

| Name | Age | Position |
|--------------------|-----|---|
| Yoel Gat | 48 | Co-Chairman and Director(1) |
| Zur Feldman | 42 | Co-Chairman, Chief Executive Officer and Director(1) |
| David Trachtenberg | 38 | President and Chief Marketing Officer |
| William McMoil | 36 | Corporate Controller, Secretary and Treasurer |
| Orey Gilliam | 40 | Vice President Engineering and Operations and Chief Information Officer |
| Richard De Shong | 53 | Vice President Logistics |
| Donna Tanenbaum | 40 | Vice President Human Resources and Administration |
| Sandy Colony | 55 | Vice President Corporate Communications |
| Amit Dembsky | 41 | Vice President Product Integration |
| Jon DeVaun | 40 | Director(2) |
| Brian Friedman | 44 | Director(3) |
| Mark Jackson | 39 | Director(4) |

- (1) Nominated to our board of directors by Spacenet. See "Principal Stockholders — Stockholders Agreement."
- (2) Nominated to our board of directors by Microsoft. See "Principal Stockholders — Stockholders Agreement."
- (3) Nominated to our board of directors by ING Furman Selz Investments. See "Principal Stockholders — Stockholders Agreement."
- (4) Nominated to our board of directors by EchoStar. See "Principal Stockholders — Stockholders Agreement."

Yoel Gat served as Chairman of our board of directors since our inception in January 2000 and became Co-Chairman in August 2000. Mr. Gat co-founded Gilat Satellite Networks Ltd. in 1987 and since that time has served as Chairman of the board of directors and Chief Executive Officer of that company. Mr. Gat is also the Chairman of the board of directors of KSAT, and serves on the board of ILAN-GAT Engineering Ltd. Mr. Gat holds a B.S. in Electrical Engineering and Electronics from the Technion-Israel Institute of Technology and an M.M.S. from the Recanati Graduate School of Business Administration of Tel Aviv University. Mr. Gat is a two-time winner of the Israel Defense Award, Israel's most prestigious research and development award.

Zur Feldman has been our Chief Executive Officer since February 2000 and was named Co-Chairman of our board of directors in August 2000. Mr. Feldman served as the Executive Vice President of Packard Bell Electronics from 1995 to 1999 and as Vice President of Operations from 1989 to 1995. Mr. Feldman holds a B.A. in Photo Journalism, Television Broadcasting and Communications. Mr. Feldman has also completed a two-year program at the University of California, Los Angeles professional Business and Management school. In addition, Mr. Feldman graduated from the Stanford University Graduate School of Business and Management for Executives.

David Trachtenberg has served as our President and Chief Marketing Officer since August 2000. Mr. Trachtenberg served as President and Chief Operating Officer of Prodigy Communications Corporation from November 1998 to June 2000. In addition, from 1990 to 1998, he was employed at MCI Communications, where he was Executive Director of Marketing from

Table of Contents

holds a B.A. in International Relations from Tufts University, an M.A. from the University of Pennsylvania and an M.B.A. from The Wharton Business School of the University of Pennsylvania.

William McMoil has served as our Corporate Controller, Secretary and Treasurer since May 2000. Prior to joining our company, Mr. McMoil served as Controller and Secretary Treasurer for OnePoint Communications Corp., a residential CLEC, from 1998 to 2000. In addition, he served as Controller for IoWave, Inc., a wireless telecommunications equipment manufacturer from 1997 to 1998. From 1995 to 1997, Mr. McMoil was Director of Finance of Martin's Herend Imports, Inc. Mr. McMoil holds a B.A. degree from Furman University and an M.B.A. from George Mason University.

Orey Gilliam has served as our Vice President of Engineering and Operations and Chief Information Officer since January 2000. Mr. Gilliam joined Gilat in 1992 and served in various operation and marketing positions until 1998 when he was appointed Vice President and General Manager of Gilat, Inc., then the U.S. subsidiary of Gilat. In 1999, after leading the U.S. integration team for the acquisition of the company by Gilat, Mr. Gilliam was appointed Chief Information Officer of Spacenet Inc. and continues to hold that position. Prior to joining Gilat, Mr. Gilliam worked for Intel Corporation in technical and marketing positions. Mr. Gilliam graduated with honors from the Technion-Israel Institute of Technology with a degree in Computer Engineering.

Richard De Shong has been our Vice President of Logistics since he joined us in March 2000. Prior to joining us, Mr. De Shong worked for Packard Bell NEC, Inc. where he served as Director of Materials from 1997 to 2000 and Director of Planning and Scheduling from 1993 to 1997. From 1992 to 1993, Mr. De Shong served as Project Manager at Western Data Systems and from 1989 to 1990 he was Senior Manager of Manufacturing Systems Consulting with Price Waterhouse. Mr. De Shong earned a B.S. in business administration from Arizona State University.

Donna Tanenbaum has been our Vice President of Human Resources and Administration since February 2000. Prior to her employment with us, Ms. Tanenbaum was Vice President of Human Resources with Teleglobe Communications Corporation from 1996 to 2000. Prior to her position with Teleglobe, Ms. Tanenbaum held various positions in human resources with Science Applications International Corporation from 1994 to 1996, and also with MCI Communications Corporation, Freddie Mac and Metropolitan Life Insurance. Ms. Tanenbaum earned an M.E. with an emphasis in Organizational Development from the Harvard Graduate School of Education and her B.S. in Human Development from Cornell University.

Sandy Colony has been our Vice President of Corporate Communications since August 2000. Prior to joining us, Ms. Colony served as the Vice President of Corporate Communications for Road Runner, the first high-speed online service over cable in the United States, from 1998 to 2000. Before working at Road Runner, Ms. Colony served as the Vice President of Corporate Communications at Time Warner Cable of New York City from 1996 to 1998. She also worked

with TV Food Network from 1994 to 1996 as the Vice President of Public Relations. Ms. Colony earned a B.A. in history from Skidmore College and holds an M.A. in psychology from The New School of Social Research.

Amit Dembsky has served as our Vice President of Product Integration since May 2000. Prior to joining us, Mr. Dembsky was Vice President of Product Development at Synthonics Inc. from January 2000 until joining us. Prior to working at Synthonics, Mr. Dembsky was with Packard Bell NEC Inc. from 1992 to 1999, where he served in various capacities including Director of the Advanced Technology Group. Mr. Dembsky attended the Israel Air Force Electronics Officers' Academy, earned a B.Sc. in Architecture from Technion-Israel Institute of Technology and studied computer science at UCLA and Pierce College.

Jon DeVaan has served as a director of our company since February 2000. Mr. DeVaan is a Senior Vice President of Microsoft Corporation's Personal Services and Devices Group. Prior to his current position, Mr. DeVaan was vice president of development and director of development of Microsoft Office 95 and 97. From 1985 to 1994 Mr. DeVaan served in various capacities at Microsoft, from software design

Table of Contents

engineer to development manager of various versions of Microsoft Excel. Mr. DeVaan earned B.S. degrees in mathematics and computer science from Oregon State University.

Brian Friedman has served as a director of our company since April 2000. Mr. Friedman has been the President of ING Furman Selz Investments, a private equity investment firm, since 1994. Mr. Friedman also serves on the boards of directors of Acapulco Restaurants, Inc., Au Bon Pain Corporation, BricsNet N.V., California Pizza Kitchen, Inc., Cognitive Arts, Inc. and IDB Carries B.V. Mr. Friedman also serves on the boards of managers of Apartment Media Works LLC, Beacon Industrial Group LLC and Stagebill LLC.

Mark Jackson has served as a director of our company since April 2000. Mr. Jackson also serves as Senior Vice President of EchoStar Technologies Corporation, a division of EchoStar Communications Corporation, where he has been employed since he began as Director of Engineering in April of 1993. Prior to joining EchoStar, Mr. Jackson was Director of Engineering at Tandon Corporation, Inc. for seven years. Mr. Jackson attended Texas Tech University.

Committees of the Board of Directors

Our board of directors has established an audit committee and a compensation committee and may also establish additional committees to assist it in its duties. The functions of the audit committee include:

- recommending to the board of directors the retention of independent auditors;
- reviewing the scope of the annual audit undertaken by our company's independent auditors and the progress and results of their work; and
- reviewing our company's financial statements, internal accounting and auditing procedures and corporate program to ensure compliance with applicable laws.

The functions of the compensation committee include:

- reviewing and approving executive compensation policies and practices;
- reviewing salaries and bonuses for some of our officers; and
- considering other matters as may from time to time be referred to the committee by our board of directors.

We intend to expand our board of directors to include three independent directors, who will serve on our audit committee.

Election of Directors and Officers

Our board of directors consists of five directors, all of whom are elected by our shareholders for one-year terms. Our executive officers are elected by the board of directors and may be removed at any time by the board of directors. Our executive officers do not serve fixed terms of office. Our principal stockholders have entered into a stockholders agreement to vote to ensure that a specified number of directors nominated by these principal stockholders are appointed to the board. See "Principal Stockholders — Stockholders Agreement."

Board Compensation

No director will receive cash compensation for services as a director. All directors will, however, be reimbursed for their expenses incurred in attending meetings. Zur Feldman, our Co-Chairman, currently has been granted options to acquire a total of 2,568,220 shares of our common stock.

Executive Compensation

The following table sets forth all compensation awarded to, earned by or paid to our Chief Executive Officer and the next four most highly compensated executive officers of our company whose annual salary

Table of Contents

and bonus is expected to exceed \$100,000 in 2000 for services rendered in all capacities. In

accordance with the rules of the SEC, other compensation in the form of perquisites and other personal benefits has been omitted for the named executive officers because the aggregate amount of perquisites and other personal benefits is expected to be less than the lesser of \$50,000 or 10% of the total of annual salary and bonuses for each of the named executive officers in 2000.

Summary Compensation Table

| Name and Principal Position | Annual Compensation | | All Other Compensation | |
|--|---------------------|------------|------------------------|-----------|
| | Salary(1) | Bonus(2) | | |
| Zur Feldman, Chief Executive Officer | \$ 250,000 | \$ 150,000 | \$500,000(3) | \$00,000 |
| David Trachtenberg, President and Chief Marketing Officer | 200,000 | 150,000 | 100,000(3) | 482,000 |
| Orey Gilliam, Chief Information Officer and Vice President, Engineering and Operations | 180,000 | 63,000 | — | 243,000 |
| Richard De Shong, Vice President, Logistics | 160,000 | 48,000 | — | 208,000 |
| Sandy Colony, Vice President, Corporate Communications | 160,000 | 48,000 | 75,000(3) | 283,000 |
| | | | | 2,054,000 |

(1) Full calendar year.

(2) Annualized target.

(3) Transition bonus.

Option Grants and August 31, 2000 Option Values

The following table sets forth information regarding options granted to the named executive officers listed above during the period from our inception through August 31, 2000 pursuant to our 2000 Stock Incentive Plan.

Option Grants

| Name | Individual Grants | | | | Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term(5) | | |
|--------------------|---|---|---------------------------------------|---------------------|---|--------------|--------------|
| | Number of Securities Underlying Options Granted (1) | Percent of Total Options Granted to Employees in 2000 (2) | Exercise or Base Price (\$/Share) (3) | Expiration Date (4) | 0% | 5% | 10% |
| | | | | | | | |
| Zur Feldman | 2,568,220 | 47.1% | \$ 2.50 | 5/26/10 | \$10,144,000 ^{3.91} | \$20,562,000 | \$36,545,000 |
| David Trachtenberg | 1,500,000 | 27.5 | 6.45 | 8/23/10 | 5,925,000 ^{3.56} | 12,010,000 | 21,344,000 |
| Orey Gilliam | 125,000 | 2.3 | 2.50 | 5/26/10 | 494,000 ^{3.56} | 1,001,000 | 1,779,000 |
| Richard DeShong | 50,000 | 0.9 | 2.50 | 5/26/10 | 198,000 ^{3.96} | 400,000 | 711,000 |
| Sandy Colony | 60,000 | 1.1 | 6.45 | 8/7/10 | 237,000 ^{3.95} | 480,000 | 854,000 |
| All others | 1,346,000 | 21.0 | | | | | |
| | 5,449,220 | 100% | | | | | |

Suggests offering price = \$3.95

- (1) All options were granted under our 2000 Stock Incentive Plan. These options are subject to vesting in the event of a change in control of our company.
- (2) Based on options to purchase 5,449,220 shares of our common stock granted to employees in 2000.
- (3) The exercise or base price per share reflects the fair value of the common stock if the options are issued with exercise prices below that amount. The actual exercise prices of each of Mr. Trachtenberg's and Ms. Colony's options granted in August 2000 were \$2.50 per share which resulted in an unrealized gain on the date of grant of approximately \$5.9 million and \$0.2 million, respectively. $(6.45 - 2.50) \times 1.5 \text{ mm and } 60,000 \text{ respectively.}$
- (4) The options have ten year terms, subject to earlier termination upon death, disability or termination of employment.
- (5) Potential realizable value based on actual exercise price of \$2.50 per share and the estimated market value of \$6.45 per share at August 31, 2000.

Table of Contents

Aggregate Option Exercises in 2000 and Option Values

The following table sets forth, for the named executive officers listed above, the shares acquired and the value realized on each exercise of stock options during the current year, and the number and value of securities underlying unexercised options held by these executive officers at August 31, 2000. The value of unexercised in-the-money options at August 31, 2000 has been calculated using \$6.45 per share.

| Name | Shares Acquired on Exercise | Value Realized | Number of Securities Underlying Unexercised Options | | Value of Unexercised In-The- Money Options (\$) | |
|--------------------|-----------------------------------|-------------------|---|---------------|---|---------------|
| | | | Exercisable | Unexercisable | Exercisable | Unexercisable |
| Zur Feldman | — | — | — | 2,568,220 | — | \$ 10,144,000 |
| David Trachtenberg | — | — | — | 1,500,000 | — | 5,925,000 |
| Orey Gilliam | — | — | — | 125,000 | — | 494,000 |
| Richard De Shong | — | — | — | 50,000 | — | 198,000 |
| Sandy Colony | — | — | — | 60,000 | — | 237,000 |

2000 Stock Incentive Plan

We may issue up to 23.0 million shares of common stock pursuant to the StarBand Communications Inc. 2000 Stock Incentive Plan, which has been adopted by our Board of Directors and approved by our stockholders. No more than 8.0 million shares may be issued pursuant to awards under this plan prior to January 1, 2001. The plan provides for the granting to employees and directors of incentive stock option and nonqualified options to purchase shares of our common

stock. The plan also provides for the granting of shares of restricted stock and stock appreciation rights (SARs). As of August 31, 2000, we have granted options to purchase an aggregate of 5.4 million shares of common stock, and 2.6 million shares of common stock remain available for grants until January 1, 2001. As of August 31, 2000, none of the options granted are exercisable.

The plan is administered by our Board of Directors. The administrator of the plan has the power to determine the persons to whom, the times at which, and the prices at which awards shall be granted, and to determine the type of option or award to be granted and the number of shares subject to options and awards.

If we merge with or into another corporation or sell all or substantially all of our assets and we are not the surviving corporation, the options and SARs will become immediately exercisable unless the successor company agrees to assume or provide equivalent options or SARs. If we are the surviving corporation in such an event, any option granted under the plan will apply to the securities that the holders of shares of our company would have been entitled to immediately following such transaction had the holder of such option exercised the option in full immediately prior to such transaction.

In the event that the outstanding shares are modified by reason of a recapitalization, reclassification, stock split-up, combination of shares, exchange of shares, stock dividend or other distribution payable in capital stock, the administrator of the plan will adjust the number and kind of shares available under the plan, the number of shares outstanding and the price per share of outstanding awards made under the plan.

The administrator of the plan determines the option price for options. For an incentive stock option, the option price shall be 100% of the fair market value of a share of company stock on the date the option is granted. If the recipient of an incentive stock option owns more than 10% of our outstanding securities, the option price shall be at least 110% of the fair market value of a share of company stock on the date of grant. Options granted pursuant to the plan generally vest at a rate of 25% at the end of the first year and 6.25% at the end of each quarter thereafter, and generally expire ten years from the date on which they are granted. All of the options granted will become exercisable according to the terms of each specific agreement.

Table of Contents

Employment Agreements

We have employment agreements with Zur Feldman, our Chief Executive Officer and David Trachtenberg, our President and Chief Marketing Officer.

Mr. Feldman entered into an employment agreement with us on March 9, 2000. Under the agreement, Mr. Feldman will be employed for a period of three years from February 7, 2000, at an annual salary of \$250,000, subject to an annual review and possible upward adjustment of his salary at the discretion of our board of directors. The agreement also provides for an annual performance bonus of up to \$150,000 upon achieving mutually agreed targets. The agreement contains

non-compete provisions prohibiting Mr. Feldman from competing with us during his term of employment and for twelve months following the term. If we terminate the agreement without cause, or if Mr. Feldman terminates the agreement for cause, we are obligated to pay him \$1.5 million as severance.

Mr. Trachtenberg entered into an employment agreement with us on August 15, 2000. Under the agreement, Mr. Trachtenberg will be employed for a period of three years from the date of the agreement, at an annual salary of \$200,000, subject to an annual review and possible upward adjustment of his salary at the discretion of our board of directors. The agreement also provides for an annual performance bonus of up to \$150,000 upon achieving mutually agreed targets. The agreement contains non-compete provisions prohibiting Mr. Trachtenberg from competing with us during the term of his employment and for twelve months following the term. If we terminate the agreement without cause, or if Mr. Trachtenberg terminates the agreement for cause, we are obligated to pay him his remaining base salary over the original employment term.

Each of these agreements contains confidentiality restrictions, as well as provisions recognizing that we own or license all intellectual property rights to any products, hardware, software, or services that the named executive officer may work on during the term of his employment agreement.

Limitation of Liability and Indemnification Matters

We have adopted provisions in our amended and restated certificate of incorporation that limit the liability of our directors for monetary damages for breach of their fiduciary duty as directors, except for liability that cannot be eliminated under the Delaware General Corporation Law, or DGCL. In addition, we have taken out directors and officers insurance with a maximum coverage of \$5 million per claim. The DGCL provides that directors of a company will not be personally liable for monetary damages for breach of their fiduciary duty as directors, except liability associated with any of the following:

- any breach of their duty of loyalty to the company or its stockholders;
- acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law;
- unlawful payment of dividends or unlawful stock repurchases or redemptions; or
- any transaction from which the director derived an improper personal benefit.

Our amended and restated certificate of incorporation and bylaws also provide for indemnification of our directors and officers to the fullest extent permitted by the DGCL. We intend to enter into separate indemnification agreements with our directors and some of our officers that could require us, among other things, to indemnify these persons against liabilities that may arise by reason of their status or service as directors or officers and to advance their expenses as a result of any proceeding against them as to which they could be indemnified. We believe that the limitation of liability provision in our amended and restated certificate of incorporation and the indemnification agreements will facilitate our ability to continue to attract and retain qualified individuals to serve as directors and officers.

Table of Contents**PRINCIPAL STOCKHOLDERS**

The following table sets forth information regarding beneficial ownership of our common stock as of August 31, 2000, and as adjusted to reflect the sale of common stock offered in this offering, as to:

- each person (or group of affiliated persons) who is known by us to beneficially own five percent or more of the outstanding shares of our common stock;
- each of our directors;
- each of our executive officers named in the summary compensation table; and
- all of our directors and executive officers as a group.

Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission and generally includes voting and/or investment power with respect to securities. Unless otherwise noted, we believe that all persons named in the table have sole voting and sole investment power with respect to all shares shown as beneficially owned by them. Shares of common stock subject to options currently exercisable or exercisable, or subject to conversion, within 60 days of August 31, 2000 are deemed outstanding for purposes of computing the percentage beneficially owned by the person holding options but are not deemed outstanding for purposes of computing the percentages beneficially owned by any other person.

| Name or Group of Beneficial Owner | Beneficial Ownership Prior to Offering | | Beneficial Ownership After Offering(1) | |
|---|---|---------|---|---------|
| | Number of Shares | Percent | Number of Shares | Percent |
| Executive Officers and Directors | | | | |
| Yoel Gat(2)(3)(4) | 3,345,338 | 3.8% | 4.07% | |
| Zur Feldman(3) | — | — | | |
| David Trachtenberg | — | — | | |
| Orey Gilliam(3) | — | — | | |
| Richard De Shong | — | — | | |
| Sandy Colony | — | — | | |
| Jon DeVaan | — | — | | |
| Mark Jackson | — | — | | |
| Brian Friedman(5) | 6,823,385 | — | | |
| All executive officers and directors as a group (13 persons)(2) | 10,168,723 | 11.5% | | |
| Five Percent or Greater Stockholders | | | | |
| Spacenet Inc.(4)(6) | 39,423,351 | 44.7% | 47.4% | |
| Microsoft G-Holdings, Inc.(7) | 16,748,844 | 19.0 | 20.2% | |
| EchoStar Communications Corporation(8) | 16,755,317 | 19.0 | 20.2% | |
| ING Furman Selz Investments(5)(9) | 6,823,385 | 7.7 | 8.2% | |
| | 83,096,235 | 105.7 | 100.0% | |

Some shares (handwritten note with arrow pointing to the 6,823,385 shares of Brian Friedman)

- (1) Assumes the issuance of common shares offered by this prospectus and that the underwriters' over-allotment option is not exercised.
- (2) Represents shares held by an irrevocable trust, the beneficiaries of which include the children and other family members of Mr. Gat. Mr. Gat expressly disclaims beneficial ownership of the shares held by the trust, and the filing of this registration statement is not an admission that Mr. Gat is the beneficial owner of these shares.
- (3) Mr. Feldman beneficially owns 3,125 shares of common stock of Gilat, issuable upon the exercise of options exercisable currently or within 60 days of August 31, 2000. Mr. Gilliam beneficially owns 26,683 shares of Gilat, 17,375 of which are issuable upon the exercise of options held by Mr. Gilliam and exercisable currently or within 60 days of August 31, 2000. The beneficial ownership of these shares represents less than 1% of the outstanding shares of Gilat. Mr. Gat is the beneficial owner of

Table of Contents

- 325,336 shares of common stock of Gilat, of which 146,871 are subject to the exercise of options exercisable currently or within 60 days of August 31, 2000, and representing approximately 1% of the outstanding shares of common stock of Gilat.
- (4) Includes 306,155 shares of common stock issuable upon conversion of a note issued by Spacenet Inc. to the trust described in note (2), based upon the capitalization of StarBand as of August 31, 2000, including warrants issued as of that date, pursuant to the terms of the note. Currently, and until the note is converted by the trust, the shares issuable upon conversion of the note are deemed to be beneficially owned by both the trust and Spacenet Inc.
 - (5) Mr. Friedman is deemed a control person of the manager making the investment decisions for these entities, and as such may be deemed, for purposes of determining the beneficial ownership of these shares, to have shared voting and investment power with respect to these shares. Accordingly, the beneficial ownership of these shares has been attributed to both Mr. Friedman and ING Furman Selz Investments.
 - (6) Includes 28,022,240 shares issuable upon conversion of 140,111,199 shares of Series B convertible preferred stock and 1,401,112 shares issuable upon conversion of accrued dividends. The address for Spacenet Inc. is 1750 Old Meadow Road, McLean, VA 22102.
 - (7) Includes 9,845,652 shares issuable upon conversion of 49,228,259 shares of Series A convertible preferred stock and 453,170 shares issuable upon conversion of accrued dividends. The address for Microsoft G-Holdings, Inc. is c/o Microsoft Corporation, One Microsoft Way, Redmond, WA 98052.
 - (8) Includes 9,845,652 shares issuable upon conversion of 49,228,259 shares of Series A-1 convertible preferred stock and 459,643 shares issuable upon conversion of accrued dividends. The address for EchoStar Communications Corporation is 5701 S. Santa Fe Drive, Littleton

The address for EchoStar Communications Corporation is 3701 S. Santa Fe Drive, Englewood, CO 80120.

- (9) Includes 4,014,030 shares issuable upon conversion of 24,686,284 shares of Series A-2 convertible preferred stock and 187,394 shares issuable upon conversion of accrued dividends, consisting of 3,007,596, 257,772, 146,324, 2,584,139, 578,357, and 249,197 shares held by Furman Selz Investors II L.P., FS Employees Investors L.L.C., FS Parallel Fund L.P., ING Furman Selz Investors III L.P., ING Barings U.S. Leveraged Equity Plan L.L.C. and ING Barings Global Leveraged Plan, Ltd., respectively, all affiliates of ING Furman Selz Investments. The address for the ING Furman Selz Investments entities is c/o ING Furman Selz Investments, 55 East 52nd Street, New York, NY 10055.

Investment Agreements

Spacenet, EchoStar, Microsoft and ING Furman Selz Investment entities purchased shares of our preferred stock pursuant to investment agreements with us in February and April 2000. Under the investment agreement with Microsoft, we have the obligation to repurchase all of our shares held by Microsoft if we, Gilat or Spacenet breach any of the material terms of the MSN satellite broadband access supply agreement and related ancillary agreements. In August 2000, we assigned this contingent obligation to Spacenet.

Stockholders Agreement

Spacenet, EchoStar, Microsoft and the ING Furman Selz Investments entities have entered into a stockholders agreement with us relating to their ownership, transfer and voting of our common and preferred shares. Under the stockholders agreement, all shares owned by these principal stockholders are subject to resale restrictions. Each of EchoStar, Microsoft and the ING Furman Selz Investments entities are restricted from selling or otherwise transferring their shares, except in limited circumstances, until April 2001. Spacenet is similarly restricted until April 2003. Gilat is required to hold sufficient shares of Spacenet so that Gilat will remain our affiliate at all times. Each principal stockholder has a right of first

Table of Contents

refusal to purchase when another principal stockholder wishes to transfer its shares to an unaffiliated third party in a transaction that is not conducted on Nasdaq.

In accordance with the stockholders agreement, our principal stockholders may appoint and remove a controlling majority of our board of directors. Our board currently consists of five directors. Our principal stockholders have agreed that they will vote to ensure that the board of our company will include:

- two directors nominated by Spacenet, currently Yoel Gat and Zur Feldman;
- one director nominated by Microsoft, currently Jon DeVaan;
- one director nominated by EchoStar, currently Mark Jackson; and
- one director nominated by the ING Furman Selz Investments entities, currently Brian Friedman.

The presence of the Microsoft-nominated director and either the EchoStar-nominated director or the ING Furman Selz Investments-nominated director is required in order to constitute a quorum at a meeting of the board of directors. The stockholders agreement will be amended to provide for the election of three independent directors. In addition, EchoStar and Microsoft each have the right to appoint one observer to our board. The observers are entitled to attend all meetings of the board of directors but do not have voting rights.

Table of Contents

RELATED PARTY TRANSACTIONS

We have engaged in transactions with our principal stockholders. We describe these transactions in further detail in Note 3 to our financial statements contained elsewhere in this prospectus. We provide details of the material transactions with our principal stockholders below. We believe that each of the transactions described below were on terms no less favorable than we could have obtained from unaffiliated third parties.

Gilat Satellite Networks and Spacenet

Since we began operations, Gilat and Spacenet have provided us with:

- technology, research and development;
- customer premises equipment;
- network operations technology, facilities and services;
- office space;
- management services; and
- administrative services encompassing information technology, marketing, legal, finance and human resources.

On January 11, 2000, we issued 10 shares of our common stock to Spacenet for \$10, in connection with our organization and initial capitalization. From our inception until August 31,

2000, in addition to issuing shares of our common stock to Spacenet, we paid a total of approximately \$20.0 million to Gilat and approximately \$38.7 million to Spacenet as payment for services rendered to us under our various agreements and arrangements with them.

Gilat Supply Agreements

In February 2000, we entered into a five-year supply agreement with Gilat and Spacenet. The Gilat supply agreement sets forth the commercial terms under which we will offer StarBand service outside our arrangement with MSN, and the terms under which Gilat and Spacenet provide us with licenses, intellectual property and satellite capacity on the GE Americom GE4 satellite for that purpose. In addition, Spacenet and Gilat have agreed not to offer services that compete with our service to residential and small office/home office customers throughout North America.

Pursuant to this agreement we are obligated to pay \$7.2 million to Spacenet, which has been accrued as part of our payable to Gilat, as reimbursement for a payment made by Spacenet to reserve the GE4 satellite capacity. GE Americom owns approximately 19% of the outstanding shares of common stock of Gilat.

Master Supply and Services Agreement

We expect to enter into a four-year master supply and services agreement with Gilat and Spacenet that will replace the existing Gilat supply agreements. This agreement will automatically renew for two-year periods. Pricing terms, however, will be renegotiated every two years. Under this agreement, Gilat and Spacenet will provide us with the facilities, equipment, software and services that we will use in our business, including:

- customer premises equipment, network operations equipment, software necessary for the network to operate, and our multicast system;
- consulting and administrative services, including information technology, marketing, financial, and legal services for a transition period while we establish our own systems and processes, for which we expect the total cost to be approximately \$2.1 million per calendar quarter. While we will pay for these administrative and management services for up to two years, we may terminate these services

Table of Contents

at any time without penalty or payment obligation, with some exceptions, with ninety days written notice. In this event, the termination will take effect as of the last day of the next calendar quarter;

- facilities in Virginia and Georgia; and
- research and development support in connection with hardware, equipment and software maintenance that arises out of this agreement. During the first two years of the agreement, we will pay Gilat \$1.0 million per calendar quarter to assist with basic ongoing research and development expenses associated with the products provided under the agreement. Beginning in 2001, we will share with Gilat product development costs focused exclusively on reducing the cost to manufacture the next-generation StarBand modem.

Each month we will submit to Gilat order forecasts that specify the equipment we will need in the following twelve months. The forecast for the first three months is a firm order. The forecasts for the second and third three-month periods are binding, subject to an adjustment within predetermined limits established in the forecasts. The forecast for the final three months is non-binding. Gilat will allocate up to 70% of its manufacturing capacity for the production and delivery of products that we order from Gilat.

We will purchase most of the equipment and services necessary for our business exclusively from Gilat and Spacenet, and they will grant us exclusive rights to use the technology that we require to provide our service to customers in the United States, Canada and Mexico. Upon establishment of StarBand Latin America, which will be our affiliate, we are considering contributing exclusive rights in Mexico in return for a minority equity stake in StarBand Latin America. We will pay Gilat various one-time fees in connection with its assistance in the preparation of our business plan, product plan, and training program.

Spacenet will grant us rights to use its enterprise resource planning system and the software with which we perform back-office functions. We will in the future provide Spacenet with equipment and services that Spacenet may then re-sell to various enterprise and small office/home office non-residential customers, subject to Spacenet's recognition of our exclusive marketing rights and compliance with guidelines that we establish.

Telecommunications Service Agreement

We entered into a one-year telecommunications services agreement with Spacenet dated February 15, 2000, which is renewable for up to four years at the option of Microsoft. MSN is the third-party beneficiary of this agreement. Under this agreement, Spacenet operates telecommunications facilities and provides services, including access to Spacenet's transmission and switching facilities necessary for us to fulfill our obligations to MSN, for which we reimburse Spacenet at their cost. In addition, in exchange for technologies and equipment provided to us by Spacenet, we issued 9,999,989 shares of our common stock and 140,111,199 shares of our Series B convertible preferred stock to Spacenet.

Yoel Gat, Co-Chairman of our board of directors, also serves as Chairman of the board of directors and Chief Executive Officer of Gilat. Orey Gilliam, our Vice President of Engineering and Operations and Chief Information Officer, also serves as Chief Information Officer of Spacenet.

Microsoft/ MSN

In March 2000, in connection with Microsoft's investment in our company, we entered into a four-year agreement to supply wholesale satellite broadband Internet access to MSN. The agreement renews automatically for additional one-year terms unless terminated by either us or MSN. The agreement requires us to achieve five milestones during the initial term relating primarily to our fulfilling production levels for our StarBand modem, achieving minimum levels of MSN subscribers and other technical matters set forth in the agreement. MSN's commitment to the agreement is contingent upon our meeting these milestones. To date, we have not completed any of the milestones set forth in this agreement. Upon our completion of the milestones, MSN will purchase StarBand modem-based systems in predetermined quantities and at predetermined prices for use as part of a high-speed Internet access offering by MSN. We agreed to supply MSN with StarBand modems in accordance with a specified production schedule. MSN will provide a subsidy for a portion of the cost of the customer premises equipment for MSN

Table of Contents

subscribers. Pursuant to this agreement, we agreed to pay MSN a one time fee of \$1.25 million to offset a portion of MSN's subscriber acquisition costs.

The agreement also sets the monthly per subscriber fee we will collect from MSN, and the minimum monthly fees that MSN will collect from its subscribers. We also granted MSN most favored customer status and agreed, for a limited time, to refrain from providing our service to a number of Internet service providers. We have entered into a series of other operative agreements with MSN, Gilat and Spacenet in order to carry out the objectives and meet the obligations set forth in the MSN agreement.

In March 2000, Gilat entered into a performance guarantee agreement pursuant to which Gilat unconditionally and irrevocably guaranteed to MSN our compliance with various material obligations under the MSN broadband supply agreement and related operative agreements.

We and MSN recently agreed in principle to amend the agreement and we are currently negotiating a definitive agreement which if approved would:

- replace the five production related milestones currently in the agreement with a single milestone that requires us to produce a specified quantity of our next generation StarBand modems in compliance with mutually agreed upon technical specifications;
- amend the exclusivity provisions in the current agreement;
- eliminate Gilat's guarantee to MSN of our performance of obligations under various operating agreements;
- cancel the \$1.25 million fee we owe MSN as reimbursement for a portion of MSN's subscriber acquisition cost subsidy; and
- establish revised minimum equipment purchase commitments for MSN.

Jon DeVaan, a member of our board of directors, also serves as Senior Vice President of Microsoft's Personnel Services and Devices Group.

EchoStar/ DISH

We, Gilat and EchoStar entered into a memorandum of agreement on February 22, 2000 setting forth the terms under which we will jointly market our high-speed Internet access service with EchoStar's DISH direct broadcast satellite television service. The agreement with EchoStar expires on March 31, 2001. EchoStar will market our service to their customers and DISH retailers. In exchange, we have agreed to market DISH's satellite television programming service together with our high-speed Internet access service. EchoStar has made no commitments to us and is subject to no penalties if it ceases to sell our service. EchoStar and Gilat are also currently conducting research and development of a product to provide our Internet service through a TV-centric platform in the future.

Under the terms of this memorandum of agreement, we will pay EchoStar activation fees and residual commissions for each StarBand subscriber we acquire through the DISH retail sales channel. We will provide all customer premises equipment and EchoStar will provide the initial point of contact for service calls. DISH Network Service Corporation, an EchoStar affiliate, will install the equipment and EchoStar will split any associated costs of such installation with us. We will pay incentive fees to EchoStar's independent installers and DISH retailers who sell our equipment. We will also market EchoStar's DISH direct broadcast satellite television services to StarBand subscribers not acquired through EchoStar for which EchoStar will pay us commissions. This memorandum of agreement contains provisions which restrict us and EchoStar from entering into co-marketing relationships with competitors of each other for a limited time.

Mark Jackson, a member of our board of directors, also serves as Senior Vice President of EchoStar Technologies Corporation, a division of EchoStar.

DESCRIPTION OF CAPITAL STOCK

The following statements summarize several provisions of our amended and restated certificate of incorporation and by-laws and Delaware law. These summaries do not purport to be complete and are qualified in their entirety by reference to our amended and restated certificate of incorporation and by-laws which have been filed as exhibits to this registration statement, of which this prospectus forms a part, and to the provisions of applicable law.

General

Our authorized capital stock consists of:

- 110,000,000 shares of common stock, \$0.05 par value per share; and
- 310,000,000 shares of preferred stock, par value \$0.05 per share, as follows:
 - 55,000,000 shares of Series A convertible preferred stock, \$0.05 par value per share;
 - 55,000,000 shares of Series A-1 convertible preferred stock, \$0.05 par value per share;
 - 30,000,000 shares of Series A-2 convertible preferred stock, \$0.05 par value per share;
 - 150,000,000 shares of Series B convertible preferred stock, \$0.05 par value per share;
 - 10,000,000 shares of Series C convertible preferred stock, \$0.05 par value per share; and
 - 10,000,000 shares of Series D convertible preferred stock, \$0.05 par value per share.

Upon completion of this offering, there will be _____ shares of common stock outstanding and no shares of preferred stock outstanding.

As of August 31, 2000, we had:

- 33,879,757 shares of common stock outstanding;
- 263,254,001 shares of convertible preferred stock outstanding; and
- outstanding options and warrants to purchase 9,349,644 shares of common stock.

Common Stock

The holders of our common stock are entitled to one vote for each share on all matters to be voted on by stockholders. Our amended and restated certificate of incorporation does not provide for cumulative voting in connection with the election of directors, and accordingly, holders of more than 50% of the shares voting will be able to elect all of the directors.

Holders of shares of common stock are entitled to share ratably in dividends, if any, as may be declared from time to time by the board of directors in its discretion, from available funds. Upon any voluntary or involuntary liquidation, dissolution, or winding up of our affairs, the holders of

shares of our common stock are entitled to share ratably in all assets remaining after payment in full of creditors and holders of preferred stock. All of the outstanding shares of common stock are, and the shares offered by us will be, fully paid and non-assessable.

Preferred Stock

Under our amended and restated certificate of incorporation, our board of directors is authorized to issue additional shares of preferred stock from time to time without stockholder approval. Our board of directors will also be authorized to establish the number of shares to be included in such series and to fix the terms, limitations, relative rights and preferences and variations to each series. Although we have no present plans to issue additional shares of preferred stock, the issuance of shares of preferred stock, or the issuance of rights to purchase such shares, could decrease the amount of earnings and assets available for distribution to the holders of common stock, could adversely affect the rights and powers, including voting rights, of the common stock, and could have the effect of delaying, deterring or preventing a change in control of StarBand or an unsolicited acquisition proposal.

Table of Contents

Warrants

In connection with the June 2000 senior debt facility between us and Bank Leumi USA, for itself and in its capacity as agent for the additional lenders, we entered into a Series C convertible preferred stock purchase warrant agreement with each of Bank Leumi USA, The First International Bank of Israel Ltd. and the Israel Discount Bank Ltd. As discussed in detail below, the lenders have the right to purchase the number of Series C shares that, assuming conversion to common stock on the exercise date, equals an aggregate of either 2.0% of our fully diluted outstanding common stock, if exercised on the date of our initial public offering, or up to 2.25% of our fully diluted outstanding common stock, if exercised after June 26, 2002. The Bank Leumi USA warrants are exercisable on the earlier of (i) the date of our initial public offering or (ii) June 26, 2002 and automatically expire on June 26, 2005. The First International Bank of Israel and the Israel Discount Bank Ltd. warrants are exercisable on the earlier of (i) the date of this offering or (ii) August 7, 2002 and automatically expire on August 7, 2005.

The lenders were issued warrants to purchase shares of Series C convertible preferred stock based on its respective funding commitment to the financing. We issued Bank Leumi USA warrants to purchase the number of Series C preferred shares convertible into 1.2% of the fully diluted outstanding common stock if exercised prior to June 26, 2002 or 1.35% of the fully diluted outstanding common stock if exercised after June 26, 2002. We issued each of The First International Bank of Israel and the Israel Discount Bank Ltd. warrants to purchase the number of Series C preferred shares convertible into 0.4% of the fully diluted outstanding common stock if exercised prior to August 7, 2002 or 0.45% of the fully diluted outstanding common stock if exercised after August 7, 2002. Currently, these warrants have an exercise price of \$3.74 per Series C preferred share, and the lenders are entitled to purchase, for an aggregate purchase price of approximately \$7.0 million, 11,521,886 shares of Series C convertible preferred stock, which may

be converted into 1,873,477 shares of common stock upon the this offering. The lenders also received the right to purchase 1,910,947 shares of common stock, issuable upon the conversion of Series D convertible preferred stock with a weighted average price of \$4.49. Pursuant to this right the lenders had the ability to use \$10 million in principal amount of the term loan for the purchase. This right expired in September 2000.

Authorized But Unissued Capital Stock

We estimate that following this offering we will have (or if the underwriters' over-allotment option is exercised in full) shares of authorized but unissued stock. Delaware law does not require stockholder approval for the issuance of authorized shares. However, the listing requirements of the Nasdaq National Market, which apply so long as the common stock remains included in that inter-dealer quotation system, require prior stockholder approval of specific issuances, including issuances of shares bearing voting power equal to or exceeding 20% of the pre-issuance outstanding voting power or pre-issuance outstanding number of shares of common stock. These additional shares could be used for a variety of corporate purposes, including future public offerings to raise additional capital or to facilitate corporate acquisitions. We currently do not have any plans to issue additional shares of common stock other than in connection with employee stock option plans or warrants already issued. One of the effects of the existence of issued and unreserved common stock may be to enable the Board to issue shares to persons who may agree or be inclined to vote in concert with current management on issues put to consideration of stockholders, which issuance could render more difficult or discourage an attempt to obtain control of us by means of a merger, tender offer, proxy contest or otherwise, and protect the continuity of our management and possibly deprive the stockholders of the opportunity to sell their shares of common stock at prices higher than prevailing market prices.

Section 203 of the Delaware General Corporation Law

Section 203 of the Delaware General Corporation Law could make the acquisition of StarBand Communications and the removal of its officers and directors difficult. The statute is expected to discourage specific types of coercive takeover practices and inadequate takeover bids and to encourage persons seeking to acquire control of StarBand Communications to negotiate with us first. We believe that

Table of Contents

the benefits of increased protection of our potential ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure StarBand Communications outweigh the disadvantages of discouraging proposals, because, among other things, negotiation of proposals could result in an improvement in their terms.

We are subject to the provisions of Section 203 of the Delaware General Corporation Law. In general, this statute prohibits a publicly-held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years after the date that the person became an interested stockholder unless (with some exceptions) the business combination

the transaction in which the person became an interested stockholder is approved in a prescribed manner. Generally, a "business combination" includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the stockholder. Generally, an "interested stockholder" is a person who, together with affiliates and associates, owns (or within three years prior, did own) 15% or more of the corporation's voting stock. These provisions may have the effect of delaying, deferring or preventing a change of control of us without further action by our stockholders.

Registration Rights Agreements

We and our principal stockholders are party to an agreement that grants our principal stockholders registration rights. Each of our principal stockholders has an option to cause us to effect up to three registrations of the shares owned by it and its affiliates and transferees. If one party exercises its registration rights, the other parties having registration rights may elect to include their shares in the registered offering. Our principal stockholders have agreed not to exercise their registration rights until after the transfer restriction dates set forth in the registration rights agreement. The transfer restriction dates are April 2001 for Microsoft, EchoStar and ING Furman Selz Investments, and April 2003 for Spacenet. The registration rights agreement also provides that if we register any equity securities for an offering after the transfer restriction dates set forth in the agreement, we must permit each of our principal stockholders, and anyone to whom they have transferred shares in a private placement, to include their shares in the offering. We have agreed to bear a portion of the expenses related to any of these registered offerings.

We are also party to registration rights agreements with each of Bank Leumi USA, The First International Bank of Israel Ltd. and Israel Discount Bank Ltd. We entered into each of these registration rights agreements as part of debt financing we consummated with these three banks. Each of these registration rights agreements contains substantially the same provisions. Each bank has an option to cause us to effect up to three registrations of the shares it may own in the future issued by us pursuant to the conversion of preferred shares they may obtain by exercising warrants or converting debt instruments. If any securityholder exercises its registration rights, each bank may elect to include their shares in the registered offering. Each of the banks has agreed not to exercise any of their registration rights until after the completion of this offering. The registration rights agreements also provide that if we register any equity securities in a subsequent public offering, we must permit each bank, and anyone to whom they have transferred shares in a private placement, to include their shares in the offering. We have agreed to bear a portion of the expenses related to any of these registered offerings.

We have agreed to comply with other covenants set forth in the registration rights agreements. Among other things, we have agreed to indemnify, hold harmless against and pay on behalf of or reimburse any losses which our principal stockholders or third parties may suffer or become subject to as a result of untrue statements, misrepresentations or material omissions we may make in the registration of our shares.

Transfer Agent and Registrar

The Transfer Agent and Registrar for the common shares is American Stock Transfer & Trust Company.

Table of Contents

DESCRIPTION OF INDEBTEDNESS

We entered into a senior debt facility on June 26, 2000 with Bank Leumi USA, as agent and lender, under which Bank Leumi USA made a term loan to us in principal amount of \$90 million. The senior debt facility was amended on September 8, 2000, when The First International Bank of Israel Ltd. and the Israel Discount Bank Ltd. joined the agreement as additional lenders and provided loans of \$30 million each, bringing the total amount of financing to \$150 million. All \$150 million is currently held in interest-bearing accounts. Once we have expended the \$126 million raised in our earlier equity placements with Microsoft, EchoStar, ING Furman Selz Investments and the other investors, we may use all or a portion of the loan funds deposited in the accounts to fund our business operations. We have also entered into ancillary security agreements with the lenders to provide them with collateral for the loan. Under the security agreements, we have granted to Bank Leumi USA, as agent for the lenders, a security interest in substantially all of our assets except our contractual rights to receive capacity and other services under our transponder lease agreements. The term loan will become due and payable on June 26, 2003, with interest payable quarterly in arrears. As of August 31, 2000, the entire loan amount of \$90 million was bearing interest at LIBOR plus 0.75%. The interest rate will rise to LIBOR plus 1.5% after June 26, 2002. Subject to certain conditions, we are permitted to convert the LIBOR loan to a base rate loan, which would bear interest at the higher of the prime rate and the Federal Funds Rate plus 0.5%. We may prepay the term loan, in whole or in part, without premium or penalty after June 26, 2001. In the event that we receive an aggregate amount of proceeds in excess of \$50 million in a public offering of capital stock or if we receive at least \$10 million in insurance proceeds or from the sale of any asset, we are required to prepay the term loan. We are negotiating with the lenders to obtain a waiver of the prepayment requirement for this offering. We expect that the First International Bank of Israel will require prepayment of its portion of the loan, but the other lenders will waive prepayment.

In connection with the term loan we also issued each of the lenders warrants to purchase our Series C convertible preferred stock, and granted a right to acquire Series D convertible preferred stock in exchange for \$10 million of the principal amount of the loan. This right to acquire Series D convertible preferred stock expired in September 2000. If the preferred shares were converted into shares of our common stock prior to June 26, 2002, the lenders would own in the aggregate approximately 3.9% of our fully diluted common stock. If the preferred shares were converted into shares of our common stock after August 7, 2002, the lenders would own in the aggregate approximately 4.12% of our fully diluted common stock.

As a condition of the term loan, we are required to provide financial reports and other information to the lenders and maintain insurance, and we are not permitted to incur additional bank loans and certain other types of indebtedness. We are also not permitted to exceed stated limits on aggregate capital expenditures without the prior written consent of the lenders.

Events of default under the term loan include, among others:

- non-payment;
- breach of obligation;
- misrepresentation;
- invalidity or illegality of documents;
- insolvency or insolvency proceedings;
- change of control; and
- breach or termination of material contracts.

Table of Contents

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no market for our common stock. Future sales of substantial amounts of our common stock in the public market could adversely affect prevailing market prices. Furthermore, because only a limited number of shares of our common stock will be available for resale after this offering due to existing contractual and legal restrictions on sale as described below, there may be sales of substantial amounts of our common stock in the public market after these restrictions lapse. Such sales may adversely affect the then prevailing market price and our ability to raise equity capital in the future.

Upon completion of this offering, we will have _____ shares of common stock outstanding, assuming no exercise of options outstanding as of _____, 2000. Of these shares, the _____ shares sold in this offering will be freely transferable without restrictions or further registration under the Securities Act, except for any shares purchased by one of our existing "affiliates," as that term is defined in Rule 144 under the Securities Act. The remaining _____ shares of common stock outstanding are "restricted shares" as defined in Rule 144. Restricted shares may be sold in the public market only if their offering is registered or qualifies for an exemption from registration under Rules 144 or 701 under the Securities Act. As a result of the contractual 180-day lock-up period described below and the provisions of Rules 144 and 701, these shares will be available for sale in public market as follows:

| Number of Shares | Date |
|------------------|--|
| | On the date of this prospectus |
| | After (subject, in some cases, to volume limitations) |
| | At various times after (subject, in some cases, to volume limitations) |

Lock-Up Agreements

We, our directors and executive officers and our existing stockholders have each agreed not to

offer, pledge, sell, contract to sell, lend, or otherwise transfer or dispose of any shares of common stock for a period of 180 days after the date of the U.S. purchase agreement, subject to limited exceptions. See "Underwriting." Merrill Lynch, Pierce, Fenner & Smith Incorporated, however, may in its sole discretion, at any time without notice, release all or any portion of the shares subject to lock-up agreements. See "Underwriting."

Rule 144

In general, under Rule 144, beginning 90 days after the date of this offering, a person, or persons whose shares are aggregated, who has owned shares that were purchased from us, or any affiliate, for at least one year, is entitled to sell within any three-month period a number of shares that does not exceed the greater of:

- 1% of our then outstanding shares of common stock which will equal approximately shares immediately after this offering; or
- the average weekly trading volume of our common stock on the Nasdaq National Market during the four calendar weeks preceding the filing of the notice of the sale on Form 144.

Sales under Rule 144 are also subject to manner of sale provisions, notice requirements and the availability of current public information about us. Any person, or persons whose shares are aggregated, who is not deemed to have been one of our affiliates at any time during the three months preceding a sale, and who has owned shares within the definition of "restricted securities" under Rule 144 that were purchased from us, or any affiliate, for at least at least two years, would be entitled to sell shares under Rule 144(k) without regard to the volume limitations, manner of sale provisions, public information requirements or notice requirements.

Table of Contents

Rule 701

Subject to limitations on the aggregate offering price of a transaction and other conditions, Rule 701 may be relied upon for the resale of securities originally purchased from us by our employees, directors or officers prior to the date we became subject to the reporting requirements of the Securities Exchange Act of 1934, or the Exchange Act. Those purchases must have been made pursuant to written compensatory benefit plans or written contracts relating to the compensation of these persons. In addition, the Securities and Exchange Commission has indicated that Rule 701 will apply to typical stock options granted by an issuer before it becomes subject to the reporting requirements of the Exchange Act, along with the shares acquired upon exercise of the options. This would include exercises after the date of this prospectus. Securities issued in reliance on Rule 701 are restricted securities and, subject to the contractual restrictions described above, may be sold by persons other than affiliates subject only to the manner of sale provisions of Rule 144 and by affiliates under Rule 144 without compliance with its maximum holding period requirements.

Stock Options

As of August 31, 2000, options to purchase a total of 5.4 million shares of common stock under our 2000 Stock Incentive Plan have been granted. Substantially all shares issuable pursuant to outstanding options are subject to lock-up agreements until . An additional 2.6 million shares of common stock are currently available for future grants under the plan. As of January 2001, options for an additional 15 million shares will be available for future grants under our stock plans.

Upon completion of this offering, we intend to file a registration statement under the Securities Act covering all shares of common stock subject to outstanding options or issuable under our stock option plans. Subject to Rule 144 volume limitations applicable to affiliates, shares registered under any registration statements will be available for sale in the open market beginning 180 days after the date of the prospectus, except to the extent that the shares are subject to vesting restrictions with us or the contractual restrictions described above.

Table of Contents

MATERIAL UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS FOR NON-U.S. HOLDERS

The following is a general discussion of the material U.S. federal income and estate tax consequences of the ownership and disposition of our common stock by a beneficial owner that is a "Non-U.S. Holder." A "Non-U.S. Holder" is a person or entity that, for U.S. federal income tax purposes, is a non-resident alien individual, a foreign corporation, a foreign partnership, or a foreign estate or trust.

This discussion is based on the Internal Revenue Code of 1986, as amended (the "Code"), and administrative interpretations as of the date of this prospectus, all of which are subject to change, including changes with retroactive effect. This discussion does not address all aspects of U.S. federal income and estate taxation that may be relevant to Non-U.S. Holders in light of their particular circumstances and does not address any tax consequences arising under the laws of any state, local or foreign jurisdiction. Prospective holders should consult their tax advisors with respect to the particular tax consequences to them of owning and disposing our common stock, including the consequences under the laws of any state, local or foreign jurisdiction.

Dividends

Dividends paid to a Non-U.S. Holder of our common stock generally will be subject to withholding tax at a 30% rate or a reduced rate specified by an applicable income tax treaty. For purposes of determining whether tax is to be withheld at a reduced rate under an income tax treaty, we will presume that dividends paid on or before December 31, 2000 to an address in a foreign country are paid to a resident of that country unless we have knowledge that the presumption is not warranted.

In order to obtain a reduced rate of withholding for dividends paid after December 31, 2000, a

Non-U.S. Holder will be required to provide us with an Internal Revenue Service Form W-8BEN certifying its entitlement to benefits under a treaty. In addition, in some cases where dividends are paid to a Non-U.S. Holder that is a partnership or other pass-through entity, persons holding an interest in the entity may need to provide us with the required certification.

The withholding tax does not apply to dividends paid to a Non-U.S. Holder that provides a Form W-8ECI, certifying that the dividends are effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States. Instead, the effectively connected dividends will be subject to regular U.S. income tax as if the Non-U.S. Holder were a U.S. resident. A non-U.S. corporation receiving effectively connected dividends may also be subject to an additional "branch profits tax" imposed at a rate of 30% (or a lower treaty rate) on an earnings amount that is net of the regular tax.

Gain on Disposition of Common Stock

A Non-U.S. Holder generally will not be subject to U.S. federal income tax on gain realized on a sale or other disposition of our common stock unless:

- the gain is effectively connected with a trade or business of the Non-U.S. Holder in the United States;
- in the case of some Non-U.S. Holders who are non-resident alien individuals and hold our common stock as a capital asset, the individuals are present in the United States for 183 or more days in the taxable year of the disposition;
- the Non-U.S. Holder is subject to tax under the provisions of the Code regarding the taxation of U.S. expatriates; or
- the Non-U.S. Holder beneficially owns or has owned 5% or more of our common stock and at any time within the five-year period preceding the disposition or the Non-U.S. Holder's holding period, whichever period is shorter, we are or were a U.S. real property holding corporation at any time within such period.

Table of Contents

We believe that we are not, and do not anticipate becoming, a U.S. real property holding corporation.

Information Reporting Requirements and Backup Withholding

We must report to the IRS the amount of dividends paid, the name and address of the recipient, and the amount of any tax withheld. A similar report is sent to the Non-U.S. Holder. Under tax treaties or other agreements, the IRS may make its reports available to tax authorities in the recipient's country of residence. Dividends paid on or before December 31, 2000 at an address outside the United States are not subject to backup withholding, unless we have knowledge that the

payee is a U.S. person. However, a Non-U.S. Holder may need to certify its non-U.S. status in order to avoid backup withholding at a 31% rate on dividends paid after December 31, 2000 or dividends paid on or before that date at an address inside the United States.

U.S. information reporting and backup withholding generally will not apply to a payment of proceeds of a disposition of our common stock where the transaction is effected outside the United States through a non-U.S. office of a non-U.S. broker. However, a Non-U.S. Holder may need to certify its non-U.S. status in order to avoid information reporting and backup withholding at a 31% rate on disposition proceeds where the transaction is effected by or through a U.S. office of a broker. In addition, U.S. information reporting requirements may apply to the proceeds of a disposition effected by or through a non-U.S. office of a U.S. broker, or by a non-U.S. broker with specified connections to the United States.

Backup withholding is not an additional tax. Rather, the tax liability of persons subject to backup withholding will be reduced by the amount of tax withheld. When withholding results in an overpayment of taxes, a refund may be obtained if the required information is furnished to the IRS.

Federal Estate Tax

An individual Non-U.S. Holder who is treated as the owner of, or has made particular lifetime transfers of, an interest in our common stock will be required to include the value of the stock in his gross estate for U.S. federal estate tax purposes, and may be subject to U.S. federal estate tax unless an applicable estate tax treaty provides otherwise.

Table of Contents

UNDERWRITING

We intend to offer the shares in the U.S. and Canada through the U.S. underwriters and elsewhere through the international managers. Merrill Lynch, Pierce, Fenner & Smith Incorporated, Credit Suisse First Boston Corporation, Salomon Smith Barney Inc., CIBC World Markets Corp. and ING Barings LLC are acting as U.S. representatives of the U.S. underwriters named below. Subject to the terms and conditions described in a U.S. purchase agreement among us and the U.S. underwriters, and concurrently with the sale of shares to the international managers, we have agreed to sell to the U.S. underwriters, and the U.S. underwriters severally have agreed to purchase from us, the number of shares listed opposite their names below.

| U.S. Underwriter | Number of Shares |
|---|---------------------|
| Merrill Lynch, Pierce, Fenner & Smith Incorporated | |
| Credit Suisse First Boston Corporation | |
| Salomon Smith Barney Inc. | |
| CIBC World Markets Corp. | |
| ING Barings LLC | |
| Total | — |

We have also entered into an international purchase agreement with the international managers for sale of the shares outside the U.S. and Canada for whom Merrill Lynch International, Credit Suisse First Boston (Europe) Limited, Salomon Brothers International Limited, CIBC World Markets plc and ING Barings Limited are acting as lead managers. Subject to the terms and conditions in the international purchase agreement, and concurrently with the sale of _____ shares to the U.S. underwriters pursuant to the U.S. purchase agreement, we have agreed to sell to the international managers, and the international managers severally have agreed to purchase _____ shares from us. The initial public offering price per share and the total underwriting discount per share are identical under the U.S. purchase agreement and the international purchase agreement.

The U.S. underwriters and the international managers have agreed to purchase all of the shares sold under the U.S. and international purchase agreements if any of these shares are purchased. If an underwriter defaults, the U.S. and international purchase agreements provide that the purchase commitments of the nondefaulting underwriters may be increased or the purchase agreements may be terminated. The closings for the sale of shares to be purchased by the U.S. underwriters and the international managers are conditioned on one another.

We have agreed to indemnify the U.S. underwriters and the international managers against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the U.S. underwriters and international managers may be required to make in respect of those liabilities.

The underwriters are offering the shares, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the shares, and other conditions contained in the purchase agreements, such as the receipt by the underwriters of officers' certificates and legal opinions. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

Commissions and Discounts

The U.S. representatives have advised us that the U.S. underwriters propose initially to offer the shares to the public at the initial public offering price on the cover page of this prospectus and to dealers at that price less a concession not in excess of \$ _____ per share. The U.S. underwriters may allow, and

Table of Contents

the dealers may reallocate, a discount not in excess of \$ _____ per share to other dealers. After the initial public offering, the public offering price, concession and discount may be changed.

The following table shows the public offering price, underwriting discount and proceeds before expenses to us. The information assumes either no exercise or full exercise by the U.S. underwriters and the international managers of their over-allotment options.

| | <u>Per Share</u> | <u>Without Option</u> | <u>With Option</u> |
|----------------------------------|------------------|-----------------------|--------------------|
| Public offering price | \$ _____ | \$ _____ | \$ _____ |
| Underwriting discount | \$ _____ | \$ _____ | \$ _____ |
| Proceeds, before expenses, to us | \$ _____ | \$ _____ | \$ _____ |

The expenses of the offering, not including the underwriting discount, are estimated at \$ _____ and are payable by us.

Over-allotment Option

We have granted options to the U.S. underwriters to purchase up to _____ additional shares at the public offering price less the underwriting discount. The U.S. underwriters may exercise these options for 30 days from the date of this prospectus solely to cover any over-allotments. If the U.S. underwriters exercise these options, each will be obligated, subject to conditions contained in the purchase agreements, to purchase a number of additional shares proportionate to that U.S. underwriter's initial amount reflected in the above table.

We have also granted options to the international managers, exercisable for 30 days from the date of this prospectus, to purchase up to _____ additional shares to cover any over-allotments on terms similar to those granted to the U.S. underwriters.

Intersyndicate Agreement

The U.S. underwriters and the international managers have entered into an intersyndicate agreement that provides for the coordination of their activities. Under the intersyndicate agreement, the U.S. underwriters and the international managers may sell shares to each other for purposes of resale at the initial public offering price, less an amount not greater than the selling concession. Under the intersyndicate agreement, the U.S. underwriters and any dealer to whom they sell shares will not offer to sell or sell shares to persons who are non-U.S. or non-Canadian persons or to persons they believe intend to resell to persons who are non-U.S. or non-Canadian persons, except in the case of transactions under the intersyndicate agreement. Similarly, the international managers and any dealer to whom they sell will not offer to sell or sell shares to U.S. persons or Canadian persons or to persons they believe intend to resell to U.S. or Canadian persons, except in the case of transactions under the intersyndicate agreement.

Reserved Shares

At our request, the underwriters have reserved for sale, at the initial public offering price, up to shares offered by this prospectus for sale to some of our directors, officers, employees, distributors, dealers, business associates and related persons. If these persons purchase reserved shares, this will reduce the number of shares available for sale to the general public. Any reserved shares that are not orally confirmed for purchase within one day of the pricing of this offering will be offered by the underwriters to the general public on the same terms as the other shares offered by this prospectus.

We are concurrently offering shares at the initial public offering price directly to some of our employees pursuant to this prospectus in jurisdictions outside the U.S. where the underwriters are prohibited by law from selling the shares. These shares are included in the shares being sold pursuant to this prospectus. Since these shares are being sold directly by us and not through the underwriters, no underwriting discount or commission will be paid to the underwriters for these shares.

Table of Contents

No Sales of Similar Securities

We and our executive officers and directors and all existing stockholders have agreed, with exceptions, not to sell or transfer any common stock for 180 days after the date of this prospectus without first obtaining the written consent of Merrill Lynch. Specifically, we and these other individuals have agreed not to directly or indirectly

- offer, pledge, sell or contract to sell any common stock,
- sell any option or contract to purchase any common stock,
- purchase any option or contract to sell any common stock,
- grant any option, right or warrant for the sale of any common stock,
- lend or otherwise dispose of or transfer any common stock,
- request or demand that we file a registration statement related to the common stock, or
- enter into any swap or other agreement that transfers, in whole or in part, the economic consequence of ownership of any common stock whether any such swap or transaction is to be selected by delivery of shares or other securities, in cash or otherwise.

This lockup provision applies to common stock and to securities convertible into or exchangeable or exercisable for or repayable with common stock. It also applies to common stock owned now or acquired later by the person executing the agreement or for which the person executing the agreement later acquires the power of disposition.

Quotation on the Nasdaq National Market

We expect the shares to be approved for quotation on the Nasdaq National Market, subject to notice of issuance, under the symbol "STRB."

Before this offering, there has been no public market for our common stock. The initial public offering price will be determined through negotiations among us and the U.S. representatives and the lead manager. In addition to prevailing market conditions, the factors to be considered in determining the initial public offering price are

- the valuation multiples of publicly traded companies that the U.S. representatives and the lead manager believe to be comparable to us,
- our financial information,
- the history of, and the prospects for, our company and the industry in which we compete,
- an assessment of our management, its past and present operations, and the prospects for, and timing of, our future revenues,
- the present state of our development, and
- the above factors in relation to market values and various valuation measures of other companies engaged in activities similar to ours.

An active trading market for the shares may not develop. It is also possible that after the offering the shares will not trade in the public market at or above the initial public offering price.

The underwriters do not expect to sell more than 5% of the shares in the aggregate to accounts over which they exercise discretionary authority.

Price Stabilization, Short Positions and Penalty Bids

Until the distribution of the shares is completed, SEC rules may limit underwriters and selling group members from bidding for and purchasing our common stock. However, the U.S. representatives of the

Table of Contents

underwriters may engage in transactions that stabilize the price of the common stock, such as bids or purchases to peg, fix or maintain that price.

If the underwriters create a short position in the common stock in connection with the offering, i.e., if they sell more shares than are listed on the cover of this prospectus, the U.S. representatives may reduce that short position by purchasing shares in the open market. The U.S. representatives

may also elect to reduce any short position by exercising all or part of the over-allotment option described above. Purchases of the common stock to stabilize its price or to reduce a short position may cause the price of the common stock to be higher than it might be in the absence of such purchases.

The U.S. representatives may also impose a penalty bid on underwriters and selling group members. This means that if the U.S. representatives purchase shares in the open market to reduce the underwriter's short position or to stabilize the price of such shares, they may reclaim the amount of the selling concession from the underwriters and selling group members who sold those shares. The imposition of a penalty bid may also affect the price of the shares in that it discourages resales of those shares.

Neither we nor any of the underwriters makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the common stock. In addition, neither we nor any of the underwriters makes any representation that the U.S. representatives or the lead manager will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Other Relationships

Some of the underwriters and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us. They received customary fees and commissions for these transactions.

Furman Selz Investors II L.P., FS Employees Investors L.L.C., FS Parallel Fund L.P., ING Furman Selz Investors III L.P., ING Barings U.S. Leveraged Equity Plan L.L.C. and ING Barings Global Leveraged Plan Ltd., each of which is an affiliate of ING Barings LLC, are stockholders of StarBand.

Table of Contents

LEGAL MATTERS

The validity of the shares of our common stock under Delaware law will be passed upon for us by Clifford Chance Rogers & Wells LLP. Certain legal matters in connection with this offering will be passed upon for the underwriters by Davis Polk & Wardwell.

EXPERTS

The financial statements of StarBand Communications Inc. at August 31, 2000, and for the period from January 11, 2000 (inception) through August 31, 2000 appearing in this Prospectus and Registration Statement have been audited by Ernst & Young LLP, independent auditors, as set forth in their report thereon appearing elsewhere herein, and are included in reliance upon such report given on the authority of such firm as experts in auditing and accounting.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed a Form S-1 registration statement with the Securities and Exchange Commission. This prospectus, which is a part of the registration statement, does not contain all of the information included in the registration statement. You should refer to our registration statement and its exhibits if you would like to find out more about us and about the common stock. If a contract or document has been filed as an exhibit to the registration statement, we refer you to the copy of the contract or other document that has been filed. Each statement in this prospectus relating to a contract or document filed as an exhibit is qualified in all respects by the filed exhibit.

Upon completion of this offering, we will be subject to the periodic reporting and other information-supplying requirements of the Securities Exchange Act of 1934. In accordance with those requirements, we will file reports, including annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and other information with the Commission. You may inspect copies of the registration statement, its accompanying exhibits, and any other document that we file with the Commission, without charge. You also may copy or obtain any of these documents at prescribed rates at the public reference facilities maintained by the Commission at Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549, and at the regional offices of the Commission located at Seven World Trade Center, New York, New York 10048 and Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. You may obtain information on the operation of the Commission Public Reference Room by calling the Commission at 1-800-SEC-0330. Our filings with the Commission, including this prospectus, are or will be available to the public at the Commission's web site at www.sec.gov.

We will furnish our stockholders with annual reports. These reports will include a review of operations and annual audited financial statements prepared in conformity with accounting principals generally accepted in the United States. We also will furnish our stockholders with unaudited financial information prepared in conformity with accounting principles generally accepted in the United States for each quarter of each fiscal year as soon as practicable following the end of each quarter.

Table of Contents

INDEX TO FINANCIAL STATEMENTS

| | <u>Page</u> |
|--|-------------|
| Report of Independent Auditors | F-2 |
| Balance Sheet at August 31, 2000 | F-3 |
| Statement of Operations for the period from January 11, 2000 (inception) through August 31, 2000 | F-4 |
| Statement of Mandatorily Redeemable Convertible Preferred Stock and Stockholders' Deficit for the period from January 11, 2000 (inception) through August 31, 2000 | F-5 |
| Statement of Cash Flows for the period from January 11, 2000 (inception) through August 31, 2000 | F-6 |
| Notes to Financial Statements | F-7 |