You should rely only on the information contained in this prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate only as of the date on the front cover of this prospectus. Our business, financial condition, results of operations and prospects may have changed since that date.

StarBand[SM] and the StarBand family of marks are owned by StarBand Communications Inc. All other brand names, trademarks and service marks appearing in the prospectus are the property of their respective holders.

References in this prospectus to "we," "our," "us," "our company" and "StarBand" are to StarBand Communications Inc. On September 29, 2000, we changed our name to StarBand Communications Inc. from Gilat-To-Home Inc.

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SUMMARY

This summary does not contain all the information that may be important to you. You should read the entire prospectus carefully, including the financial statements and related notes beginning on page F-1, before making an investment decision.

Our Company

StarBand is the first nationwide provider of two-way, always-on, high-speed Internet access via satellite to residential and small office/ home office customers. We have deployed a proven and scalable network using leased capacity on existing communications satellites which we believe can provide our StarBand service today to any location in the United States with a clear view of the southern sky. We are targeting our StarBand service primarily to rural and suburban households with few or no high-speed Internet access alternatives. We estimate that approximately 55 million households do not presently have access to cable modem or digital subscriber line, or DSL, technology. Our basic service package offers unlimited access time at an affordable monthly flat rate. We have extensively tested our service offering at over 9,000 locations and, in combination with our strategic partners, are launching service nationwide in the fourth quarter of 2000. - pending FCC license

Our high-speed Internet access service benefits from the unique abilities of our one-hop satellite network architecture. Unlike terrestrial networks, satellite networks possess the ability to multicast, or simultaneously send common content, to millions of subscribers. Our solution is unique because it delivers high bandwidth content directly to the personal computer or other storage device at a subscriber's home. We can therefore expand the edge of the Internet directly to our subscribers and avoid potential congestion inherent in the terrestrial network. We intend to use our multicasting services to aggregate and filter high quality content and create an unparalleled experience for our subscribers. We will multicast content such as music, movies, software and emerging multimedia content at significantly higher speeds than existing broadband alternatives and, in 2001, we expect to introduce the StarBand Carousel℠, a personalized high-speed digital delivery service, significantly enhancing our subscribers' experience and generating additional revenue opportunities.

We have three primary strategic partners and founding investors.

Gilat Satellite Networks Ltd., and its subsidiaries, leaders in satellite communications, are supplying their advanced networking technology and proven customer premises equipment to StarBand on an exclusive basis in the United States and Canada.

Microsoft Corporation, the owner of MSN, a leading consumer Internet service provider with over 3 million subscribers, has agreed to sell high-speed Internet access using our wholesale service offering through over 7,000 RadioShack locations.

EchoStar Communications, one of the two leading U.S. direct broadcast satellite television companies with over 4.5 million subscribers, has agreed to co-market our services to customers of its DISH television service and has provided us with access to more than 20,000 DISH retailers. In addition to our Internet only access package, we will offer a joint StarBand/ EchoStar single-dish solution for direct broadcast television and high-speed Internet access in a bundled package.

Our strategic partners and founding investors have played key roles in our development by providing us access to:

• proprietary proven technology;

• a large existing customer base;

• strong consumer brand names; and

• broad retail and wholesale distribution channels.

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We believe that a substantial business opportunity exists for us as a result of the tremendous growth of the Internet, the increasing availability of broadband content and applications and the growing demand for high-speed Internet connections. Forrester Research estimates that 36.4 million U.S. households will have broadband Internet connections by 2004. Because of the high cost, complexity and physical limitations involved in providing DSL and cable modem services, the rollout of these services has been slow or impractical in most rural and many suburban areas. As illustrated by the recent success of direct broadcast satellite television, which was one of the most successful rollouts of a consumer electronics product, we believe that consumers in underserved markets will embrace our satellite-based solution for high-speed Internet access. Pioneer Consulting estimates that the satellite broadband access market in the United States will grow to approximately $13.2 billion by 2005.

The StarBand network consists of sophisticated and proven equipment at the subscriber's premises, two network operations centers connected to the Internet and satellite capacity linking subscriber equipment to the network operations centers. The customer premises equipment used in the StarBand network is comprised of a small satellite dish and outdoor components connected by cables to communications electronics that are installed in the subscriber's home. The primary central network operations center from which Gilat manages the telecommunications elements of our network, located in Marietta, Georgia, has a robust, redundant connection to the Internet and the requisite equipment to manage the network. The network design allows us to manage the amount of satellite capacity allocated to particular subscribers, and therefore to provide each subscriber specified minimum performance levels, even during peak periods. We continuously develop and optimize our technology to maintain and enhance network performance and monitor usage.

We are launching our service using existing Ku band satellite capacity that we and Gilat lease from several owners of geostationary satellites. By utilizing leased capacity, we minimize our investments in fixed capital assets and avoid the risks of deploying our own satellites. In order to further increase the cost efficiency of our network, we are working with leading suppliers to implement a next-generation satellite system which we expect will significantly increase our overall satellite capacity and decrease its cost on a per subscriber basis. The supplier we select will undertake the responsibility and expense of building and launching these satellites. We will enter into a long-term lease for capacity on these new satellites.

Our Strategy

Our mission is to become the leading provider of two-way, always-on, satellite-based high-speed Internet access. In order to achieve this goal, we intend to:

- rapidly expand our subscriber base;
- implement a targeted marketing plan to attract subscribers;
- maintain a low cost and capital-efficient business model;
- develop opportunities to sell higher-margin value-added services;
- continue to enhance our subscribers' StarBand experience; and
- pursue additional distribution and content partnerships.

To date, we have raised $126 million of equity from our strategic partners and founding investors. We have recently renegotiated our existing senior debt facility. We are also negotiating a bank facility to prefund our satellite capacity lease with Loral Skynet. We face many risks and uncertainties. For example, we have a limited operating history and as of August 31, 2000, we had an accumulated deficit of approximately $88.0 million. In addition, we operate in a highly competitive market and we expect to record substantial losses for at least the next few years.

We are a Delaware corporation. Our principal executive offices are located at 1760 Old Meadow Road, McLean, Virginia 22102, and our telephone number is 703-287-3000.

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The Offering

Common stock offered by StarBand:

U.S. offering	shares
International offering	shares
Total	shares
Shares outstanding after the offering	shares
Use of proceeds	We estimate that our net proceeds from this offering, without exercise of the over-allotment options, will be approximately $ million. We intend to use these net proceeds: • to fund the continued growth of our business and operations and expand our subscriber base; and • to the extent remaining, for general corporate and working capital purposes.
Risk factors	See "Risk Factors" and other information included in this prospectus for a discussion of factors you should carefully consider before deciding to invest in shares of our common stock.
Proposed Nasdaq National Market symbol	STRB

Unless otherwise indicated, all information in this prospectus, including the outstanding share information above, is based on 88,108,650 shares outstanding as of August 31, 2000 on a pro forma basis to reflect the automatic conversion of all outstanding preferred stock, and the issuance and conversion of additional convertible preferred stock, to be issued as dividends thereon, into 54,228,893 million shares of common stock upon completion of this offering. The outstanding ~~share~~ information excludes:

See also p. 5

- 8 million shares of common stock reserved for issuance under our 2000 stock incentive plan, of which 5,449,220 shares of common stock are subject to outstanding options with a weighted average exercise price of $2.50;

- 1,873,477 and 1,910,947 shares of common stock issuable upon the exercise of warrants and rights to purchase Series C and D mandatorily redeemable convertible preferred stock, respectively, and assumed immediate conversion thereof into common stock with a weighted average exercise price of $4.49 per share;

- 116,000 shares of common stock issuable upon the exercise of warrants issued to various third parties with a weighted average exercise price of $2.50; and

- shares of common stock issuable if the underwriters exercise their over-allotment option in full.

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Summary Financial Data
(in thousands, except share and per share data)

In the table below, we provide you with summary historical financial data of StarBand Communications Inc. We have prepared this information using the financial statements of StarBand Communications Inc. for the period from January 11, 2000 (inception) to August 31, 2000.

When you read this summary historical financial data, it is important that you read along with it the historical financial statements and related notes, as well as the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations."

We face many risks and uncertainties. For example, we have a limited operating history and as of August 31, 2000, we had an accumulated deficit of approximately $88.0 million. In addition, we operate in a highly competitive market and we expect to record substantial losses for at least the next few years.

	Period from January 11, 2000 (Inception) through August 31, 2000	($000s ?)
Statement of Operations Data:		
Total revenues	$ 7	
Total cost and expenses	68,584	
Loss from operations	(68,577)	
Net loss attributable to common stockholders	$ (82,094)	
Basic and diluted loss per share	$ (4.06)	
Pro forma net loss attributable to common stockholders (unaudited)(1)	$ (66,848)	
Pro forma basic and diluted loss per share (unaudited)(2)	$ (1.23)	
Pro forma as adjusted net loss attributable to common stockholders (unaudited)(1)	$	
Pro forma as adjusted basic and diluted loss per share (unaudited)(3)	$	
Weighted Average Shares Outstanding:		
Basic and diluted	20,232,428	
Pro forma basic and diluted (unaudited)(2)	54,456,199	
Pro forma as adjusted basic and diluted (unaudited)(3)		

	As of August 31, 2000		
	Actual	Pro Forma (unaudited)	Pro Forma As Adjusted (unaudited)
		(4)	(5)
Balance Sheet Data:			
Cash and cash equivalents	$ 68,303	$ 68,303	
Restricted cash and cash equivalents	90,559	90,559	
Total	158,862	158,862	
Working capital	32,602	32,602	
Total assets	196,512	196,512	
Total debt	81,089	81,089	
Total mandatorily redeemable convertible preferred stock	142,870	—	
Total stockholders' (deficit) equity	(76,770)	66,100	

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The 32,643,118 number probably represents shares yielding cash to the Company; whereas, the 88,108,650 number is all shares excluding, as noted, warrants etc. not automatically converted.

(1) The pro forma and pro forma as adjusted net loss attributable to common stockholders reflects the elimination of the preferred stock dividends and accretion.

(2) The pro forma statement of operations data gives effect to the conversion of all outstanding mandatorily redeemable convertible preferred stock and dividends thereon into 32,643,118 and 1,580,653 shares of common stock, respectively, on a weighted average basis, and excludes common shares issuable upon exercise of outstanding stock options, issuance of common stock and pursuant to Series C and D mandatorily redeemable convertible preferred stock, because such shares are not automatically issuable upon consummation of this offering.

(3) The pro forma as adjusted statement of operations data gives effect to the pro forma adjustments discussed in (2) above, in addition to the sale of shares of common stock offered hereby at an assumed initial public offering price of $ per share as if such sale had occurred on January 11, 2000 (inception).

(4) The pro forma balance sheet data gives effect to the automatic conversion of all outstanding shares of mandatorily redeemable convertible preferred stock and dividends thereon into 51,727,573 and 2,501,320 shares of common stock, respectively, and excludes common shares issuable upon exercise of stock options (5,449,220 shares), warrants to purchase common stock (116,000 shares), Series C mandatorily redeemable convertible preferred stock (1,873,477 common share equivalents), and Series D mandatorily redeemable convertible preferred stock (1,910,947 common share equivalents) as such shares are not automatically issuable upon consummation of this offering.

These added together yield 54,228,893 same as p. 3

(5) The pro forma as adjusted balance sheet data gives effect to the pro forma adjustments discussed in (4), above, and to the sale of shares of common stock at an assumed initial public offering price of $ per share, after deducting underwriting discounts and commissions and estimated offering expenses payable by us as if such sale had occurred on August 31, 2000.

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RISK FACTORS

This offering and an investment in our common stock involve a high degree of risk. You should carefully consider the following risks and the other information in this prospectus before investing in our common stock. If any of the following risks and uncertainties develop into actual events, our business, financial condition and results of operations could be seriously harmed. This could cause the trading price of our common stock to decline, and you may lose all or part of your investment.

Risks Related to Our Business

We have an unproven business model and a limited operating history in a new and rapidly evolving industry, and we may not be able to implement our business plan.

Our business model is still in development. Our limited historical financial and operating data are not a good indication of how our business is doing or how it is evolving and may make it difficult for you to evaluate our performance. You must consider our business and prospects in light of the risks and difficulties typically encountered by companies in new and rapidly evolving industries such as ours. We may not adequately address these risks, and if we do not, we may not be able to implement our business plan as we intend.

We were incorporated in January 2000 and first began service operations in April 2000 by initiating a large-scale pilot program. We expect to initiate nationwide services on our network during the fourth quarter of 2000. Our services may not achieve broad consumer or commercial acceptance. Our business model contemplates that we will generate revenues from basic subscription services, value-added services, advertising and e-commerce. These revenues may not materialize if we fail to successfully implement our strategy for attracting subscribers.

We have incurred operating and net losses since our inception and expect to incur future losses for at least the next few years. Accordingly, we may not be able to achieve profitability and even if we do become profitable, we may not be able to sustain profitability.

We have incurred operating and net losses since our inception and expect to continue to operate at a loss for at least the next few years, primarily because we intend to increase capital expenditures and operating expenses in order to expand our network and to market and provide our services to a growing number of potential subscribers. As of August 31, 2000, we had an accumulated deficit of approximately $88.0 million. As we build our business to provide our services, we do not expect our revenues to increase as rapidly and as substantially as we expect our capital costs and other expenditures to increase over the next few years. As a result, we expect to incur additional operating and net losses for at least the next few years.

If we fail to manage our potential rapid growth and expansion effectively, or expand and allocate our resources efficiently, we may not be able to retain or grow our subscriber base.

We have grown rapidly and expect to continue to do so by hiring new employees, adding new subscribers and expanding into new distribution channels. Our growth has placed, and will continue to place, a significant strain on our management and our operating and financial systems, including billing and information systems. Our employees, outsourcing arrangements, systems, procedures and controls may be inadequate to support our future operations. In particular, we expect that demands on the network infrastructure and our technical support resources will increase rapidly as our subscriber base grows. We may therefore experience difficulties meeting a high demand for services in the future. In order to meet this demand, we will need to hire, train and retain the appropriate personnel, as well as the third-party service providers we depend on for customer service, to manage our operations. We will also need to adapt our financial and management controls, reporting systems, operating systems and billing and information systems. Our failure to manage growth and expansion effectively, or the failure by one of our service providers to adequately perform its services, could harm our ability to retain or grow our subscriber base which in turn would harm our business, financial condition and results of operations.

If our assumptions regarding the usage patterns of our subscribers are wrong, or if our subscribers' usage patterns change, we could have either too little or too much satellite capacity, and our business would be harmed.

In our business plan we make critical assumptions about how much satellite capacity our subscribers will use and at what times of day their usage will occur. These assumptions are based on our understanding regarding other Internet and satellite services, as well as data gathered from our pilot program. We use these assumptions to calculate the number of subscribers that can be supported on a given transponder, or unit of satellite capacity. If our assumptions are wrong, or if our subscribers' usage patterns change in the future as broadband applications become more widely available, we could have either insufficient capacity to maintain our expected level of service and lose customers, or have excess capacity and suffer inefficiencies in our business. If we fail to effectively manage our satellite resources, our business could be harmed, the quality of service we provide to our subscribers could deteriorate and we could lose existing, or fail to attract new, subscribers.

If we are unable to attract or retain subscribers, our business will be harmed.

Our success depends upon our ability to rapidly grow our subscriber base. Several factors may negatively impact this ability, including:

- loss of our existing sales and distribution channels, resulting in our lack of access to potential subscribers;
- failure to obtain additional distribution channels, also resulting in our lack of access to potential subscribers;
- failure to establish and maintain the StarBand brand through advertising and marketing, or erosion of our brand due to misjudgments in service offerings;
- failure to obtain content that appeals to the evolving preferences of our subscribers; and
- failure to provide the minimum transmission speeds and quality of service our customers expect.

In addition, our service requires customers to first purchase our satellite system equipment and then pay us monthly subscriber fees. The price of our equipment and our subscription fees are currently higher than those of many dial-up, DSL and cable modem Internet access services. In many instances, we expect to subsidize our subscribers' customer premises equipment to encourage the purchase of our service and to offset their higher relative costs. If we are unable to reduce the cost of our equipment, or if our subsidies are insufficient to attract or retain new subscribers, our business would be harmed.

If we fail to adequately develop, or consumers fail to accept, our high-speed Internet content and applications services, our business would be harmed.

Sounds like subscribers must use StarBand as their ISP/portal... the AOL model.

A key component of our strategy is to provide a more compelling interactive experience to Internet users than they currently experience from dial-up and other Internet service providers. We believe that we must also provide high-quality multimedia Internet content and applications to our customers. Our success in obtaining and delivering this content and these applications, and in charging a premium for our service, is dependent on the ability of content and applications providers to create and support high-quality, high-speed multimedia Internet content and applications that work well with our technology and our ability to aggregate content and applications offerings in a manner that subscribers find useful and compelling.

We rely upon new technologies, products and services that we intend to introduce, such as multicasting, the StarBand Carousel SM and our planned next generation StarBand modem. We may not be able to develop and introduce these new technologies, products and services quickly or effectively. In addition, our plans to introduce multicasting and the StarBand Carousel SM, planned for 2001, depend upon

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our ability to attract content providers and reach agreements with them. Our ability to establish these content partnerships will depend on our ability to build and maintain a subscriber base large enough to justify investments in the development of this content and these applications. We currently have no agreements with any content providers and we cannot assure you that we will be successful in these endeavors. If the introduction of our new technologies, products and services is not successful, we may not be able to successfully implement our business plan and our results of operations and financial condition will be significantly harmed.

Intense competition in the Internet services market and inherent limitations in existing satellite technology may negatively affect the number of our subscribers and our revenues.

Competition in the market for consumer Internet access services is intense and we expect the level of competition to intensify in the future. We compete with providers of various high-speed communications technologies for local access connections, such as cable modem and DSL. We also may face competition from traditional telephone companies, competitive local exchange carriers and wireless communication companies. In many of our target markets, our service may currently be the only high-speed service available. As our competitors expand their operations to offer high speed Internet services, we may no longer be the only high speed service available in these markets.

We also expect additional competitors with satellite-based networks to begin operations soon. In particular, some satellite companies have announced that in the future they may offer high-speed Internet service at the same price or at a lower price than we currently intend to offer our services. If we are forced to lower our prices to compete with these satellite companies, our financial results will suffer. Many of our current and potential competitors have longer operating histories, greater brand name recognition, larger subscriber bases and substantially greater financial, technical, marketing and other resources than we do. Therefore, they may be able to respond more quickly than we can to new or changing opportunities, technologies, standards or subscriber requirements.

In addition, as a satellite technology provider, we face inherent limitations that our terrestrial competitors do not. For example, two-way, real-time games and voice over Internet Protocol telephony, available through cable modem and DSL broadband providers, do not work optimally on satellite-based systems such as ours and use significant amounts of our satellite capacity. If these Internet applications become popular, our subscriber base may decline because other access technologies work better with these applications. Additionally, satellite signals sometimes suffer from deterioration or interruption during inclement weather, or rain fade, while terrestrial connections generally are not so affected. If we are unable to compete effectively, our business will be harmed.

We are heavily dependent on our strategic partnership with Gilat for key network technology, hardware and software, and we may be significantly harmed if Gilat fails to meet our expectations or if our relationship with Gilat terminates or changes.

We depend on Gilat and its affiliates and suppliers for the satellite technology used to deliver our services. We have an agreement with Gilat pursuant to which they have agreed to provide us with the equipment, technology and services that we will use in our business. If we are not able to perform our obligations under our agreements with Gilat, or if Gilat is unable or fails to continue to sell us this technology under the current terms of our agreement, our ability to operate our network would be harmed.

Our future growth depends on a number of technological advances Gilat expects to attain over its existing satellite technology and which Gilat has agreed to license to us. These technological advances include:

- the development of software that we expect will enable us to optimize the allocation of subscribers across our leased satellite capacity and reduce our satellite capacity costs per subscriber;

- efficiency improvements relating to multicasting and future StarBand Carousel^{SM} service features; and

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- implementation of a next generation universal serial bus modem which we expect will lower our subscriber acquisition costs.

If Gilat does not meet our expectations regarding these technological advances, our financial condition and results of operations would be harmed.

We also depend on Gilat as our principal supplier for satellite networking components and hardware used to build and manage the network and offer our services. Gilat also depends upon a single manufacturer for all outdoor electronics. If we successfully execute our business plan and continue to expand our subscriber base, we expect to demand a significant quantity of goods over a short time period from Gilat, including all customer premises equipment. Gilat may be unable to obtain an adequate supply of required components from its suppliers, or supply shortages of particular components may substantially curtail the production of any of the equipment that Gilat is obligated to provide under the supply agreement.

Gilat's principal offices, manufacturing and research and development facilities are located in the State of Israel. Gilat is directly affected by the political, economic and military conditions in Israel. Gilat's production is dependent upon components imported from outside of Israel and any major hostilities involving Israel or the interruption or curtailment of trade between Israel and its present trading partners could significantly harm Gilat's ability to meet its supply obligations to us.

If Gilat does not meet our demand for its products, for any reason, or if the terms of our agreements with Gilat change and we decide to pursue other strategic partners, it is unlikely that we would be able to find a replacement supplier without significant harm to our business operations. Similarly, our business model is substantially dependent on the pricing of the equipment we obtain from Gilat. Our supply agreement with Gilat provides for reviews of pricing at least every two years. If the prices of the equipment increase, we may not be able to pass these increases on to our subscribers and our operating results would be harmed.

We also depend upon Spacenet and its subsidiaries to provide us services that we require to run our business and operate the network we use to provide our service. In addition, we are not a licensee of the Federal Communications Commission, or FCC, and do not hold any authorization to operate satellite communications facilities. We depend upon licenses held by Spacenet and its subsidiaries for our satellite communications. If their licenses are limited or revoked, if the FCC limits the number of their customer premises earth stations or if they fail to operate the earth stations providing service to us and our subscribers in a satisfactory manner, our business could be seriously harmed.

Gilat resells transponders to Star Band

If we are unable to maintain or expand our retail distribution relationship with EchoStar, we could lose access to a substantial subscriber base.

On February 22, 2000, we entered into a memorandum of agreement with EchoStar, pursuant to which EchoStar has agreed to cooperate with us to sell our service directly to consumers through its retailers. The arrangement terminates on March 31, 2001. The parties are currently negotiating an extension of this agreement. If we do not extend this agreement, EchoStar will not be obligated to make its distribution channel available to us in the future. Our arrangement with EchoStar is not exclusive. EchoStar may stop co-marketing with us and begin marketing services that compete with ours, such as the service offering WildBlue Communications is developing. EchoStar has invested $50 million in WildBlue. We could lose our primary retail distribution channel, which in turn would harm our business, financial condition and results of operations.

If we are unable to maintain or expand our wholesale distribution relationship with Microsoft, our business would be harmed.

Microsoft agreed to purchase our products and network services on a wholesale basis as the means to deliver its MSNHigh Speed Internet portal via satellite, for a period of at least four years after our completion of milestones under our agreement with them. We have not yet, and may never, complete these milestones. If we do not complete the milestones, Microsoft will not be required to purchase our products and network services and we may lose an important revenue stream, distribution channel and source of potential subscribers that we depend upon to implement our strategy. In addition, if we fail to complete the milestones, Microsoft would be permitted to sell its ownership stake in our company to Spacenet and we would lose the strategic and operational benefits associated with our strategic partnership with Microsoft. We are currently negotiating with Microsoft to amend this agreement, but there can be no assurance that we will be able to amend this agreement to our satisfaction, if at all.

Liability for Gilat

We depend on third parties to provide critical satellite capacity and functionality to us. If we do not have continued access to sufficient and reliable satellite capacity, we may be unable to provide our services and our business would be harmed.

We currently lease, either directly or through Gilat, all of our satellite transponder capacity from third parties, including Loral Skynet and GE Americom. There is no assurance that these third parties will continue to provide the capacity and positioning we need on reasonable terms, or at all. If we are forced to change our satellite capacity providers, we would be forced to spend significant time and resources finding alternative providers and repointing antennas. In addition, while Spacenet has applied for the authority to communicate with Loral Skynet's Telstar 7 satellite, the Federal Communications Commission has not yet granted that authority. If we fail to receive this authority, we will be unable to fully implement our business plan and our business would be harmed.

FCC very concerned about radiation issue. Gilat got permission for 20,000 terminals for the (presumably pilot), but neglected to file for a consumer service till FCC held up HNS filing for 2-way because of this issue. FCC is a bit miffed at Gilat.

If we achieve the substantial subscriber growth that we anticipate, we will need to procure additional satellite capacity. If we are unable to procure this capacity, we may be unable to provide service to our subscribers or the quality of service we provide may not meet their expectations.

Might not be available, the capacity tight

We anticipate leasing satellite capacity on a hybrid Ku/Ka band satellite to be launched by a third party in the fourth quarter of 2002 which, if successful, will enable us to significantly lower our space segment costs on a per subscriber basis. At present, the satellite has not been built. Although we plan to operate with our next-generation hybrid StarBand satellite system by the fourth quarter of 2002, the launch of the hybrid satellite may be delayed or fail. If the satellite is not built, or if it does not work as anticipated, our business plan and results of operations will be harmed.

In addition, our ability to provide service is entirely dependent on the functionality of satellites on which we lease transponders. These satellites may experience failure, loss, damage or destruction from a variety of causes, including war, anti-satellite devices and collision with space debris. If this occurs, we are likely to suffer:

• permanent loss of service;

• temporary gaps in service availability; or

• decreased quality of service.

As a result, we could lose business and our operating results and financial condition would be harmed.

We depend on third parties for key ground equipment, software and services. If we do not have continued access to sufficient equipment, software and services, we may be unable to provide our services and our business would be harmed.

We rely on Channel Master, a leading manufacturer of satellite dish antennas in the U.S. marketplace, and other suppliers that Channel Master uses, to provide us with satellite antennas, mounts and consolidation services. We purchase all of our antenna and mount hardware from Channel Master, which also acts as our consolidator creating customer premises equipment kits for shipment to our

customers. Although we believe that there are alternative suppliers and consolidators for this equipment if we are not able to continue our relationship with Channel Master on terms attractive to us, it could take significant time and expense to establish new relationships with alternative suppliers or consolidators and substitute their technologies or equipment into our network and products.

We license software from third parties, including applications that are integrated with internally developed software and used in the customer premises equipment and equipment used in the network operations center. These technology licenses may not continue to be available to us on commercially reasonable terms, or at all, and we may not be able to obtain licenses for other existing or future technologies that we desire to integrate into our products. As a result, we may not be able to operate our business.

We rely on third-party independent contractors to install our customer premises equipment at new subscribers' homes. We may not have adequate control over the hiring, training, certification and monitoring of these installers. If growth of our new subscriber base outpaces growth of our installer base or if the installers fail to provide the quality of service that our customers expect, our business and reputation will be harmed.

If our products contain defects, we may be subject to significant liability claims from our subscribers and other users of our products and incur significant unexpected expenses and lost sales.

Our products are complex and may contain undetected errors or failures. If this happens, we may experience delay in or loss of market acceptance and sales, product returns, diversion of research and development resources, injury to our reputation or increased service and warranty costs. We also have exposure to significant liability claims from our customers because our products are designed to provide critical communications services. Although we attempt to limit such exposure through product liability insurance and through contractual limitations in our customer agreements, such precautions may not cover all potential claims resulting from a defect in one or more of our products.

We may also seek indemnification from manufacturers of defective products, including Gilat, if we suffer losses as a result of the defective products. Our ability to recover our losses from a manufacturer is uncertain and would typically be limited to the replacement cost of the defective product. Even if we are able to recover these costs, there are additional substantial costs we will not be able to recover from any third party such as those associated with visiting each subscriber location to repair defective equipment or damage to our reputation in the consumer market. A defect in one or more of our products could significantly harm our business and financial condition.

Our success depends upon our ability to retain management and other key personnel and to attract additional skilled employees.

Our success depends in significant part upon the continued service of our senior management personnel including Yoel Gat, Zur Feldman and David Trachtenberg and other employees who possess technical knowledge of our operations. While we do not maintain any "key person" insurance, we have entered into employment agreements with some key employees. Our future success also depends on our ability to attract, train, retain and motivate highly skilled personnel. For example, we do not have a chief financial officer, but we are currently conducting a search for one. Competition for qualified, high-level telecommunications personnel is intense and we cannot assure you that we will be able to attract and retain such personnel. The loss of the services of one or more of our key individuals, or the failure to attract and retain additional key personnel, could harm our business.

Our principal stockholders and management own a significant percentage of our company, will be able to exercise significant influence over our company and may have interests that conflict with ours or our other stockholders.

Our executive officers and directors and principal stockholders together beneficially own 90.5% of our shares, and after completion of this offering will continue to own a substantial majority of our shares. Accordingly, these stockholders will be able to exert significant influence over the composition of our board

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of directors and all other matters requiring stockholder approval and will continue to have significant influence over our affairs. This concentration of ownership could have the effect of delaying or preventing a change in our control or otherwise discouraging a potential acquirer from attempting to obtain control of us, which may prevent our stockholders from realizing an attractive return on their investment.

Gilat, EchoStar and Microsoft have substantial business operations and opportunities apart from our business. They may also develop different business objectives than ours. As a result, situations may arise in which their interests diverge from ours or our other shareholders. For example, we expect to be one of Gilat's largest customers for their technology, equipment and software. We will seek to purchase those items from Gilat at prices favorable to us, but Gilat will seek to sell those items to us at prices favorable to them. Similarly, we expect Microsoft and EchoStar to primarily target new customers for their MSN and DISH businesses by offering our high-speed Internet access in conjunction with their products, but we may wish to primarily focus on existing MSN and DISH subscribers as the greater opportunity to sell our service.

Our relationships with our principal stockholders keep us from seeking business opportunities with some of their competitors and may deter those competitors from doing business with us, which could harm our development.

To initiate our strategic partnerships and develop our relationships with Gilat, Microsoft and EchoStar, we agreed to refrain from dealing with a limited number of their competitors. We are currently negotiating to reduce the scope of these restrictions. Competitors of Gilat, Microsoft and EchoStar also may choose not to engage in commercial relationships with us because of our close relationship with these principal stockholders. Our limited ability to do business with some of the competitors of our principal stockholders, where that business might otherwise benefit our company, could reduce our ability to expand the scope and geographic reach of our services and could harm our development and profitability.

We may have underestimated our capital requirements for our continued operations, which may require us to seek substantial amounts of additional capital. If this additional capital is not available to us on acceptable terms, our business could be harmed.

We expect to need additional capital in order to:

- fund our planned rapid expansion;
- pursue customer sales;
- develop or enhance our service offering and implement new technologies;
- respond to competitive pressures; or
- promote our brand identity.

We may have underestimated the amount of capital that we will need. We developed our business model based upon a number of assumptions such as our ability to increase the number of subscribers per transponder to 20,000 subscribers. If this or any material assumption in our business model proves to be wrong, or if we failed to account for any material contingencies, our estimated capital requirements may be inadequate.

We may not be able to raise additional capital on terms acceptable to us, if at all. Financings may be on terms that are dilutive or potentially dilutive to our stockholders. If adequate capital is not available on acceptable terms, we may be unable to fund our expansion, or respond to competitive pressures. Any inability to do so could have an adverse effect on our business, revenues, financial condition and results of operations.

The discretion of our management will be limited by covenants contained in the agreements governing our indebtedness and future debt instruments, and management may not be able to take actions that would otherwise benefit our company or stockholders.

The current agreements governing our indebtedness contain provisions that restrict us from doing certain things, including incurring additional indebtedness, exceeding stated limits on our aggregate capital expenditures, creating liens on our assets, making asset dispositions, conducting other business, and entering into transactions with affiliates and related persons without our creditors' consent. These covenants will limit our ability to finance future operations or capital needs or to engage in other business activities that our management might otherwise pursue. If we fail to comply with the obligations contained in the agreements, we may trigger default under the agreements, which could permit acceleration of the related debt, make additional financing unavailable to us and significantly harm our financial condition and results of operations.

Our dependence on third parties for our intellectual property puts us at risk if this intellectual property is not properly protected or infringes upon the rights of others.

Except for a series of StarBand marks, we rely on third parties including Gilat, Spacenet and Channel Master for most of the intellectual property employed in our network. If any of our suppliers fails to adequately protect their intellectual property or is found to be infringing on the intellectual property rights of other parties, our business may, in turn, be harmed.

Infringement claims could materially harm our business. From time to time, we may receive notice of claims of infringement of third parties' proprietary rights. The fields of telecommunications and Internet communications are filled with patents, both pending and issued. We may unknowingly infringe such a patent. We may be exposed to future litigation based on claims that the network technology infringes the intellectual property rights of others, especially patent rights. Someone, including a competitor, might file a suit with little merit, in order to harm us commercially, to force us to re-allocate resources to defending such a claim, or extract a large settlement. In addition, our employees might utilize proprietary and trade secret information from their former employers without our knowledge, even though we prohibit these practices. Any litigation, with or without merit, could be time consuming to defend, result in high litigation costs, divert our management's attention and resources or cause us to delay deployment of related technology. A jury or judge may decide against us even if we had not in fact infringed. If we lose or are forced to settle, we could be required to remove or replace allegedly infringing technology, to develop non-infringing technology or to enter into royalty or licensing arrangements. These royalty or licensing arrangements, if required, may not be available on terms acceptable to us, or at all.

Globecomm Systems, Inc. commenced a lawsuit against us alleging the willful infringement of their U.S. patent relating to a particular means for transferring communications signals between a remote terminal and a network operations center via satellite. We have not yet filed an answer to the complaint of Globecomm. We will answer the complaint and vigorously contest the claims made by Globecomm.

In addition, Hughes Electronics Corporation commenced a lawsuit against Gilat and Spacenet concerning, among other things, a patent for personal computer based receiver cards that Gilat sells to us for use as part of our service offering to consumers. Gilat and Spacenet have filed motions for partial summary judgment on the issue of patent claim construction and the court has scheduled a hearing on these motions for November 20, 2000. Although we are not a party to this litigation, if Hughes prevails, we could lose access to equipment and technology that is critical to our business.

The outcome of these lawsuits is inherently uncertain. Patent litigation is highly complex, diverts the efforts of management and can extend for a protracted period of time. Accordingly, the expense and diversion of resources associated with these matters could harm our business and financial condition. We do not have insurance that would indemnify us for any liability that may be imposed in connection with the legal actions described above. Accordingly, if any of these events occur, it could result in a substantial reduction in our revenue and could result in losses over an extended period of time.

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Risks Related to Our Industry

If we fail to remain competitive with rapid technological advancements, our business will be harmed.

The high-speed Internet access industry is subject to rapid technological change, frequent new service introductions and evolving industry standards. We believe that our future success will depend largely on our ability to anticipate or adapt to such changes and to offer, on a timely basis, services that meet evolving standards. We cannot predict the extent to which competitors using existing or currently undeployed methods of delivery of Internet access services will compete with our services. Existing, proposed or undeveloped technologies could render our satellite-based network less profitable or less viable than contemplated in our current business plan. In addition, we may not be able to acquire new technologies or respond to technological changes in a timely and cost effective manner. If we cannot keep our technology competitive, we may not be able to implement our business plan.

A system failure or breach of network security at our ground facilities could cause delays or interruptions of service to our subscribers and could result in liability, damage our brand image, lead to a loss of subscribers and result in a significant decrease of revenues.

Our operations depend on our ability to support our terrestrial service infrastructure and avoid damage from fires, earthquakes, hurricanes, floods, power losses, excessive sustained or peak user demand and similar events. The occurrence of a natural disaster or other unanticipated problems at the network operations centers could cause interruptions in the services we provide. Any damage or failure that causes interruptions in our operations could materially and adversely affect our business, operating results and financial condition.

Our network may be vulnerable to unauthorized access, computer viruses and other disruptive problems. Providers of Internet services have in the past experienced, and may in the future experience, interruptions in service as a result of accidental or intentional actions of Internet users, current and former employees and others. Other technologies similar to our own have been subject to service outages. The consequence of these interruptions in service may be that some subscribers terminate our service and that some potential subscribers reject our service. Moreover, we may be required to give discounts to subscribers who experience service interruption. Interruptions of service may therefore result in decreased revenues and subscriber base. Eliminating computer viruses and alleviating other security problems, including problems created by one of our employees or a vendor's employee, may require interruptions, delays or cessation of service to our subscribers.

Unauthorized access could harm our business, and always-on Internét services, such as ours, may be subject to additional security risks which could cause us to lose existing subscribers, deter potential subscribers and harm our reputation.

Unauthorized access could potentially jeopardize the security of confidential information stored in the computer systems of our subscribers, which might cause our subscribers to bring liability claims against us and also might deter potential subscribers from using our services. Since our services allow subscribers to be connected to the Internet at all times, unauthorized users may have a greater ability to access information stored in our subscribers' computer systems. Always-on Internet services may give unauthorized users, or hackers, more and longer opportunities to break into a subscriber's computer or access, misappropriate, destroy or otherwise alter data accessed through the Internet. We are currently working to implement data security systems that are designed to protect a subscriber's computer from unauthorized access through the Internet, but we cannot ensure that the security risks will be eliminated.

We may be subject to liability for information retrieved and replicated through our network.

Because subscribers will download and redistribute material and we may cache or replicate material in connection with our services, claims may be made against us for defamation, or other theories based on the nature and content of such materials. These types of claims have been brought, and sometimes

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successfully litigated, against online service providers in the past. Although we carry general liability insurance, our insurance may not cover potential claims of the these types, or may not be adequate to indemnify us for all liability that may be imposed. Any imposition of liability that is not covered by insurance or is in excess of insurance coverage could have a material adverse effect on our business, operating results and financial condition.

We depend on FCC-regulated and other licenses to operate our network.

We depend upon licenses granted to Spacenet and its subsidiaries by the FCC. These licenses are subject to renewal as determined by the FCC. Major changes in operations or facilities require modifications to the FCC licenses, which must be approved by the FCC. If the FCC does not renew these licenses as their initial terms expire or does not approve any modifications needed for changes in the services provided to support our operations, we may be unable to operate our system or implement our business plan.

The FCC granted the licenses for the two smallest remote user antennas, measuring 0.96 meters and 0.75 meters on a conditional basis for use in up to 20,000 locations pending the outcome of a public proceeding concerning the type of network access scheme used by many satellite data networks. If the outcome of the proceeding is unfavorable and Spacenet or any of its subsidiaries is required to modify the remote user antennas or any new facilities, our business plan will be harmed.

A subsidiary of Spacenet has filed an application with the FCC to increase the number of remote user locations that Spacenet may operate. That application also seeks authority for communications with Telstar 7. The FCC may not approve both or either parts of this application. If either part of this application is denied by the FCC, our ability to grow our business will be significantly harmed because we depend on our ability to increase the number of subscribers for our service in order to successfully implement our business plan.

State and local zoning ordinances restricting the installation of satellite antennas might also reduce market demand for our service. Either the FCC or state or local authorities may increase regulation regarding the potential radiation hazard posed by transmitting earth station satellite antennas' emissions of radio frequency energy.

Additionally, FCC regulations may prevent us from choosing our business partners or restrict our activities as an Internet service provider. For example, the FCC may decide that high-speed data networks used to provide access to the Internet should be made available generally to Internet service providers and we may therefore be required to provide our wholesale service to any Internet service providers that request it, including entities that compete with us and with MSN.

If the FCC imposes additional obligations on us such as these, we would be forced to comply with potentially costly requirements and limitations on our business activities. This could significantly harm our financial condition and results of operations.

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Risks Related to the Offering and the Price of Our Shares

There has been no prior market for our shares and an active trading market for our shares may not develop.

Prior to this offering, there has been no public market for our shares. We can give no assurance that an active trading market for our shares will develop or, if developed, be sustained following the closing of this offering. If an active trading market is not developed or maintained, the liquidity and trading price of the shares could be adversely affected. The offer price, which may bear no relationship to the price at which the shares will trade upon completion of this offering, will be determined by negotiations between the representatives of the underwriters and us, based upon factors that may not be indicative of future market performance.

So, what's the real game here!

New investors will incur immediate and substantial dilution.

Shares purchased in this offering will incur immediate and substantial dilution in net tangible book value of $ per share assuming an initial public offering price equal to the mid-point of the estimated offering price range. To the extent that currently outstanding options or warrants are exercised or converted, there will be further dilution to your shares. As a result of this offering, our existing stockholders will enjoy an aggregate unrealized gain of $.

The trading market price of our stock may decline as a result of substantial sales of our common stock after the offering.

shares of our common stock held by our existing stockholders will become freely tradable in the public market 180 days after this offering. The market price of our common stock could fall in response to sales of a large number of shares of our common stock in the market after this offering or in response to the perception that sales of a large number of shares could occur. In addition, such sales could create the perception to the public of difficulties or problems with our products and services. As a result, these sales also might make it more difficult for us to sell equity or equity-related securities in the future at a time and price that we deem appropriate. For a more detailed discussion of shares eligible for sale after the offering, see "Shares Eligible for Future Sale."

In addition, some of our current stockholders have "demand" and "piggyback" registration rights in connection with future offerings of our common stock. "Demand" rights enable the holders to demand that their shares be registered and may require us to file a registration statement under the Securities Act at our expense. "Piggyback" rights provide for notice to the relevant holders of our stock if we propose to register any of our securities under the Securities Act, and grant such holders the right to include their shares in the registration statement. All holders with registrable securities have agreed not to exercise their registration rights until 180 days following the date of this prospectus without the consent of Merrill Lynch, Pierce, Fenner & Smith Incorporated.

The market price for our common stock will likely be volatile and you may suffer a loss on your investment.

The stock market has experienced significant price and trading volume fluctuations, and the market prices of technology companies generally, and Internet-related companies particularly, have been extremely volatile. Recent initial public offerings by technology companies have been accompanied by exceptional share price and trading volume changes in the first days and weeks after the securities were released for public trading. Investors may not be able to resell their shares at or above the initial public offering price. In the past, following periods of volatility in the market price of a public company's securities, securities

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class action litigation has often been instituted against that company. Such litigation could result in substantial costs to us and a diversion of our management's attention and resources.

The market price may vary in response to any of the following factors:

- changes in financial estimates or investment recommendations relating to our stock by securities analysts;
- changes in market valuations of similar Internet operations and services businesses; and
- fluctuations in the stock market price and volume of traded shares generally, especially fluctuations in the traditionally volatile technology sector.

In addition, an active public trading market may not develop or be sustained after this offering. If an active and liquid trading market does not develop, you may have difficulty selling your shares.

Provisions of our charter documents and Delaware law could deter takeover attempts that may offer you a premium, which could adversely affect our stock price.

Provisions of our charter documents and Delaware law make acquiring control of us without the support of our board of directors difficult for a third party, even if the change of control would be beneficial to you. The existence of these provisions may deprive you of an opportunity to sell your shares at a premium over the prevailing market price for our common stock. The potential inability of our stockholders to obtain a control premium could adversely affect the market price for our common stock.

Because stockholders do not have the ability to require the calling of a special meeting of stockholders and are subject to timing requirements in submitting stockholder proposals for consideration at any annual meeting, any third party takeover not supported by the board of directors would be subject to significant delays and difficulties.

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FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements. These forward-looking statements are not historical facts, but rather are based on our current expectations, estimates and projections about our industry, our beliefs and assumptions. Words such as "anticipates," "expects," "intends," "plans," "believes," "seeks," "estimates," "projects," "may," "will," "should," "could," "pending," "potential," "predicts" and similar expressions are intended to identify forward-looking statements. These forward-looking statements include, without limitation, statements about our market opportunities, strategies, competition, expected activities and expenditures as we pursue our business plan. These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond our control, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. Many factors could cause our actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by these forward-looking statements, including:

- any failure of the satellite communications network delivering our service to perform adequately or claims by customers for errors in our products;
- the loss of one of our strategic partners;
- the loss of satellite capacity;
- the loss of the right to use proprietary technology and any third-party claims against us for infringement;
- difficulty in raising additional capital funds;
- our inability to manage effectively our potential rapid growth;
- our failure to develop new channels to sell our products or to successfully compete in our chosen markets or to expand into new markets;
- unanticipated downturns in the markets for high-speed Internet access; and
- our inability to achieve positive operating results.

These factors are not exhaustive. Factors that could cause our actual results, performance or achievements to differ include, but are not limited to, those discussed in "Risk Factors." Given this level of uncertainty, you should not place undue reliance on these forward-looking statements, which speak only as of the date of this prospectus.

OTHER RELEVANT INFORMATION

We use market data and industry forecasts throughout this prospectus, which we have obtained from internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information they provide has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. Similarly, we believe that the surveys and market research we or others have performed are reliable, but we have not independently verified this information. Neither we nor any of the underwriters represents that this information is accurate.

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USE OF PROCEEDS

We estimate that we will receive net proceeds from the sale of shares in this offering of approximately $ million, based on an assumed offering price of $ per share and after deducting the underwriting discounts and commissions and estimated offering expenses payable by us. If the underwriters' over-allotment option is exercised in full, we estimate that we will receive net proceeds from this offering of approximately $ million.

We intend to use these net proceeds:

- to fund the continued growth of our business and operations and expand our subscriber base; and

- to the extent remaining, for general corporate and working capital purposes.

Pending the uses described above, we intend to invest the net proceeds to us from the offering in short-term, investment-grade, interest-bearing securities. We cannot predict whether the proceeds will be invested to yield a favorable return.

DIVIDEND POLICY

We have not previously paid any cash or other dividends with respect to our common stock. We do not expect to pay any dividends on our common stock for the foreseeable future. We currently intend to retain earnings, if any, to finance the operations of our business. In addition, our bank credit facility limits our ability to pay cash dividends on our common stock. Our board of directors will decide from year to year whether dividends will be paid based on factors such as our results of operations, general business conditions, capital requirements, overall financial condition and any other factors that the board considers relevant.

We have accrued non-cash preferred dividends of $12.7 million on all convertible preferred shares of stock issued. These dividends will be paid in kind in additional shares of convertible preferred stock which will automatically convert into common stock upon consummation of the offering.

CAPITALIZATION

The following table sets forth our capitalization as of August 31, 2000 on:

- an actual basis;

- a pro forma basis after giving effect to the automatic conversion of all outstanding shares of convertible preferred stock and accrued dividends thereon into 54,228,893 shares of common stock; and

- a pro forma as adjusted basis to reflect our sale of shares of common stock at an assumed initial public offering price of $ per share, after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

The unaudited pro forma and pro forma as adjusted amounts exclude the effects of the issuance of 5,449,220 shares of common stock pursuant to exercise of outstanding stock options; 1,873,477 and 1,910,947 shares of common stock issuable upon the exercise of warrants or rights to purchase Series C and Series D mandatorily redeemable convertible preferred stock, respectively; and warrants to purchase 116,000 shares of common stock issued to third parties. Except for rights to purchase Series D mandatorily redeemable preferred stock, none of the outstanding stock options or warrants to purchase our stock were exercisable at August 31, 2000. You should read this table in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements and related notes included elsewhere in this prospectus.

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	As of August 31, 2000		
	Actual	Pro Forma	Pro Forma As Adjusted
	(in thousands, except share data)		
Cash and cash equivalents	$ 68,303	$ 68,303	$
Restricted cash and cash equivalents	90,559	90,559	
Total	$158,862	$ 158,862	$
Term loan at face value	$ 90,000	$ 90,000	$
Mandatorily redeemable convertible preferred stock:			
Series A, A-1, A-2, B, C, and D mandatorily redeemable convertible preferred stock, $.05 par value; 12% cumulative dividends:			
Series A; 55 million shares authorized; 49,228,259, actual and 0 pro forma and pro forma as adjusted shares issued and outstanding, plus accrued dividends	51,494	—	
Series A-1; 55 million shares authorized; 49,228,259, actual and 0 pro forma and pro forma as adjusted shares issued and outstanding, plus accrued dividends	51,526	—	
Series A-2; 30 million shares authorized; 24,686,284, actual and 0 pro forma and pro forma as adjusted shares issued and outstanding, plus accrued dividends	25,839	—	
Series B; 150 million shares authorized; 140,111,199, actual and 0 pro forma and pro forma as adjusted shares issued and outstanding, plus accrued dividends	14,011	—	
Series C and D; 10 million shares authorized each; none issued and outstanding for actual, pro forma or pro forma as adjusted shares issued and outstanding	—	—	
Total mandatorily redeemable convertible preferred stock	142,870	—	
Stockholders' (deficit) equity:			
Common stock, $.05 par value; 110 million shares authorized; 33,879,757 actual, 88,108,650 pro forma, and pro forma as adjusted shares issued and outstanding, respectively	1,694	4,405	
Additional capital	17,463	157,622	
Deferred compensation	(7,952)	(7,952)	
Deficit accumulated during development stage	(87,975)	(87,975)	
Total stockholders' (deficit) equity	(76,770)	66,100	
Total capitalization	$156,100	$ 156,100	$

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33,879,757
+ 54,228,893
88,108,650

common stock resulting from automatic conversion all all outstanding convertible preferred stock and accrued dividends. [p. 20]

DILUTION

If you invest in our common stock, your interest will be diluted to the extent of the difference between the public offering price per share of our common stock and the pro forma as adjusted net tangible book value per share of our common stock after this offering. Our pro forma net tangible book value as of August 31, 2000 was $46,822,456, or $0.53 per share of common stock. Pro forma net tangible book value per share represents the amount of total tangible assets less total liabilities, divided by the number of shares of common stock outstanding, after giving effect to the conversion of all outstanding shares of preferred stock and accrued dividends thereon into 54,228,893 shares of common stock upon consummation of this offering. Assuming the sale by us of shares of common stock in this offering at an assumed initial public offering price of $ per share, our pro forma net tangible book value as of August 31, 2000 would have been $, or $ per share of common stock. This represents an immediate and substantial increase in net tangible book value of approximately $ per share to existing stockholders and an immediate and substantial dilution of approximately $ per share to new investors purchasing the shares in this offering. The following table illustrates the per share dilution:

Assumed initial public offering price per share		$
Pro forma net tangible book value per share as of August 31, 2000	$0.53	
Increase per share attributable to new investors		
Pro forma as adjusted net tangible book value per share after this offering		
Dilution per share to new investors		$

The following table summarizes, on a pro forma basis as of August 31, 2000, the number of shares of common stock (including all shares of convertible preferred stock, which will be converted into 54,228,893 shares of common stock upon the closing of the offering) purchased from us, the total consideration paid to us and the average price per share paid by existing stockholders and by new investors. The information presented is based upon an assumed initial public offering price of $ per share for shares purchased in this offering, before deducting the underwriting discounts and commissions and estimated offering expenses:

77	Shares Purchased		Total Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	
Existing stockholders	54 228 893 ~~88,108,650~~	61.5 %	$126,000,000	%	$ 1.43
New investors	33 897 757	38.5			
Total	88,108,650	100.0%	$	100.0%	

The discussion and tables above exclude:

- 1,873,477 and 1,910,947 shares of common stock issuable upon the exercise of warrants and rights to purchase Series C and D mandatorily redeemable convertible preferred stock, respectively, and assumed immediate conversion thereof into common stock with a weighted average exercise price of $4.49 per share;
- 116,000 shares of common stock issuable upon the exercise of warrants issued to various third parties with a weighted average exercise price of $2.50; and
- shares of common stock issuable if the underwriters exercise their over-allotment option in full.

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At August 31, 2000, we had 2,550,780 shares of common stock available for future issuance under our stock plans through December 31, 2000 plus an additional 15,000,000 shares of common stock available for issuance effective January 1, 2001.

To the extent these options and warrants are exercised, there will be further dilution to the new investors. If the underwriters' over-allotment option is exercised in full, the number of shares held by new investors will increase to shares, or % of the total number of shares of common stock outstanding after this offering.

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SELECTED FINANCIAL INFORMATION

In the table below, we provide you with selected historical financial data of StarBand Communications Inc. We have prepared this information using the financial statements of StarBand Communications Inc. for the period from January 11, 2000 (inception) to August 31, 2000. These financial statements have been audited by Ernst & Young LLP, independent auditors.

When you read this selected historical financial data, it is important that you read along with it the historical financial statements and related notes, as well as the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	Period from January 11, 2000 (inception) through August 31, 2000
	(in thousands, except for share and per share data)
Statement of Operations Data:	
Revenues:	
Internet access	$ 3
Customer premises equipment and installation	4
Total revenues	7
Costs and expenses:	
Network	4,149
Customer premises equipment and installation	22,707
Sales and marketing	14,822
General and administrative (exclusive of non-cash compensation expense shown below)	25,862
Non-cash compensation	301
Depreciation	742
Total costs and expenses	68,584
Loss from operations	(68,577)
Non-operating income, net	1,728
Loss before provision for income taxes	(66,848)
Provision for income taxes	—
Net loss	(66,848)
Preferred stock dividends and accretion	(15,245)
Net loss attributable to common stockholders	$ (82,094)
Basic and diluted loss per share	$ (4.06)
Shares used in the calculation of basic and diluted loss per share	20,232,428

	As of August 31, 2000
	(in thousands)
Balance Sheet Data:	
Cash and cash equivalents	$ 68,303
Restricted cash and cash equivalents	90,559
Total	158,862
Working capital	32,602
Total assets	196,512
Total debt	81,089
Total mandatorily redeemable convertible preferred stock	142,870
Total stockholders' deficit	(76,770)