Canada, the U.S. and the Netherlands, of which \$51.3 million arose in Germany and expired on April 15, 2009, upon Inmarsat III acquiring the entire issued share capital of CIP Canada (Note 15). The use of approximately \$1.0 million (December 31, 2008 - \$1.3 million) of these losses is limited to an annual amount on a straight line basis over twenty years as prescribed by tax legislation. The Corporation has a net capital loss of \$0.6 million (December 31, 2008 - \$0.6 million) which can only be utilized against capital gains.



Notes to the Consolidated Financial Statements

(Unaudited)

March 31, 2009 (U.S. dollars; tabular amounts in thousands except share and per share amounts)

8. Income taxes (cont'd.)

The valuation allowance at March 31, 2009 primarily relates to the potential future benefits in respect of net loss carryforwards of \$76.0 million or \$22.6 million of the valuation allowance (December 31, 2008 - \$52.3 million or \$15.7 million of the valuation allowance) and in respect of other deductible differences of \$33.7 million or \$10.1 million of the valuation allowance (December 31, 2008 - \$34.3 million or \$10.3 million of the valuation allowance). These tax assets will be recognized in future periods when it becomes more likely than not that the benefits will be realized.

9. Per share information

	March 31, 2009	March 31, 2008
Net earnings	\$ 4,458	\$ 670
Weighted average common shares used in the calculation of basic earnings per share and diluted earnings per share	41,998	41,998
Basic and diluted earnings per share	\$ 0.11	\$ 0.02

There were no stock options outstanding at March 31, 2009 or 2008.

10. Capital management

The Corporation defines capital that it manages as the aggregate of its shareholder's equity and interest bearing debt. The primary objectives of the Corporation's capital management are to ensure it maintains strong credit ratings and exceeds its borrowing covenants in order to support its business and to provide returns to the shareholder and benefits to other stakeholders.

The Corporation manages its capital structure in a manner to ensure that certain covenants comply with the requirements within the senior credit facility agreement and note indenture agreement. In particular, the Corporation monitors the consolidated debt to earnings before interest, taxes, depreciation and amortization ("EBITDA") ratio as well as the consolidated EBITDA to cash interest ratio and fixed charge ratio. EBITDA is calculated as the gross margin less operating expenses plus management incentive plan expense plus equity in earnings of investees less non-controlling interest.

The consolidated debt to EBITDA ratio, also defined as the total leverage ratio, is calculated as long-term debt, including the current portion of long-term debt, divided by EBITDA. Under the credit agreement, this ratio must be less than 5.00:1. The consolidated debt to EBITDA ratio at March 31, 2009 was 3.01:1 (December 31, 2008 - 3.14:1). The consolidated EBITDA to cash interest ratio is calculated as EBITDA divided by cash interest paid. This ratio must exceed 2.50:1. The consolidated EBITDA to cash interest ratio at March 31, 2009 was 4.27:1 (December 31, 2008 - 3.89:1). The fixed charge ratio is calculated as EBITDA less cash purchases of property, plant and equipment and cash



Notes to the Consolidated Financial Statements

(Unaudited)

March 31, 2009 (U.S. dollars; tabular amounts in thousands except share and per share amounts)

10. Capital management (cont'd.)

income taxes divided by cash interest expense plus the current portion of long-term debt. This ratio must exceed 1.10:1. The fixed charge ratio at March 31, 2009 was 3.09:1 (December 31, 2008 – 2.95:1).

11. Business segments

The Corporation's reportable segments are the Mobile Satellite Services ("MSS") segment and the Broadband segment. During the third quarter of 2008, the Corporation changed the reporting of its operating segments whereby corporate operating costs are no longer allocated to the operating segments and have now been presented separately. Comparative segmented information has been restated to reflect this change in reporting.

The MSS segment includes the sale of airtime and equipment for Stratos' Inmarsat, Iridium and other mobile satellite operations. The Broadband segment includes the sale of airtime, equipment and services for Stratos' microwave and VSAT operations. Unallocated corporate costs include general and administrative costs associated with corporate management, billing, credit, accounting and information technology, corporate governance, and related legal, audit and other professional fees.

The Corporation evaluates performance and allocates resources based on segment earnings before unallocated corporate costs, interest expense, depreciation and amortization, other (income) costs, non-controlling interest, equity in earnings of investees, and income taxes ("Segment earnings"). Intersegment transactions are not significant and are eliminated upon consolidation.



Notes to the Consolidated Financial Statements

(Unaudited)

March 31, 2009 (U.S. dollars; tabular amounts in thousands except share and per share amounts)

11. Business segments (cont'd.)

	March 31, 2009	March 31, 2008
Revenue		
MSS	\$ 132,449	\$ 118,760
Broadband	24,169	28,742
	\$ 156,618	\$ 147,502
Segment earnings		
MSS	\$ 29,590	\$ 24,596
Broadband	4,508	5,772
	34,098	30,368
Unallocated corporate costs	(10,693)	(8,639)
Segment earnings after unallocated corporate costs	\$ 23,405	\$ 21,729
Interest expense	\$ 6,411	\$ 8,515
Depreciation and amortization	9,137	10,046
Other (income) costs	(553)	743
Non-controlling interest	(10)	82
Equity in earnings of investees	(176)	(234)
	\$ 14,809	\$ 19,152
Earnings before income taxes	\$ 8,596	\$ 2,577

	March 31, 2009	December 31, 2008
Total identifiable assets		
MSS	\$ 365,083	\$ 359,791
Broadband	100,082	105,608
	\$ 465,165	\$ 465,399
Goodwill		
MSS	\$ 276,135	\$ 276,135
Broadband	47,738	47,738
	\$ 323,873	\$ 323,873
	\$ 789,038	\$ 789,272

Geographic Information – Revenue

	March 31, 2009	March 31, 2008
United States	\$ 55,430	\$ 47,729
United Kingdom	25,048	16,800
Canada	6,939	7,844
Australia	9,823	13,251
Other	59,378	61,878
	\$ 156,618	\$ 147,502

Revenue is attributed to different countries based on the billing address of the customer for whom the service was provided.



Notes to the Consolidated Financial Statements

(Unaudited)

March 31, 2009 (U.S. dollars; tabular amounts in thousands except share and per share amounts)

11. Business segments (cont'd.)

Geographic Information – Property, plant and equipment, Goodwill and Other Intangible Assets

	March 31, 2009	December 31, 2008
United States	\$ 84,502	\$ 86,199
United Kingdom	122,880	123,093
Canada	48,173	51,189
Netherlands	197,168	197,991
Other	44,816	43,528
	\$ 497,539	\$ 502,000

12. Financial instruments

Risk management

The Corporation's earnings and cash flow may be negatively impacted by fluctuations in interest and foreign currency exchange rates. In certain circumstances, the Corporation enters into foreign currency forward contracts in order to mitigate earnings volatility associated with foreign currency fluctuations and match the timing of cash flow requirements.

Derivative financial instruments entered into by the Corporation are subject to standard credit terms and conditions, financial controls, and risk monitoring procedures. The Corporation does not hold or issue derivative financial instruments for speculative or trading purposes.

a) Market risk

Interest rate exposures

The senior credit facilities are issued at floating rates of interest and are therefore subject to risks associated with fluctuating interest rates. The Corporation had entered into, for hedging purposes, three interest rate swap transactions. The fair values of these instruments were recorded on the consolidated balance sheet and the change in value was reflected in other comprehensive earnings (loss), net of income taxes.

One of the swap transactions involved the exchange of the underlying three month U.S. dollar LIBOR rate for a fixed rate of 3.95% and expired on January 14, 2009. The notional amount of this swap transaction was \$75.0 million, which remained fixed throughout its term.

The Corporation's two remaining swap transactions expired on March 31, 2008 and December 31, 2008 and involved the exchange of underlying three month U.S. dollar LIBOR rates of 4.28% and 5.15%, respectively. The notional amounts of these swaps were \$50.0 million and \$75.0 million, respectively, which remained fixed throughout their terms.



Notes to the Consolidated Financial Statements

(Unaudited)

March 31, 2009 (U.S. dollars; tabular amounts in thousands except share and per share amounts)

12. Financial instruments (cont'd.)

As a result of the expiration of the Corporation's last remaining swap transaction, the unhedged amount of variable rate debt at March 31, 2009 was \$209.3 million. If the LIBOR rate was to increase or decrease by 1%, the Corporation's net earnings for the three months ended March 31, 2009 would decrease or increase by approximately \$0.4 million.

Foreign currency exposures

The Corporation has long-term debt that is denominated primarily in U.S. dollars, as disclosed in Note 3, which is therefore not subject to risks associated with fluctuating foreign currency rates of exchange since the Corporation's functional currency is U.S. dollars.

The Corporation operates internationally and is therefore exposed to market risks related to foreign currency exchange rate fluctuations. Such exposure arises from revenues and expenditures in currencies other than U.S. dollars. Approximately 10% to 15% of the Corporation's revenue and expenditures are denominated in currencies other than U.S. dollars.

To perform a sensitivity analysis, the Corporation assessed the risk of loss in fair values due to the impact of hypothetical changes in foreign currency exchange rates on monetary assets and liabilities denominated in currencies other than U.S. dollars. The Corporation's primary exposures to foreign currency exchange rate fluctuations are Euros/U.S. dollar and Canadian dollar/U.S. dollar. For the three months ended March 31, 2009, the potential decrease or increase in earnings from a hypothetical instantaneous 10% increase or decrease in the March 31, 2009 quoted foreign currency spot rates applied to Euro and Canadian dollar denominated monetary assets and liabilities included in the March 31, 2009 balance sheet would have been approximately \$0.4 million and \$0.1 million, respectively.

To mitigate the potential risk with respect to foreign currency exchange rate fluctuations, the Corporation matches cash inflows and outflows by currency, thereby minimizing net currency exposures. In addition, during 2008 the Corporation entered into Canadian Dollar and Euro foreign exchange forward contracts. These contracts were put in place to manage exposure to exchange rate fluctuations pertaining to the Corporation's net future cash flows from operations for 2009. These forward contracts, shown below in the currencies in which they are denominated, expire monthly in increments of Cdn \$1.25 million and Euro 0.8 million.

	Outstanding at March 31, 2009	To Expire 2009	Average Rate (USD)
Cdn purchase forwards	\$ 11,250	\$ 11,250	0.8333
Euro purchase forwards	€ 7,500	€ 7,500	1.4361



Notes to the Consolidated Financial Statements

(Unaudited)

March 31, 2009 (U.S. dollars; tabular amounts in thousands except share and per share amounts)

12. Financial instruments (cont'd.)

During the three months ended March 31, 2009, the Corporation recorded realized and unrealized losses of \$0.5 million and \$0.5 million, respectively, representing the fair value change in the foreign exchange forward contracts during the period. The fair value of these forward contracts at March 31, 2009 was \$(1.2) million, and was recorded in payables and accruals.

For the three months ended March 31, 2009, the potential increase or decrease in earnings from a hypothetical instantaneous 10% increase or decrease in the March 31, 2009 quoted foreign currency spot rates applied to Canadian dollar and Euro foreign exchange forward contracts would have been approximately \$1.3 million and \$1.2 million, respectively.

b) Credit risk

The Corporation is exposed to credit risk in the event of non-performance by counterparties to its derivative financial instruments. Non-performance is not anticipated since these counterparties are highly rated financial institutions.

The Corporation is also exposed to credit risk with respect to accounts receivable from customers. The Corporation provides services to a large and diverse customer base across different geographic areas, which minimizes the concentration of credit risk. No customer accounted for 10% or more of the Corporation's accounts receivable at March 31, 2009 or December 31, 2008.

The Corporation has credit evaluation, approval and monitoring processes intended to mitigate potential credit risks, and utilizes both internal and third party collections processes for overdue accounts. The Corporation also maintains provisions for potential credit losses that are assessed on an ongoing basis. The allowance for uncollectability of accounts receivable and revenue adjustments at March 31, 2009 was \$13.4 million (December 31, 2008 - \$13.9 million).

Details of the Corporation's consolidated trade accounts receivable are as follows:

	March 31, 2009	December 31, 2008
Not past due	\$ 69,079	\$ 72,925
Past due 0-30 days	15,601	16,279
Past due 31-120 days	8,269	7,650
Past due 121 days and over	7,292	7,502
	100,241	104,356
Less: Allowance for uncollectability and revenue adjustments	(13,397)	(13,870)
Total accounts receivable	\$ 86,844	\$ 90,486



Notes to the Consolidated Financial Statements

(Unaudited)

March 31, 2009 (U.S. dollars; tabular amounts in thousands except share and per share amounts)

12. Financial instruments (cont'd.)

c) Liquidity risk

The Corporation is exposed to liquidity risk with respect to its contractual obligations and financial liabilities. The Corporation manages liquidity risk by maintaining adequate cash and cash equivalents, and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities.

The Corporation believes that cash and cash equivalents on hand, future cash flows generated by operations and availability under its revolving operating facility will be adequate to meet its financial obligations.

The Corporation has financial liabilities with varying contractual maturity dates. Total financial liabilities at March 31, 2009 based on contractual undiscounted payments are as follows:

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Long-term debt	\$ 2,531	\$ 2,250	\$ 354,750	\$ -	\$ 359,531
Interest on long-term debt (at current rates)	24,961	22,295	34,072	-	81,328
Derivative financial instruments	1,237	-	-	-	1,237
Payables and accruals	146,765	-	-	-	146,765
Other liabilities	122	151	58	1,251	1,582
	\$ 175,616	\$ 24,696	\$ 388,880	\$ 1,251	\$ 590,443

Fair values

Fair value estimates are made as of a specific point in time, using available information about the financial instruments and current market conditions. The estimates are subjective in nature involving uncertainties and significant judgment.

The carrying values of financial instruments included in current assets and current liabilities in the consolidated balance sheets approximate their fair values, reflecting the short-term maturity and normal trade credit terms of these instruments. The fair value of the long-term debt is based on current pricing of financial instruments with comparable terms. This fair value reflects a point-in-time estimate that may not be relevant in predicting the Corporation's future earnings or cash flows. The estimated fair values of the Corporation's senior credit facilities and senior unsecured notes as at March 31, 2009 and December 31, 2008 are as follows:

	March 31, 2009	December 31, 2008
Senior credit facilities	\$ 189,894	\$ 175,545
Senior unsecured notes	138,750	141,188
	\$ 328,644	\$ 316,733



Notes to the Consolidated Financial Statements

(Unaudited)

March 31, 2009 (U.S. dollars; tabular amounts in thousands except share and per share amounts)

13. Commitments and contingencies

Commitments

The estimated future minimum payments for operating leases, maintenance contracts, committed purchases of property, plant and equipment and purchase obligations for the next five years and thereafter from March 31, 2009 are \$70.3 million, payable as follows:

2010	\$41.3
2011	\$10.7
2012	\$ 6.2
2013	\$ 3.3
2014	\$ 2.6
Thereafter	\$ 6.2

Telecommunications agreements

The Corporation is party to various telecommunications service agreements in the normal course of business, as required to interconnect with other carriers and to allow Stratos to provide diverse multi-network telecommunications services to its customers. These agreements are subject to normal commercial terms as negotiated from time to time, which establish the terms of service and settlement with regards to interconnection and other services provided.

Insurance

Effective March 10, 2009, the Corporation began self-insuring for certain insurable risks for property insurance in respect of its Broadband segment's assets located in the Gulf of Mexico. These assets consist primarily of telecommunications equipment. Prior to March 10, 2009, these assets had been insured with a third party insurance provider. The Corporation maintains no reserves for future losses. Any losses will be determined and recognized once an indicator of impairment has been identified.

Contingencies

In the normal course of operations, the Corporation is subject to litigation and claims from third parties, customers, suppliers, and former employees. Management believes that adequate provisions have been recorded in the accounts where required.

14. Related party transactions

In the normal course of operations, the Corporation engages in transactions with its equity owned investees, Navarino Telecom SA and NTS Maritime Limited (together, "Navarino"). These transactions represent sales of airtime and equipment and are measured at the amounts exchanged. Revenue from the related parties for the three months ended March 31, 2009 was \$5.4 million (2008 - \$5.0 million). The amount receivable from the related parties at March 31, 2009 was \$7.8 million (December 31, 2008 - \$8.0 million).



Notes to the Consolidated Financial Statements

(Unaudited)

March 31, 2009 (U.S. dollars; tabular amounts in thousands except share and per share amounts)

14. Related party transactions (cont'd.)

As described in Note 15, Inmarsat plc is required to consolidate the financial results of CIP Canada Investment Inc. ("CIP Canada"), which include the results of the Corporation. As such, the Corporation considers transactions with Inmarsat plc to meet the definition of a related party transaction under CICA Handbook Section 3840 "Related Party Disclosures". Transactions with Inmarsat plc represent purchases of on demand and leasing airtime ("airtime") and are measured at the amounts exchanged. Total costs of goods and services related to purchases of airtime from Inmarsat plc for the three months ended March 31, 2009 were \$67.4 million (2008 - \$63.2 million). The amount payable to Inmarsat plc at March 31, 2009 was \$71.0 million (December 31, 2008 - \$69.7 million).

As at March 31, 2009 Inmarsat III has acquired \$60.7 million of the outstanding aggregate principal amount of the Corporation's senior unsecured notes (December 31, 2008 - \$57.7 million).

15. Arrangement Transaction with CIP Canada

On December 11, 2007, the Corporation completed an Arrangement Agreement (the "Arrangement Agreement") and was acquired by CIP Canada, a wholly-owned subsidiary of Communications Investments Partners Limited ("CIP"), a professional investment company with a focus on satellite services.

Under the terms of the Arrangement Agreement, CIP Canada acquired beneficial ownership of 100 percent of the Corporation's common shares through a plan of arrangement under the *Canada Business Corporations Act* (the "Arrangement"). The transaction was indirectly financed by Inmarsat III, a wholly-owned subsidiary of Inmarsat plc. CIP granted Inmarsat III an option (the "Call Option") to acquire the entire issued share capital of CIP Canada. The Call Option was only exercisable after April 14, 2009, when certain of Inmarsat plc's distribution agreements expire, and terminates on December 31, 2010. Following the acquisition of the Corporation by CIP Canada, and until such time as a decision was made to exercise the Call Option, Inmarsat plc had no control over the financial and operating policies and decisions of the Corporation, which has continued its current operations and business as usual since the acquisition.

On April 15, 2009, Inmarsat III exercised the call option and acquired the entire issued share capital of CIP Canada.

Although Inmarsat plc did not hold an equity interest in, nor have any control over the financial and operating policies of CIP Canada before the exercise of the Call Option, it was required to consolidate the financial results of CIP Canada, which include the financial results of the Corporation, as it was deemed to bear the risks and economic benefits of CIP Canada by virtue of the combination of the loan facility to CIP and the Call Option.



Notes to the Consolidated Financial Statements

(Unaudited)

March 31, 2009 (U.S. dollars; tabular amounts in thousands except share and per share amounts)

16. Employee future benefits

a) Defined benefit plans

The Corporation's net benefit costs related to defined benefit pension plans for the three months ended March 31, 2009 was \$nil (2008 - \$nil).

b) Defined contribution plans

The Corporation contributes to multiple defined contribution plans, including a multi-employer plan. The Corporation's defined contribution plan expense for the three months ended March 31, 2009 was \$0.6 million (2008 - \$0.8 million).

17. Subsequent event

On May 7, 2009 the Corporation's Board of Directors approved the payment of a dividend to its shareholder in the amount of \$24.0 million. The dividend will be paid on May 11, 2009.



Notes to the Consolidated Financial Statements

(Unaudited)

March 31, 2009 (U.S. dollars; tabular amounts in thousands except share and per share amounts)

18. Differences between Canadian and United States generally accepted accounting principles

The financial statements have been prepared in accordance with Canadian GAAP which differ in certain respects from those principles that the Corporation would have followed had its financial statements been prepared in accordance with U.S. GAAP. This note summarizes these differences as they relate to the Corporation.

- a) The reconciliation of net earnings in accordance with Canadian GAAP to conform to U.S. GAAP for the three months ended March 31 is as follows:

	2009	2008
Net earnings in accordance with Canadian GAAP	\$ 4,458	\$ 670
Net earnings in accordance with U.S. GAAP	\$ 4,458	\$ 670

The impact of these adjustments on the shareholder's equity accounts of the Corporation at March 31 is as follows:

	2009	2008
Shareholder's equity in accordance with Canadian GAAP	\$ 227,181	\$ 200,273
Business combinations (ii)	(20,802)	(20,802)
Income tax impact of the above (i, ii)	6,027	6,027
Shareholder's equity in accordance with U.S. GAAP	\$ 212,406	\$ 185,498

The components of shareholder's equity at March 31 are as follows:

	2009	2008
Capital stock	\$ 218,191	\$ 218,191
Deficit	(7,260)	(31,936)
Contributed surplus (iv)	5,303	5,303
Accumulated other comprehensive loss (iv)	(3,828)	(6,060)
Shareholder's equity in accordance with U.S. GAAP	\$ 212,406	\$ 185,498



Notes to the Consolidated Financial Statements

(Unaudited)

March 31, 2009 (U.S. dollars; tabular amounts in thousands except share and per share amounts)

18. Differences between Canadian and United States generally accepted accounting principles (cont'd.)

The consolidated balance sheets in accordance with U.S. GAAP at March 31, 2009 and December 31, 2008 are as follows:

	2009		2008	
	Canadian GAAP	U.S. GAAP	Canadian GAAP	U.S. GAAP
Assets				
Current				
Cash and cash equivalents	\$ 118,875	\$ 118,875	\$ 104,906	\$ 104,906
Accounts receivable	86,844	86,844	90,486	90,486
Unbilled revenue	38,646	38,646	36,129	36,129
Inventory	11,201	11,201	14,814	14,814
Prepays and other	17,850	17,850	23,942	23,942
Future income taxes	8,971	8,971	8,388	8,388
	282,387	282,387	278,665	278,665
Investments	7,669	7,669	6,415	6,415
Property, plant and equipment	115,439	115,439	117,489	117,489
Goodwill and other intangible assets (ii)	382,100	361,298	384,511	363,709
Other assets (i)	1,443	9,846	2,192	11,107
	\$ 789,038	\$ 776,639	\$ 789,272	\$ 777,385
Liabilities				
Current				
Payables and accruals (iii)	\$ 150,668	\$ 143,068	\$ 156,843	\$ 149,280
Derivative instruments	1,237	1,237	879	879
Deferred revenue	13,203	13,203	13,108	13,108
Current portion of long-term debt	2,531	2,531	2,379	2,379
	167,639	160,039	173,209	165,646
Long-term debt (i)	348,597	357,000	350,522	359,437
Other liabilities (iii)	11,998	19,598	10,079	17,642
Future income taxes (i, ii, iii)	33,136	27,109	32,321	26,294
Total liabilities	561,370	563,746	566,131	569,019
Non-controlling interest	487	487	497	497
Shareholder's equity	227,181	212,406	222,644	207,869
	\$ 789,038	\$ 776,639	\$ 789,272	\$ 777,385



Notes to the Consolidated Financial Statements

(Unaudited)

March 31, 2009 (U.S. dollars; tabular amounts in thousands except share and per share amounts)

18. Differences between Canadian and United States generally accepted accounting principles (cont'd.)

Following are consolidated statements of operations for the three months ended March 31 in accordance with U.S. GAAP:

	2009	2008
Revenue	\$ 156,618	\$ 147,502
Cost of goods and services	114,240	107,565
Gross margin	42,378	39,937
Selling, general and administrative	16,105	15,883
Rental expense	2,149	2,164
Bad debt expense	45	333
Depreciation and amortization	9,137	10,046
Equity in earnings of investees	(176)	(234)
Foreign exchange loss (gain)	674	(172)
Non-controlling interest	(10)	82
Other (income) costs	(553)	743
	27,371	28,845
Earnings from operations	15,007	11,092
Interest expense	6,411	8,515
Earnings before income taxes	8,596	2,577
Income tax expense	4,138	1,907
Net earnings	\$ 4,458	\$ 670
Basic and diluted earnings per share in accordance with U.S. GAAP	\$ 0.11	\$ 0.02

i) Financial instruments

Consistent with U.S. GAAP, Canadian GAAP now requires all derivatives be recorded on the balance sheet at fair value. The interest rate swap transactions described in Note 12 meet the criteria for hedge accounting and are accounted for as hedges under Canadian and U.S. GAAP.

Under Canadian GAAP, Section 3855, transaction costs relating to financial instruments are capitalized and consequently are classified as other financial liabilities and applied against the carrying amount of the related financial liability and amortized into income using the effective interest rate method. Under U.S. GAAP, transaction costs are recognized as deferred assets and amortized to earnings using the effective interest rate method. While this difference has no impact on the statement of operations in the current or future periods, it does create a classification difference on the balance sheet.

Notes to the Consolidated Financial Statements

(Unaudited)

March 31, 2009 (U.S. dollars; tabular amounts in thousands except share and per share amounts)

18. Differences between Canadian and United States generally accepted accounting principles (cont'd.)

In addition, in connection with the equity offering of common shares in 2002, the Corporation entered into a forward exchange contract in order to fix the U.S. dollar value of the anticipated net proceeds from the offering. Under Canadian GAAP, this forward contract was accounted for as a hedge of the Canadian dollar denominated net proceeds from the offering. Therefore, the proceeds from the offering were credited to capital stock at the contracted exchange rate. Under U.S. GAAP, this forward exchange contract did not meet the criteria necessary to be classified as a hedge. Therefore, under U.S. GAAP, the proceeds from the offering were recorded at the exchange rate prevailing at the date the proceeds were received, and the loss on the forward exchange contract was charged to earnings in 2002.

ii) Business combinations

As part of the business combinations completed prior to January 1, 2001, transition and integration costs, employee retention bonuses, and impairments in value of certain redundant assets of the Corporation related to business combinations were included as acquisition costs and accounted for using the purchase method. Under U.S. GAAP, transition and integration costs and asset impairment losses related to redundant assets of the acquirer corporation are expensed as incurred. Accordingly, the goodwill related to these acquisitions under U.S. GAAP is lower than that recorded under Canadian GAAP.

iii) Income taxes

The Corporation adopted the provisions of FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes", or FIN 48, on January 1, 2007. FIN 48 prescribes a recognition threshold that a tax position is required to meet before being recognized in the financial statements and provides guidance on derecognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition issues.

Although the implementation of FIN 48 did not impact the amount of the Corporation's liability for unrecognized tax benefits, the Corporation reclassified \$7.6 million of its liability for unrecognized tax benefits from payable and accruals and future income taxes to other long term liabilities at March 31, 2009 (December 31, 2008 - \$7.6 million) to conform with the balance sheet presentation requirements of FIN 48.

The Corporation files its tax returns as prescribed by the tax laws of the jurisdictions in which it operates. Various jurisdictions' tax years remain open for examination for varying periods.

During the year ended December 31, 2008, the unrecognized tax benefit decreased by \$5.6 million as the 2004 taxation year became statute barred in one of the Corporation's reporting jurisdictions.



Notes to the Consolidated Financial Statements

(Unaudited)

March 31, 2009 (U.S. dollars; tabular amounts in thousands except share and per share amounts)

18. Differences between Canadian and United States generally accepted accounting principles (cont'd.)

During the three months ended March 31, 2009, the unrecognized tax benefit decreased by \$0.1 million as a result of the impact of foreign exchange on some of the amounts.

The Corporation recognizes interest accrued related to unrecognized tax benefits in income tax expense. As of December 31, 2008, interest accrued was approximately \$1.0 million. No penalties have been accrued. Additional interest of \$0.1 million was accrued in the three months ended March 31, 2009.

Liability for unrecognized tax benefits

	2009
Opening balance	\$ 7,563
Additional interest accrued	95
Foreign exchange adjustment	(58)
Ending balance	\$ 7,600

iv) Change in reporting currency

Effective January 1, 2001, the Corporation changed both its functional and reporting currencies from the Canadian dollar to the U.S. dollar. Under Canadian GAAP, financial statements of all periods prior to January 1, 2001 were translated into U.S. dollars in accordance with the translation of convenience method using the exchange rate as at December 31, 2000.

Under U.S. GAAP, these prior period financial statements are translated into U.S. dollars using the current rate method, as if the reporting currency had always been the U.S. dollar. The application of this change resulted in differences in individual balances within shareholders' equity between Canadian and U.S. GAAP as of January 1, 2001; however, total shareholders' equity was unchanged.

Accumulated other comprehensive loss includes \$3.8 million which arose as a result of this translation method. This amount has not changed since January 1, 2001.



Notes to the Consolidated Financial Statements

(Unaudited)

March 31, 2009 (U.S. dollars; tabular amounts in thousands except share and per share amounts)

18. Differences between Canadian and United States generally accepted accounting principles (cont'd.)

- b) A summary cash flow statement for the three months ended March 31 in accordance with U.S. GAAP is presented below.

	2009	2008
Cash flows from operating activities in accordance with U.S. GAAP	\$ 21,466	\$ 4,951
Cash flows from investing activities in accordance with U.S. GAAP	\$ (4,561)	\$ (2,620)
Cash flows from financing activities in accordance with U.S. GAAP	\$ (2,936)	\$ (11,401)

Stratos Global Corporation
Management's Discussion and Analysis of Financial Condition and Results of Operations
For the Three Months Ended March 31, 2009

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") and the accompanying unaudited interim consolidated financial statements and notes thereto (the "Interim Financial Statements") should be read in conjunction with our Audited Consolidated Financial Statements and related notes thereto and MD&A as at and for the years ended December 31, 2008 and 2007 (the "2008 Annual Filings"). Financial data presented in the MD&A has been prepared in accordance with Canadian Generally Accepted Accounting Principles. A reconciliation to United States Generally Accepted Accounting Principles is presented in Note 18 to our Interim Financial Statements as at and for the three months ended March 31, 2009 and 2008.

As a result of rounding adjustments, the figures or percentages presented in one or more columns included in any of the tabular presentations or information presented in this MD&A may not add up to the total for that column.

Throughout this MD&A, "we", "us", "our" and "Stratos" refer to Stratos Global Corporation and its subsidiaries and operating segments.

This MD&A contains statements and other forward looking information including, but not limited to potential future circumstances, results and developments. Forward-looking information is typically identified by the words "believe", "expect", "anticipate", "intend", "estimate" and other similar expressions, or future or conditional verbs such as "will", "should", "would" and "could". These forward-looking statements are based on certain assumptions and analyses made by us in light of our experience and perception of historical trends, current conditions and expected future developments as well as other factors we believe are appropriate in the circumstances. Such statements and information are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations generally and may differ materially from actual future results or events. Factors which could cause results or events to differ from current expectations include, among other things: changes in our business that could result following the exercise by Inmarsat Finance III Limited of the call option resulting in Stratos becoming an indirect subsidiary of Inmarsat plc, changes in technology and industry participants in the remote communications industry, major satellite system failures or natural disasters, frequent new product and service introductions, changing or evolving customer requirements, price competition, changes in product mix, general industry and global economic conditions, and our ability to sustain and improve our financial performance. For additional information with respect to certain of these risks or factors, reference should be made to the risks set out in our 2008 Annual Filings, this MD&A and also to our continuous disclosure materials filed with the Canadian Securities Administrators.

Stratos disclaims any intention or obligation to update or revise any forward looking statements, whether as a result of new information, future events or otherwise, unless required by any law or regulation of any securities commission.

Reported in U.S. dollars unless otherwise stated.

This MD&A has been prepared as at May 7, 2009.

Additional information regarding Stratos, including copies of our continuous disclosure materials filed with the Canadian Securities Administrators, is available on our website at www.stratosglobal.com or through the SEDAR website maintained by the Canadian Securities Administrators at www.sedar.com.

A glossary of terms used in this MD&A is included at the end of this MD&A.

Arrangement Transaction with CIP

On December 11, 2007, Stratos completed an Arrangement Agreement (the “Arrangement Agreement”) and was acquired by CIP Canada Investment Inc. (“CIP Canada”), a wholly-owned subsidiary of Communications Investments Partners Limited (“CIP”), a professional investment company with a focus on satellite services.

Under the terms of the Arrangement Agreement, CIP Canada acquired beneficial ownership of 100 percent of our common shares through a plan of arrangement under the *Canada Business Corporations Act* (the “Arrangement”). The transaction was indirectly financed by Inmarsat Finance III Limited (“Inmarsat III”), a wholly-owned subsidiary of Inmarsat plc (“Inmarsat”). CIP granted Inmarsat III an option (the “Call Option”) to acquire the entire issued share capital of CIP Canada. The Call Option was only exercisable after April 14, 2009, when certain of Inmarsat’s distribution agreements expire. Following the acquisition of Stratos by CIP Canada, and until such time as a decision was made to exercise the Call Option, Inmarsat had no control over the financial and operating policies and decisions of Stratos, which has continued its current operations and business as usual since the acquisition.

On April 15, 2009, Inmarsat III exercised the Call Option and acquired the entire issued share capital of CIP Canada. As a result, Stratos is now a wholly-owned indirect subsidiary of Inmarsat.

Although Inmarsat did not hold an equity interest in, nor have any control over the financial and operating policies of CIP before the exercise of the Call Option, it was required to consolidate the financial results of CIP, which include the financial results of Stratos, as it was deemed to bear the risks and economic benefits of CIP by virtue of the combination of the loan facility to CIP and the Call Option.

New Distribution Agreement with Inmarsat

We have executed new distribution contracts with Inmarsat. The agreements came into effect on April 15, 2009 upon the expiry of the previous agreements. The agreements cover the Space Service Access Agreement for the provision of traditional Inmarsat existing and evolved services, the Network Service Distribution Agreement for the provision of Inmarsat I4 satellite services, including BGAN, FleetBroadband and SwiftBroadband, and the Lease Services Provider Agreement for the provision of lease services.

The main differences from the previous agreements include the reduction of volume discounts, changes in payment terms which could impact cash flow and Inmarsat has the right to appoint new distribution partners at its sole discretion and sell direct to end customers.

Overview

We are a leading global provider of advanced mobile and fixed-site remote telecommunications services. We provide Internet Protocol (“IP”), high-speed data and voice services to end-users typically operating beyond the reach of traditional wireline and terrestrial wireless telecommunications networks. The primary end-users of our services consist of governmental agencies and military forces, maritime organizations and oil and gas companies.

We offer a broad portfolio of remote telecommunications solutions to our customers, offering services over the mobile and fixed satellite systems of a number of the leading global and regional satellite system operators and through our owned and operated microwave and satellite telecommunications facilities. We also provide customized turnkey remote telecommunications solutions, value-added services, equipment and engineering services.

In managing our business and for reporting purposes, we divide our business into two operating segments: Mobile Satellite Services, or MSS, and Broadband Services, or Broadband.

MSS

Our MSS segment provides mobile telecommunications services, primarily over the Inmarsat satellite system. The revenue derived from services provided over the Inmarsat satellite system accounted for approximately 77% of the MSS segment’s revenue and 65% of our consolidated revenue in the three months ended March 31, 2009. To provide Inmarsat services, we operate a terrestrial-based network, including land earth stations, or LESs, located in Australia, Canada, the Netherlands and New Zealand. Other MSS services accounted for 23% of MSS segment revenue in the three months ended March 31, 2009 and primarily consist of mobile telecommunications services sourced on a wholesale basis from mobile satellite system operators such as Iridium Satellite LLC (“Iridium”), sales of mobile terminals and equipment, accounting authority services billed to customers and other ancillary services. Other MSS services, in general, have lower gross margins than Inmarsat services.

During 2008, we along with JSAT Corporation, a leading satellite operator in Japan, established a new company in Japan, JSAT Mobile Communications Inc (“JSAT Mobile”). On February 17, 2009, this company was granted a radio license in Japan which authorizes it to offer Inmarsat BGAN and FleetBroadband mobile satellite communications services in Japan and to Japanese registered vessels. This Japanese company is expected to provide us with access to large corporate and government customers in Japan and provide an opportunity to grow our business in that area.

Broadband

Our Broadband segment provides VSAT services, with space segment sourced on a wholesale basis from a number of the leading fixed satellite system operators, with our VSAT hubs located

in the United States, the United Kingdom, Canada and Russia. On June 27, 2008, we sold our hub located in Hameln, Germany. In exchange for the sale of the assets, we are to receive services from the buyer until March 31, 2010.

Our VSAT network enables integrated data and voice telecommunications between remote fixed sites and land-based offices. In addition, our Broadband segment operates what we believe to be the most extensive digital microwave network in the U.S. Gulf of Mexico, utilized primarily by oil and gas companies operating offshore rigs and platforms in the Gulf of Mexico. Our Broadband segment revenue also includes the sale and rental of equipment and repairs and maintenance associated with microwave and VSAT technologies. Our Broadband revenue also includes the provision of turnkey engineering services for construction and internal and external communication requirements.

Key Factors Affecting our Business

Our revenue, profitability and cash flow are directly affected by the price we can charge for the products and services we sell, the volumes of certain higher gross margin products relative to certain of our lower gross margin products, and the gross margins of new products we have introduced. The price and volume of the various services we sell have been influenced by several key factors, including: price competition; introduction of new services; and changes in the mix of services we sell or lease. As a result of such factors, we expect we will need to increase the volumes of airtime we sell or lease in order to grow our revenue, profitability and cash flows. A further discussion of these factors follows.

Price Competition

We believe MSS customers, particularly distributors, make purchase decisions based largely on price, as most major competitors offer similar value-added services. A significant number of our customer contracts in our MSS segment are “on-demand” contracts which, consistent with industry practice, typically have no contractual minimum purchase requirements. On-demand services provide a cost effective option for end-users with fluctuating demand requirements and most of our distributors and end-users can readily purchase some or all of their on-demand mobile satellite services from our competitors without significant additional cost or disruption of services. Both of these factors contribute to volatility in the level of certain satellite airtime services we sell to individual customers. As a result, certain of our services are subject to competitive pricing.

Revenue in both our microwave and VSAT businesses are derived from contracts of varying lengths and from non-contractual purchases of equipment and services. In our VSAT business, competitive pricing pressures during the past several years have negatively impacted our revenue. The introduction of newer IP-based satellite technology has increased the competition from VSAT providers serving the oil and gas industry. This competition has reduced prices of both equipment and space segment in our VSAT business. In addition, certain oil and gas producers have moved to lower cost and capability VSAT solutions based primarily on price.

Introduction of New Services

Advances in satellite technologies have enabled satellite system operators to launch more sophisticated, higher-speed data services. We have observed that some of our end-use customers are migrating slowly from earlier technologies to the more sophisticated, higher-speed data services that have been recently introduced. In that regard, we have experienced, and continue to experience, a gradual migration by end-users from Inmarsat's older mobile satellite telecommunications services to the newer digital services with higher speed capabilities. Following the introduction of Inmarsat's BGAN service in December 2005, and with the more recent introduction of Inmarsat's FleetBroadband service in September 2007 and SwiftBroadband service in October 2007, we expect to experience further migration by end-users from legacy data products such as Inmarsat GAN to these new services and other more sophisticated, higher-speed data services expected to be introduced in the future.

Our BGAN revenue has steadily increased since introduction, reaching nearly \$9.2 million during the first quarter of 2009, an increase of 78% when compared to the first quarter of 2008. The revenue from FleetBroadband reached \$1.4 million in the first quarter of 2009, an increase of 24% when compared to the fourth quarter of 2008. The revenue from SwiftBroadband for the first quarter of 2009 is not significant due to the early stage of commercial deployment of this service. Since Inmarsat owns the LESs for its BGAN services, we expect our future gross margins associated with the revenues derived from the distribution of BGAN services, including FleetBroadband and SwiftBroadband, will be lower than for most other Inmarsat services. We believe BGAN's higher data speeds and smaller end-user terminals will encourage existing end-users to increase their usage and will also expand the market for MSS services. Growth in our Broadband segment has relied on the successful introduction of IP-based technologies for VSAT, such as the Stratos ITek VSAT and DataSat II products. Our objective is to increase the volumes of airtime and services we sell or lease in order to grow our revenue, profitability and cash flow.

Product Mix

We continue to experience a shift in the mix of services we are distributing from the higher margin airtime services, such as Inmarsat's high-speed digital services, to lower margin Inmarsat services, Iridium services for which we act as a non-facilities based distributor, and other MSS equipment and services. Overall, we believe we need to increase the volume of airtime we sell or lease in order to grow our revenue, profitability and cash flow.

In our Broadband segment, for the last several years we have been experiencing a decline in our microwave and related services revenue in the Gulf of Mexico. The hurricanes experienced in 2005 changed our product mix, decreasing microwave revenues while increasing VSAT revenues. The hurricanes experienced during the third quarter of 2008 (See "Impact of Hurricanes") are not expected to result in further changes to our product mix. In addition, we attribute the decrease in microwave revenue to the decline in oil and gas companies' exploration and development drilling activity in the shallow water areas of the Gulf of Mexico and the price competition from VSAT services. We do not purchase satellite airtime in connection with providing telecommunication services through our microwave network. As a result, a reduction in demand for our microwave services generally does not result in any significant related reduction in the cost of services and operating costs. In contrast, the increase in demand for our

VSAT services results in an increase in the cost of services related to purchasing space segment from satellite operators and higher personnel costs associated with designing and delivering a customized VSAT solution. As a result, we have experienced a decline in our gross margin as a percentage of revenue as the gross margin associated with our VSAT network revenue is lower than that associated with our microwave network derived revenue.

Impact of Hurricanes

During the third quarter of 2008, our Broadband microwave network and related communications infrastructure in the Gulf of Mexico were affected by Hurricanes Gustav and Ike.

Our microwave network sustained damage to both onshore and offshore equipment. Offshore communications equipment with a net book value of \$1.7 million has been written off as a result of the damage sustained. We had property insurance coverage for both onshore and offshore equipment. In 2008, we recorded insurance proceeds receivable of nearly \$1.9 million in respect of the damaged offshore equipment and recovery costs. As a result, no gain or loss related to the damaged offshore equipment was reflected in the consolidated statement of operations included in the consolidated financial statements for the year ended December 31, 2008 in our 2008 Annual Filings. No insurance proceeds receivable was recorded related to the net book value of onshore equipment written off of approximately \$34,000 as there will not be an insurance claim made for these onshore damages. On January 7, 2009, we received an advance payment from the insurance carriers of \$1.9 million related to the damaged offshore equipment and recovery costs.

As a result of the hurricane damage to the microwave network and related communications equipment outlined above, communications services to energy customers were temporarily impacted. We repaired the network and restored service to customers within a two month period. As a result, the interruption in service did not have a significant impact on the revenues and segment earnings in the Broadband segment. The current estimate of the capital costs that will be incurred to restore the network is \$3.8 million and it is expected to be completed by the second quarter of 2009. As at March 31, 2009, we have incurred \$3.5 million of these capital costs.

How We Evaluate our Operating Results and Financial Condition

In our public disclosure documents, we provide certain financial and related information about our business and each of our operating segments. Our objective in providing this information is to help users of our consolidated financial statements: (i) better understand our overall performance, (ii) better assess the profitability of our two operating segments, (iii) better assess our prospects for future net cash flows, and (iv) make more informed judgments about us as a whole. In our effort to achieve this objective, we provide information about segment revenues and segment earnings because these financial measures are used by our key decision makers in making operating decisions and assessing performance. During the third quarter of 2008, we changed the reporting of our operating segments whereby corporate operating costs are no longer allocated to the operating segments and have now been presented separately. Comparative segmented information has been restated to reflect this change in reporting. We define “segment earnings” as earnings for a segment before unallocated corporate costs, interest expense, depreciation and amortization, other (income) costs, non-controlling interest, equity in earnings

of investee and income taxes. For additional information about our segment revenues and segment earnings, including a reconciliation of these measures to our consolidated financial statements, see note 11 to our Interim Financial Statements.

Comparison of Three Months Ended March 31, 2009 and March 31, 2008

The following table sets forth statement of operations data and key statistics for the three months ended March 31, 2009 and March 31, 2008.

	Three Months Ended March 31	
	2009	2008
	(\$ in millions, except percentages)	
Revenue		
- MSS	\$ 132.4	\$ 118.8
- Broadband	24.2	28.7
	156.6	147.5
Gross margin	41.2	38.4
<i>As a % of revenue</i>	26%	26%
Operating expenses	17.8	16.7
<i>As a % of revenue</i>	11%	11%
Segment earnings		
- MSS	29.6	24.6
- Broadband	4.5	5.8
	34.1	30.4
Unallocated corporate costs	(10.7)	(8.7)
Segment earnings after unallocated corporate costs	23.4	21.7
<i>As a % of revenue</i>	15%	15%
Interest expense	6.4	8.5
Depreciation and amortization	9.1	10.0
Other (income) costs	(0.5)	0.7
Non-controlling interest	-	0.1
Equity in earnings of investee	(0.2)	(0.2)
Earnings before income taxes	8.6	2.6
Income tax expense	4.1	1.9
Net earnings	\$ 4.5	\$ 0.7

Revenue

Our total revenue for the three months ended March 31, 2009 was \$156.6 million, an increase of \$9.1 million, or 6%, from the same period in the prior year. MSS segment revenue of \$132.4 million was up \$13.6 million, or 11%, from the prior year. Broadband segment revenue decreased by \$4.5 million, or 16%, to \$24.2 million in the first quarter of 2009 as compared to the prior year.

The increase in our MSS segment revenue for the three months ended March 31, 2009 resulted primarily from increased leasing revenue, sales of mobile terminals and equipment and Iridium revenue. Traffic volumes for certain Inmarsat high speed data products did increase but were offset by decreases related to other Inmarsat products. Total Inmarsat revenues for the first quarter were up 5.6% from revenue for the same period in the prior year.

The following table sets forth our Inmarsat revenues for the three months ended March 31, 2009 and March 31, 2008 for our key market sectors.

	Three Months Ended	
	March 31,	
	2009	2008
	(\$ in millions)	
Revenues		
Maritime sector:		
Voice services	\$ 31.0	\$ 32.5
Data services	18.7	18.7
Total maritime sector	49.7	51.2
Land sector:		
Voice services	2.6	4.9
Data services	14.3	11.9
Total land sector	16.9	16.8
Aeronautical sector	6.8	7.0
Leasing	28.0	21.0
Total Inmarsat revenue	\$ 101.4	\$ 96.0

The decrease of \$1.5 million in the maritime sector for the three months ended March 31, 2009 is due primarily to decreases in our Inmarsat B service, partially offset by increased FleetBroadband revenue. Revenues in the land sector increased \$0.1 million for the three months ended March 31, 2009. This increase is primarily due to increased BGAN revenues, partially offset by decreases in GAN usage and the termination of Regional BGAN service at December 31, 2008. We experience volatility in usage patterns for GAN services used to a significant extent by our government and military customers operating in the land sector. In addition, there has been a shift of some on-demand GAN usage to leasing contracts. The \$6.8 million of aeronautical revenue for the three months ended March 31, 2009 was down \$0.2 million from the same period in the prior year. This was due to a slight decrease in revenues from our Swift 64 aeronautical service. Our leasing services enjoyed growth of \$7.0 million, or 33%, as a result of increased usage by government and military customers and the shift of certain on-demand GAN usage as noted above.

The decrease in our Broadband segment revenue of \$4.5 million, or 16%, during the three months ended March 31, 2009 when compared to the same period in the prior year is primarily due to decreased microwave revenue as a result of lower equipment sales, service and rental revenues and decreased revenue from engineering projects. There is also a decrease in VSAT

revenue as a result of the expiry of certain contracts and increased competition from lower cost VSAT providers. Also, the revenue for the three months ended March 31, 2008 included a commercial settlement that resulted in a \$0.4 million increase in revenue.

Gross Margin

Gross margin for the three months ended March 31, 2009 was \$41.2 million, an increase of \$2.8 million compared to the same period in 2008. As a percentage of revenue, gross margin was 26% for both periods.

Gross margin consists of revenue less cost of goods and services. Cost of goods and services includes variable expenses such as the cost of airtime and space segment we purchase from satellite owners, cost of equipment, materials and services we re-sell, and variable labor costs related to our repair and service workforce. Cost of goods and services also includes costs such as network infrastructure operating costs, customer support center costs, telecommunications services purchased from terrestrial providers, rents and salaries that do not vary significantly with changes in our volumes of goods and services sold.

In the MSS segment, gross margin increased as a result of the growth in revenue from certain products and services as previously noted. As a percentage of segment revenue, gross margin in the MSS segment increased in the three months ended March 31, 2009 when compared to the same period in 2008 as a result of increased volume discounts from Inmarsat. As a result of the previous volume discount scheme ending in April 2009, the discount thresholds for the first quarter of 2009 were lower, which resulted in us achieving higher discounts in the first quarter of 2009 compared to the previous year.

In the Broadband segment, gross margin decreased both in absolute terms and as a percentage of revenue in the first quarter of 2009 when compared to the first quarter of 2008. The decrease in gross margin resulted from the lower revenues noted above. In addition, the gross margin for the first quarter of 2008 increased by \$0.8 million as the result of a favorable commercial settlement with a customer.

Operating Expenses

Operating expenses for the three months ended March 31, 2009 of \$17.8 million were \$1.1 million higher than the \$16.7 million for the same period in 2008. Operating expenses represented 11% of our revenue for both periods. Our operating expenses increased as a result of an increase in the management incentive plan expense during the three months ended March 31, 2009 of \$2.2 million, as noted below, and a foreign exchange loss of \$0.7 million during the three months ended March 31, 2009 compared to a foreign exchange gain of \$0.2 million during the same period in 2008. These increases were partially offset by decreases as a result of cost saving initiatives implemented in the prior year. The increased foreign exchange loss resulted primarily from realized and unrealized losses related to foreign exchange forward contracts entered into in 2008 that expire during 2009. See "Risk and Risk Management – Foreign Currency Exchange Rate Risk".

As a result of the Arrangement, Stratos introduced a long-term Management Incentive Plan (“MIP”) for certain senior employees. The MIP, in conjunction with a separate agreement executed between Stratos and the employee, gives the employee the right to receive cash compensation, subject to the achievement of performance targets and the conditions specified in the MIP, which will be measured and achieved in each of 2007, 2008 and 2009, up to the date Inmarsat III exercised its option. Amounts payable under the MIP are generally expected to vest by July 15, 2010, however, awards are subject to earlier settlement under certain conditions. The deferred compensation arrangement will be recognized over the vesting period. The amount of compensation expense recorded in operating expenses during the three months ended March 31, 2009 was \$4.4 million compared to \$2.2 million during the three months ended March 31, 2008.

Our operating expenses include general and administrative costs associated with our corporate management and back office billing, credit, accounting and information technology operations, public company costs, costs associated with our worldwide sales and marketing organization and related legal, audit and other professional fees we require to operate our business.

Corporate costs, which include the majority of operating expenses excluding costs associated with the administration, sales and marketing organization of each of the MSS and Broadband segments, are no longer allocated to the operating divisions and are presented separately in our segmented information. Comparative segmented information has been restated to reflect this change in reporting. Unallocated corporate costs for the three months ended March 31, 2009 were \$10.7 million compared to \$8.7 million for the same period in 2008. This increase was a result of the increased MIP expense and foreign exchange loss noted above.

Segment Earnings

MSS segment earnings increased \$5.0 million, or 20%, to \$29.6 million for the three months ended March 31, 2009 from the \$24.6 million achieved in the same period in the prior year. The increase was primarily a result of the increase in gross margin as well as a decrease in the operating expenses. As a percentage of revenue, MSS segment earnings represented 22% of the MSS segment revenue in the three months ended March 31, 2009 compared to 21% in the same period in 2008. When compared to the same period in the prior year, MSS segment earnings as a percentage of revenue increased for the three months ended March 31, 2009 as a result of the increased gross margin percentage.

In prior years, MSS gross margin and segment earnings increased in later quarters of the year as a result of higher volume discounts achieved. From May 2009 onward, following the implementation of the new distribution agreement that came into effect on April 15, 2009, the seasonal impact of volume discounts is largely removed.

Broadband segment earnings decreased \$1.3 million to \$4.5 million in the three months ended March 31, 2009 from \$5.8 million in the same period of the prior year. As a percentage of segment revenue, Broadband segment earnings decreased to 19% for the three months ended March 31, 2009 from 20% in the same period in the prior year. The decrease both in absolute terms and as a percentage of revenue is due primarily to the decrease in gross margin noted previously.

Interest Expense

Interest expense for the three months ended March 31, 2009 of \$6.4 million reflected a decrease of \$2.1 million when compared to the same period in 2008. This decrease was due primarily to lower interest rates under our credit facility because of a margin rate reduction effective June 30, 2008 which resulted from an improved total leverage ratio as well as lower LIBOR rates and the expiry of the interest rate swaps.

Depreciation and Amortization

Depreciation and amortization for the three months ended March 31, 2009 decreased \$0.9 million to \$9.1 million compared to \$10.0 million for the same period of the prior year. This decrease is due to reduced depreciation and amortization related to certain capital assets which were fully amortized during 2008 and decreased amortization of customer relationship intangibles.

Other (Income) Costs

Other (Income) costs of \$(0.5) million for the three months ended March 31, 2009 included the following:

- Costs incurred for financial advisory, legal and other costs of \$0.3 million in relation to the Arrangement and the exercise of the Call Option. See “Arrangement Transaction with CIP”.
- In the first quarter of 2009, Stratos assigned the rights to certain of its internally generated intangible assets to JSAT Mobile. These intangible assets included dealer agreements and customer lists that were formerly the property of Stratos’ wholly owned subsidiary, Stratos Global (Japan) KK. An independent valuation determined the fair value of these assets to be ¥98.0 million (U.S. \$1.1 million). As these internally generated intangible assets had not been previously recorded in the financial statements of Stratos, a gain of \$1.1 million was recognized.
- Severance and other costs of \$0.2 million included severance and other costs related to restructuring measures.

Other (Income) costs of \$0.7 million for the three months ended March 31, 2008 included the following:

- Costs incurred for financial advisory, legal and other costs of \$0.5 million in relation to the Arrangement. See “Arrangement Transaction with CIP”.
- Impairment charge and costs related to assets of \$0.1 million. During the three months ended March 31, 2008, we incurred legal and other costs associated with the sale of certain Broadband telecommunications equipment located in Hameln, Germany. In the course of determining the net realizable value of the assets, we recognized an impairment charge of \$0.1 million.
- Severance and other costs of \$0.1 million included severance and other costs related to restructuring measures as a result of a reorganization.

Income Tax

Income tax expense for the quarter ended March 31, 2009 was \$4.1 million based on income before tax of \$8.6 million as compared to an income tax expense of \$1.9 million based on income before tax of \$2.6 million for the quarter ended March 31, 2008.

For the three month periods ended March 31, 2009 and 2008, the difference in the effective income tax rate from the 33.5% Canadian statutory rate is due primarily to losses incurred in various jurisdictions for which no tax benefit was recognized, expenses which are not deductible for tax purposes, as well as differences in financial reporting in some jurisdictions as compared to consolidated financial reporting. The expenses which are not deductible for tax purposes include \$0.3 million during the three months ended March 31, 2009 (2007 - \$0.5 million) of costs incurred in relation to the Arrangement and the exercise of the Call Option.

Net Earnings

We recorded net earnings of \$4.5 million during the first quarter of 2009 compared to net earnings of \$0.7 million for the first quarter of 2008. The basic earnings per share for the three months ended March 31, 2009 was \$0.11 compared to \$0.02 in the same period in the prior year.

Quarterly Information

The table below sets forth selected financial data related to our revenue, net earnings (loss) and earnings (loss) per common share for each of the eight most recently completed quarters. The financial data is derived from our interim unaudited consolidated financial statements, which are prepared in accordance with Canadian GAAP.

	(U.S. Dollars; in millions, except per share amounts)			
	2009		2008	
	Mar. 31	Dec. 31	Sept. 30	June 30
Revenue	\$ 156.6	\$ 160.6	\$ 168.2	\$ 162.7
Net Earnings (Loss)	4.5	6.3	8.4	5.5
Basic and Diluted Earnings (Loss) Per Common Share	0.11	0.15	0.20	0.13
	(U.S. Dollars; in millions, except per share amounts)			
	2008		2007	
	Mar. 31	Dec. 31	Sept. 30	June 30
Revenue	\$ 147.5	\$ 145.5	\$ 154.3	\$149.9
Net Earnings (Loss)	0.7	(9.9)	9.5	6.6
Basic and Diluted Earnings (Loss) Per Common Share	0.02	(0.24)	0.23	0.16

Revenues in the second quarter of 2007 increased 4% when compared to the prior quarter due mainly to increased volume in certain Inmarsat products, especially GAN and Fleet, offsetting reduced microwave equipment sales. The revenues in the third quarter increased a further 3% compared to the prior quarter. This increase was due mainly to increased sales of mobile terminals and equipment and increased Iridium revenue in our MSS segment as well as increased engineering project revenue in our Broadband segment. Revenues in the fourth quarter of 2007 decreased by 6% compared to the revenues of the prior quarter. This decrease was primarily due to a decline in the volume of certain Inmarsat products, especially GAN, in our MSS segment and decreased engineering project revenue in our Broadband segment. Revenues in the first quarter of 2008 increased 1% when compared to the prior quarter due mainly to increases in leased capacity revenue and increased volume in certain other Inmarsat products, especially Fleet and Swift 64, partially offset by a decrease in volume of certain other Inmarsat products, primarily GAN. Revenues in the second quarter of 2008 increased 10% when compared to the revenues in the first quarter of 2008. This increase resulted primarily from increased mobile terminal and equipment sales and continued increases in leased capacity revenue as well as increased volume in certain other Inmarsat products, especially Swift 64, GAN and BGAN, partially offset by a decrease in volume in certain other Inmarsat products and a decrease in microwave revenue. There was a further revenue increase of 3% during the third quarter of 2008 as a result of continued increases in mobile terminal and equipment sales and leased capacity revenue as well as increases in Iridium revenues and BGAN revenues, partially offset by a decrease in volume in certain other Inmarsat products and a decrease in Broadband revenue. Revenues in the fourth quarter of 2008 decreased by 5% compared to revenues of the prior quarter. This decrease was primarily due to a decrease in volume of certain Inmarsat products, especially GAN, BGAN and Swift 64, as well as a reduction in mobile terminal and equipment sales. Revenues in the first quarter of 2009 decreased 2% when compared to the prior quarter due primarily to a decline in the volume of certain Inmarsat products, especially Inmarsat B and GAN, partially offset by increased leased capacity revenue and increased volumes in certain other Inmarsat products.

With the annual reset of the volume discount arrangements on January 1, 2007, costs of goods and services in the MSS segment for the first quarter of 2007 increased \$7.2 million when compared to the fourth quarter of 2006. As a result of accumulated volumes in the second and third quarters of 2007, we achieved reductions in the cost of goods and services of approximately \$4.6 million and \$3.5 million, respectively, when compared to similar costs in the immediately preceding quarter. In the fourth quarter of 2007, the volume discounts were \$0.6 million lower than those achieved in the third quarter as a result of a decrease in volume of certain Inmarsat products, especially GAN. With the annual reset of the volume discount arrangements on January 1, 2008, costs of goods and services in the MSS segment for the first quarter of 2008 increased \$7.6 million when compared to the fourth quarter of 2007. As a result of accumulated volumes in the second, third and fourth quarters of 2008, we achieved reductions in the cost of goods and services of approximately \$4.9 million, \$0.5 million and \$0.2 million, respectively, when compared to similar costs in the immediately preceding quarter. With the annual reset of the volume discount arrangements on January 1, 2009, costs of goods and services in the MSS segment for the first quarter of 2009 increased \$2.5 million when compared to the fourth quarter of 2008. As noted previously, this seasonal impact is expected to be largely removed under the new distribution agreement effective May 2009.

The second, third and fourth quarters of 2007 include other costs of \$6.9 million primarily related to the Arrangement transaction which were partially offset by a gain from insurance settlements related to Hurricanes Katrina and Rita. The first, second, third and fourth quarters of 2008 include an aggregate of other costs of \$1.7 million primarily related to the Arrangement transaction. The first quarter of 2009 includes other income of \$0.5 million as outlined in “Other (Income) Costs”.

Related Party Transactions

In the normal course of operations, we engage in transactions with our equity owned investees, Navarino Telecom SA and NTS Maritime Ltd (collectively referred to as “Navarino”), one of Stratos’ largest distributors. Sales of airtime and equipment to Navarino for the three months ended March 31, 2009 was \$5.4 million compared to \$5.0 million for the same period in the prior year. These transactions are measured at the amounts exchanged. The amount receivable from Navarino at March 31, 2009 was \$7.8 million compared to \$8.0 million at December 31, 2008.

As outlined in “Arrangement Transaction with CIP”, Inmarsat is required to consolidate the financial results of CIP, which include the results of Stratos. As such, Stratos considers transactions with Inmarsat to meet the definition of a related party transaction under CICA Handbook Section 3840 “Related Party Disclosures”. Transactions with Inmarsat represent purchases of on demand and leasing airtime (“airtime”) and are measured at the amounts exchanged. Total costs of goods and services related to purchases of airtime from Inmarsat for the three months ended March 31, 2009 were \$67.4 million compared to \$63.2 million for the same period in the prior year. The amount payable to Inmarsat at March 31, 2009 was \$71.0 million compared to \$69.7 million at December 31, 2008.

As at March 31, 2009, Inmarsat III had acquired \$60.7 million of the outstanding aggregate principal amount of our \$150.0 million senior unsecured notes, compared to \$57.7 million at December 31, 2008.

Liquidity and Capital Resources

Operating Activities

We generated \$19.0 million in operating cash flow (before changes in non-cash working capital) during the three months ended March 31, 2009, an increase of \$4.0 million from the \$15.0 million generated for the three months ended March 31, 2008. This increase related primarily to an increase in net income of \$3.8 million.

We decreased our investment in non-cash working capital during the quarter ended March 31, 2009 by \$2.5 million. This decrease resulted primarily from decreases in accounts receivable, inventory and prepaids, partially offset by an increase in unbilled revenue resulting from the increased traffic volumes and a decrease in payables and accruals resulting from the timing of payments. We increased our investment in non-cash working capital during the quarter ended March 31, 2008 by \$10.0 million. The increases primarily result from an increase in accounts receivable and unbilled revenue as a result of increased traffic during the quarter and a decrease in accounts payable and accruals resulting from the timing of payments.

Net operating cash flow for the quarter ended March 31, 2009 was \$21.5 million, an increase of \$16.5 million compared with the \$5.0 million generated during the same period in 2008.

Investing Activities

Cash used in investing activities was \$4.6 million for the three months ended March 31, 2009, compared to an investment of \$2.6 million for the same period in the prior year. The increase was due to increased purchases of property, plant and equipment. Also, the prior year included proceeds from the disposal of property, plant and equipment of \$0.8 million. Purchases of property, plant and equipment for the three months ended March 31, 2009 of \$4.7 million increased by \$1.3 million from \$3.4 million incurred in the same period for 2008. Property, plant and equipment purchases for the quarter ended March 31, 2009 related primarily to investment in MSS infrastructure upgrades and Broadband infrastructure upgrades including certain costs to restore the microwave network after the damages caused by Hurricanes Gustav and Ike. Property, plant and equipment purchases for the quarter ended March 31, 2008 related primarily to investment in MSS infrastructure upgrades and Broadband equipment upgrades.

Financing Activities

Financing activities used cash of \$2.9 million for the three months ended March 31, 2009, compared to a use of cash of \$11.4 million for the same period last year. Cash used in the three months ended March 31, 2009 was primarily for the annual principal payment due on the Term B facility of \$2.3 million. The cash used in 2008 was primarily for the annual principal payment due on the Term B facility of \$2.3 million and a payment required for excess cash flows, as described below, of \$9.0 million.

At March 31, 2009, long-term debt (including current portion and senior unsecured notes) totaled \$359.5 million and shareholder's equity totaled \$227.2 million. At December 31, 2008, long-term debt (including current portion and senior unsecured notes) totaled \$361.8 million and shareholder's equity totaled \$222.6 million. The long-term debt to equity ratio was 1.6:1 at both March 31, 2009 and December 31, 2008.

Cash, Short-Term and Long-Term Borrowings

At March 31, 2009, we held cash and short-term investments of \$118.9 million. This was an increase of \$14.0 million from the December 31, 2008 cash and short-term investment balance of \$104.9 million. This increase resulted primarily from cash provided by operations for the three months ended March 31, 2009 of \$21.5 million, partially offset by purchases of property, plant and equipment of \$4.7 million and the annual principal payment on the Term B facility of \$2.3 million.

Our senior secured credit facilities consist of: (i) a five year \$25.0 million revolving operating facility; and (ii) a six year Term B facility of \$225.0 million. In addition, we have outstanding \$150.0 million of 9.875% senior unsecured notes due in 2013. The senior credit facilities are provided by a syndicate of financial institutions. No amounts have been drawn under the revolving operating facility. The terms of our senior credit facilities and the senior unsecured

notes are described in Note 9 to our consolidated financial statements for the years ended December 31, 2008 and 2007 included in the 2008 Annual Filings.

In addition to scheduled repayments, a stated percentage of excess cash flows, as defined in the credit agreement, are to be applied to indebtedness outstanding under the Term B facility if certain ratios are exceeded. Based on the calculation of excess cash flows for the year ended December 31, 2007, we were required to make a payment of \$9.0 million against principal during the first quarter of 2008. No excess cash flow payment was required in the first quarter of 2009 based on the calculation of such ratios for the year ended December 31, 2008.

On May 7, 2009, our Board of Directors approved the payment of a dividend to our shareholder, CIP Canada, in the amount of \$24.0 million. The dividend will be paid on May 11, 2009.

We believe our cash and cash equivalents, the cash flow from operations and the available \$25.0 million of revolving operating facility will provide the resources required to meet our expenditure requirements for the foreseeable future. Expenditure requirements include working capital requirements, debt service, MIP payments, dividend payments and ongoing property, plant and equipment expenditure requirements. We are expecting additional working capital requirements of approximately \$17.0 million during the third quarter of 2009 as a result of changes to the payment terms under the new distribution agreement with Inmarsat which came into effect on April 15, 2009. In addition, the cash payment for the MIP in the third quarter of 2009 will be \$13.5 million.

Contractual Obligations

A summary of our total contractual obligations and commercial commitments to make future payments as at March 31, 2009 is presented in the table below.

	Total	Payments due by March 31					
		(\$ in millions)					
Contractual obligations		2010	2011	2012	2013	2014	Thereafter
Long-term debt ⁽¹⁾	\$ 359.5	\$ 2.5	\$ 2.3	\$ 204.7	\$ 150.0	\$ -	\$ -
Operating leases	21.0	4.3	3.7	3.1	2.2	1.9	5.8
Maintenance contracts	1.8	0.7	0.6	0.5	-	-	-
Purchase obligations ⁽²⁾	47.6	36.4	6.4	2.6	1.2	0.6	0.4
Other obligations	13.5	1.7	4.1	1.1	1.0	0.3	5.3
Total contractual obligations	\$ 443.4	\$ 45.6	\$ 17.1	\$ 212.0	\$ 154.4	\$ 2.8	\$ 11.5

(1) Excludes interest.

(2) Purchase obligations are related primarily to space segment costs and will be funded from contracts to provide space segment and related services to our customers.

Off-Balance Sheet Arrangements

We have no material off-balance sheet arrangements.

Outstanding Share Capital

We are authorized to issue an unlimited number of preferred shares, issuable in series, and an unlimited number of common shares. As at March 31, 2009, we had issued and outstanding 42.0 million (2008 – 42.0 million) common shares with a stated value of \$216.2 million (2008 - \$216.2 million). No preferred shares have been issued.

Critical Accounting Estimates

The preparation of our Interim Financial Statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. These estimates form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. By their nature, estimates are subject to an inherent degree of uncertainty. Actual results that differ from these estimates could have a significant adverse effect on operating results and financial position. Our critical accounting estimates are discussed in the MD&A contained in our 2008 Annual Filings.

Risk and Risk Management

Operating risk

The remote telecommunications industry is continually evolving and is subject to rapid and significant changes in technology and industry participants. The industry is characterized by changing customer requirements, emerging industry standards and new product and service introductions. Customer demand has also been impacted by fluctuations in telecommunication requirements of various government, military and media agencies resulting from world events. We are committed to making the necessary investments to develop, improve and expand product and service offerings.

The remote telecommunications industry is competitive. We compete or may compete, directly or indirectly, with other former Inmarsat signatories, satellite service resellers and network operators on product pricing and value added services. We may also face competition from newly formed or emerging entities, as well as more established telecommunications organizations. We must continue to respond effectively to technological changes and to competitors' innovations. The remote communications industry experiences competition on the price of services. A majority of our MSS business is subject to "on-demand" contracts with no minimum purchase requirements, consistent with industry wide practice.

We rely on key suppliers such as Inmarsat, Iridium, and several other satellite space segment suppliers. In the normal course of business we periodically renew contracts with these suppliers. In April 2009, our distribution arrangements with Inmarsat expired and we (and other distributors) executed new distribution arrangements with Inmarsat. The new distribution arrangements, which cover the scope of our Inmarsat services, contain new terms and conditions which are less favorable to us than the previous Commercial Framework Agreement and related agreements. Under the new distribution arrangements, Inmarsat has the ability to appoint new distribution partners and service providers, and there are less volume-based pricing advantages

for the large LES operators, including Stratos. The new distributions arrangements came into effect on April 15, 2009.

As described under “Arrangement Transaction with CIP”, Inmarsat III exercised the Call Option on April 15, 2009, pursuant to which Stratos became a wholly-owned indirect subsidiary of Inmarsat. As a result of becoming a subsidiary of Inmarsat, there could be changes made to our management, corporate structure, business or operations which could have an adverse impact on our operating results and financial condition.

There has been enhanced awareness of the risk stemming from a major disruption in business operations in the event of a natural or man-made disaster. We have conducted a risk and vulnerability assessment to identify specific risk areas and completed a number of projects to mitigate such risk where commercially practical. However, there is no assurance that all such risks can be mitigated.

Effective March 10, 2009, we began self-insuring for certain insurable risks for property insurance in respect of our Broadband assets located in the Gulf of Mexico. These assets consist primarily of telecommunications equipment. Prior to March 10, 2009, these assets had been insured with a third party insurance provider. We do not maintain any reserves for future losses. Any losses will be determined and recognized once an indicator of impairment has been identified.

Newer Inmarsat Services

We operate a network of LESs in order to provide Inmarsat services. Inmarsat owns and operates the LESs for the new Inmarsat services (BGAN, FleetBroadband and SwiftBroadband) which are now available. Our revenues from BGAN and FleetBroadband services have continued to increase during the first quarter of 2009 but revenue from SwiftBroadband was not significant due to the early stages of deployment. Gross margins for the sales of these services are expected to be less than for certain other Inmarsat services. In addition, some existing customers may migrate from existing higher margin services to these lower margin services, negatively impacting our results.

Foreign Currency Exchange Rate Risk

We prepare our consolidated financial statements in U.S. dollars and each of our subsidiaries operates with U.S. dollars as the functional currency as a substantial portion of our business is conducted in U.S. dollars. By virtue of our international operations, we conduct business in a number of foreign currencies other than the U.S. dollar. Transactions which have occurred in currencies other than U.S. dollars have been converted to U. S. dollars at the exchange rate in effect at the transaction date. Carrying values of monetary assets and liabilities in currencies other than U.S. dollars have been converted at the U.S. dollar exchange rate at the balance sheet date with the resulting gain or loss included in income.

To perform a sensitivity analysis, we assess the risk of loss in fair values due to the impact of hypothetical changes in foreign currency exchange rates on monetary assets and liabilities denominated in currencies other than U.S. dollars. Our primary exposures to foreign currency exchange fluctuations are Euro/U.S. dollar and Canadian dollar/U.S. dollar. For the the three

months ended March 31, 2009, the potential reduction in earnings from a hypothetical instantaneous 10% adverse change in the March 31, 2009 quoted foreign currency spot rates applied to Euro and Canadian dollar denominated monetary assets and liabilities included in the March 31, 2009 balance sheet would have been approximately \$0.4 million and \$0.1 million, respectively.

Our exposure to foreign currencies is limited due to the substantial portion of our customer contracts, major expenditures and debt denominated in U.S. dollars. Approximately 10% to 15% of our revenues and expenditures are denominated in currencies other than U.S. dollars. To mitigate potential risks with respect to foreign currencies, our strategy has been to match cash inflows and outflows by currency, thereby minimizing net currency exposures to the greatest extent possible. In addition, during 2008, we entered into Canadian dollar and Euro foreign exchange forward contracts to manage exposure to exchange rate fluctuations pertaining to our future net cash flows from operations for 2009. These forward contracts expire monthly to December 2009 in increments of Canadian dollar \$1.25 million and Euro 0.8 million at average U.S. dollar rates of 0.8333 and 1.4361, respectively. During the three months ended March 31, 2009, we recorded realized and unrealized losses of \$0.5 million and \$0.5 million, respectively, representing the fair value change in the foreign exchange forward contracts during the period. The fair value of these forward contracts at March 31, 2009 was \$(1.2) million and was recorded in payables and accruals. For the three months ended March 31, 2009, the potential increase or decrease in earnings from a hypothetical instantaneous 10% increase or decrease in the March 31, 2009 quoted foreign currency spot rates applied to Canadian dollar and Euro foreign exchange forward contracts would have been approximately \$1.3 million and \$1.2 million, respectively.

Foreign currency exchange rate fluctuations related to the translation of transactions occurring in currencies other than U.S. dollars and foreign exchange gains and losses related to the translation of monetary assets and liabilities have not been significant in the three months ended March 31, 2009 and 2008.

Interest Rate Risk

Our Term B facility outstanding on March 31, 2009 bears interest based on LIBOR and therefore is affected by changes in market interest rates. As outlined in Note 12 to our Interim Financial Statements, we had entered into interest rate swap agreements to hedge a portion of our exposure to such fluctuations but these have all expired. The amount of our variable rate debt at March 31, 2009 was \$209.3 million. If the LIBOR rate was to increase or decrease by 1%, our net earnings for the three months ended March 31, 2009 would decrease or increase by approximately \$0.4 million.

Credit risk

We are exposed to credit risk in the event of non-performance by counterparties to our derivative financial instruments. Non-performance is not anticipated since these counterparties are considered to be of high credit quality.

We are also exposed to credit risk with respect to accounts receivable from customers. We provide services to a large diverse customer base across different geographic areas which

minimizes the concentration of credit risk. No customer accounted for 10% or more of our accounts receivable at March 31, 2009 or December 31, 2008.

We have credit evaluation, approval and monitoring processes intended to mitigate potential credit risks and utilize both internal and third party collections processes for overdue accounts. We maintain provisions for potential credit losses that are assessed on an ongoing basis. The allowance for uncollectibility of accounts receivable and revenue adjustments at March 31, 2009 was \$13.4 million (December 31, 2008 - \$13.9 million).

Although we have not experienced significant changes in our operating results or collection activities as a result of the current financial crisis, a prolonged deterioration of economic conditions could impact operating results and affect payment patterns resulting in increased bad debt expense.

Liquidity risk

We are exposed to liquidity risk with respect to our contractual obligations and financial liabilities. We manage liquidity risk by maintaining adequate cash and cash equivalents and reserve borrowing facilities and by continuously monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities.

We believe that the cash and cash equivalents on hand, future cash flows generated by operations and availability under our revolving operating facility will be adequate to meet our financial obligations. The present situation in financial markets and the credit crisis may result in reduced availability of capital in the debt markets in the coming years. As our current credit facilities reach their maturities, the terms of bank and other debt facilities may be less favourable upon renewal.

Regulation

The operation of the systems and distribution of the services of Stratos are subject to significant regulation in the United States, the Netherlands, the United Kingdom, Australia, New Zealand, Canada, Germany and Russia. Inmarsat, Iridium and other satellite systems we use are designed to operate in limited portions of the radio frequency spectrum. Within these operational parameters, the allocation and use of radio frequency spectrum for the provision of satellite and other wireless communications services are regulated on a national basis, subject to international coordination. In addition, the implementation and operation of Stratos' systems, like those of other satellite and wireless systems, are dependent upon obtaining and maintaining the necessary licenses, certifications and other approvals, which may or may not be issued or renewed by the applicable regulatory authority.

Taxes

We are subject to tax in many jurisdictions throughout the world. Income tax expense and future income taxes are affected by a number of factors, such as the amount of taxable income in particular jurisdictions, the tax rates in such jurisdictions, tax treaties between jurisdictions, capital taxes not based on taxable income, and future changes in law. Generally, tax liabilities are separately assessed on a legal entity or group of legal entities within the same jurisdiction.

Therefore, we are not always able to apply current or prior years' tax losses in certain entities against the taxable income arising in other profitable entities. As a result, we may pay income and capital taxes or record future tax expense in certain jurisdictions even though losses may be incurred in other jurisdictions.

The foregoing risks should be read in conjunction with the additional risks relating to Stratos and the remote telecommunications industry described in the MD&A contained in our 2008 Annual Filings.

Changes in Accounting Policies

A summary of our significant accounting policies is presented in Note 2(a) to our consolidated financial statements for the years ended December 31, 2008 and 2007 included in our 2008 Annual Filings. The accounting policies for the three months ended March 31, 2009 are consistent with those policies except for the changes outlined in Note 1(b) to our Interim Financial Statements which are summarized below.

Accounting Changes in 2009

On January 1, 2009, we adopted CICA Handbook Section 3064, "Goodwill and Intangible Assets", replacing Section 3062, "Goodwill and Other Intangible Assets" and Section 3450, "Research and Development Costs". The new section establishes revised standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The provisions related to the definition and initial recognition of intangible assets, including internally generated intangible assets, are equivalent to the corresponding provisions of International Accounting Standard 38, "Intangible Assets". The adoption of this new standard did not have any impact on our financial position or results of operations.

Future Accounting Pronouncements

International Financial Reporting Standards

In February 2008, the Accounting Standards Board confirmed that the use of International Financial Reporting Standards ("IFRS") will be required in 2011 for publicly accountable profit-oriented enterprises. In April 2008, the CICA issued an IFRS Omnibus Exposure Draft proposing that publicly accountable profit-oriented enterprises be required to apply IFRS, in full and without modification, on January 1, 2011. The transition date of January 1, 2011 will require the restatement, for comparative purposes, of amounts we report for our year ended December 31, 2010, and of the opening balance sheet as at January 1, 2010.

In preparation for the conversion to IFRS, we have developed an IFRS implementation plan. We have completed the diagnostic phase which involved a high-level review of the differences between Canadian GAAP and IFRS, as well as a review of the alternatives available for adoption. Throughout 2009, we will be conducting the second phase of our plan which encompasses a detailed impact assessment. As implications of the conversion are identified in this phase, the impacts on other key elements of our conversion plan will be assessed. These key elements include: accounting policy changes, information technology changes, education and training requirements, disclosure requirements, internal control impacts and impacts on business activities.

We will continue to report on the key elements and timing of our IFRS implementation plan in our interim MD&A throughout fiscal 2009.

Glossary of Terms for Management's Discussion and Analysis of Financial Condition and Results of Operations

BGAN

An acronym for Broadband Global Area Network, a Stratos-provided Inmarsat service launched in December 2005, providing high-speed IP based data capabilities.

Broadband

A transmission system that multiplexes multiple independent signals onto one cable. In telecommunications terminology, any channel having a bandwidth greater than a voice-grade channel (4 kHz). In LAN terminology, a coaxial cable on which analog signaling is used. Also called *wideband*.

DataSat II™

Stratos-provided IP service that provides cost-effective, reliable communications designed specifically based upon the unique requirements of SCADA applications. Launched in January 2008, service was implemented to provide IP services that enable higher bandwidth and data throughputs. Ideal for process control and monitoring applications.

FleetBroadband

Stratos-provided Inmarsat service that provides cost-effective, high-speed data and voice communications, available simultaneously, at speeds up to 432 kbps. It also provides on-demand guaranteed IP data rates, regardless of the vessel's location. It will use stabilized, compact directional antennas, which will vary in size and weight but will be smaller than most existing Fleet products.

Fleet F77, F55 and F33

Stratos-provided Inmarsat services that offer highly advanced communications capabilities, including voice, HSD and packet data services for the marine market while at the same time lowering service costs. These services give shipboard crew members the same global access to voice and data communications as any major land-based office. F77 is designed for large vessels, while F55 and F33 offer lighter weight antennas to serve medium- and small-sized vessels, respectively.

GAN

An acronym for Global Area Network, a Stratos-provided Inmarsat service providing global, mobile, high-speed data and voice communications primarily in land based applications.

Hubs

A fixed antenna used to send and receive satellite transmission signals, interconnecting telecommunications between a satellite and VSATs.

Inmarsat®

An acronym for International Maritime Satellite service that provides mobile communications for land, air and sea worldwide.

Inmarsat B, C and Mini-M

Stratos-provided legacy Inmarsat services providing voice and/or data services in land and maritime applications.

IP

Internet Protocol. Software that tracks the Internet address of nodes, routes outgoing messages, and recognizes and routes incoming messages.

Iridium®

A global mobile satellite telephone and paging service. Global coverage is provided by low-earth-orbiting satellites, allowing users to make and receive calls virtually anywhere in the world.

Microwave

A high-frequency electromagnetic wave, one millimeter to one meter in wavelength, intermediate between infrared and short-wave radio wavelengths. Can be used as a long-range voice and data communications medium.

MSV

Mobile Satellite Ventures. A satellite network that provides voice, data and wide area dispatch maritime communications services. MSV uses spot beam technology to provide secure communication for North and Central America, the northern tip of South America, the Caribbean, and Hawaii.

Regional BGAN

A Stratos-provided Inmarsat service that brings high-speed data communications to developed and developing nations in its service area, with usage charges based on the amount of data sent or received rather than the conventional “per minute” charge for satellite airtime.

SCADA

An acronym for Supervisory Control and Data Acquisition. An application used in conjunction with VSAT modules to monitor equipment and automatically report equipment status.

StratosITek™

A Stratos-provided IP VSAT service that provides high-speed, always-on connectivity for remote-location land and maritime applications on a global scale. StratosITek offers speeds of up to 2 Mbps and is available in several configurations that allow it to be installed on maritime vessels or moved quickly and easily from location to location on land.

StratosNet®

Stratos' Internet e-mail system, *StratosNet*, is an Internet service optimized for cost-effective mobile communications through multiple mobile satellite networks. *StratosNet* provides the ability to transmit data at 2.4 kbps or higher while also gaining from the benefits of compression.

StratosNet makes the Inmarsat-C service extremely efficient for e-mail at sea on a vessel of any size.

Swift 64™

A Stratos-provided Inmarsat service that provides global in-flight data communications services to commercial and private aircraft at speeds up to 64kbps. Swift 64 services have been designed to meet the needs of aircraft passengers, corporate users and the flight deck, and are designed to take advantage of existing Inmarsat Aero H/H+ installations already found on a large number of aircraft.

SwiftBroadband

A Stratos-provided Inmarsat service that provides cost-effective, high-speed data and voice communications, available simultaneously, at speeds up to 432 kbps. It also provides on-demand guaranteed IP data rates, regardless of the aircraft's location. The service is compatible with most government-grade encryption and secure-communications standards. It works through existing Inmarsat equipment already installed on more than 4,000 aircraft, through upgrades of existing Inmarsat Swift64 and Inmarsat Aero H/H+ installations.

VSAT

Very Small Aperture Terminal. A relatively small satellite antenna used for satellite-based point-to-multipoint data communications.