



UNITED STATES OF AMERICA
SECURITIES AND EXCHANGE COMMISSION

ATTESTATION

I HEREBY ATTEST

that:

*Attached is a copy of an annual report on Form 10-K, for the
fiscal year ended December 31, 1989, received in this
Commission on April 16, 1990, under the name of Geostar
Corp., File No. 0-16868, pursuant to the provisions of the
Securities Exchange Act of 1934.*

on file in this Commission
September 18, 2012
(Date)

Curtis Francisco
Records Officer

It is hereby certified that the Secretary of the U.S. Securities and Exchange Commission, Washington, D.C., which Commission was created by the Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.) is official custodian of the records and files of said Commission, and all records and files created or established by the Federal Trade Commission pursuant to the provisions of the Securities Act of 1933 and transferred to this Commission in accordance with Section 210 of the Securities Exchange Act of 1934, and was such official custodian at the time of executing the above attestation, and that he/she, and persons holding the positions of Deputy Secretary, Assistant Director, Records Officer, Branch Chief of Records Management, and the Program Analyst for the Records Officer, or any one of them, are authorized to execute the above attestation.

For the Commission

Secretary



SEC 334 (10/07)

**Liberty Mutual
Exhibit 1005**

2369-90-20204

FORM 10-K

90 12 5678

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

REC'D S.E.C.

For the fiscal year ended December 31, 1989

APR 18 1990

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FEE 108

For the transition period from _____ to _____

Commission File No. 0-16868

GEOSTAR CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

22-2478651

(I.R.S. Employer Identification No.)

1001 22nd Street, N.W., Washington, D.C. 20037

(Address of principal executive offices) (Zip code)

Registrant's telephone number, including area code: (202) 887-0870

Securities registered pursuant to Section 12(b) of the Act:

Title of each class

Name of each exchange on which registered

None

None

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, par value \$.01 per share

(Title of Class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

There is no established public trading market for the Common Stock and accordingly, no aggregate market value of the Common Stock held by non-affiliates of the registrant can be accurately estimated.

The number of shares of Common Stock outstanding as of March 1, 1990 was 11,490,068.

TOTAL NUMBER OF PAGES: 250 EXHIBIT INDEX: PAGE NO. 74

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APR 19 1990

Bechtel Information Services
Gaithersburg, Maryland

PART IItem 1 - Business

Geostar Corporation (the "Company") operates a nationwide mobile positioning and two-way digital message satellite communications system which was being used as of March 1, 1990 by approximately seventy-five trucking companies and government agencies. As of that date, these customers transmitted approximately 65,000 messages per day through the Company's satellite transponders and computer-communications network. User terminals for the Company's current system are produced by Sony Corporation of America ("Sony"), Hughes Network Systems, Inc., a subsidiary of General Motors Corporation ("Hughes") and Kenwood Corporation ("Kenwood") and marketed principally by Sony and Hughes. The Company was incorporated in Delaware on February 18, 1983 to develop and operate a system (referred to herein as the "GEOSTAR System" or the "System") to provide radio determination satellite service ("RDSS"). RDSS means the determination of the position, velocity or other characteristics of an object, or the obtaining of information relating to these parameters, by means of the propagation properties of radio waves, including ancillary data communications. The Federal Communications Commission ("FCC") has permitted the Company to provide other data communications services as well so long as the primary purpose of the Company's satellites is RDSS. The GEOSTAR RDSS System will employ satellites in geostationary orbit, a ground station known as GEOSTAR Central and user terminals to determine and transmit the location and other data from a user terminal, which may be stationary or on a car, truck, boat, aircraft or railcar, or hand carried, and to provide two-way communications between user terminals or between a user terminal and a user's central control site.

In May 1989, the Company signed an Exclusive Patent License and Technology Transfer Agreement with a European company to establish a compatible RDSS system covering Europe, the Mediterranean, the Middle East and Africa. The shareholders of the European company approved an increase in its capitalization in March 1990 to enable that company to begin the development of its RDSS program. The Company currently has a 7.5% percent ownership interest in the European company and has the right to share in its revenues and designate a member of its Board of Directors.

In June 1989, a United States patent was issued to the Company covering a vehicle navigation system using two satellites and a digital terrain map. See "Patents."

In September 1989, the Company began commercial operation of its two-way System 2C mobile positioning and satellite

communications service. System 2C permits position determination and fully integrated two-way communications between mobile users and central control sites. See "Products and Services -- GEOSTAR Systems 2.0 and 2C (Phase 1)."

In October 1989, the GTE satellite carrying the Company's two L-band transponders, which was launched in September 1988, reached its proper orbital location. The satellite is operational and is estimated to have a life of up to five years. One transponder will provide coverage for the Caribbean basin, including Central America and northern South America, while the second transponder will provide back-up coverage for the continental United States.

In December 1989, the Company amended its satellite construction contract with General Electric Corporation, Astro Space Division ("GE Astro") to include the construction and delivery of two single beam satellites to precede the construction and delivery of the three multiple beam satellites originally contracted for. Once operational, these two single beam satellites and a digital terrain map will permit commencement of the Company's RDSS service. Subsequent to the signing of this agreement, the Company decided to defer construction of the satellites for at least one year. See "Products and Services -- GEOSTAR RDSS (Phase 2)."

The Company believes it can meet its financing requirements through the end of the second quarter of 1990 from revenues from operations and existing funds (assuming no repayment of existing indebtedness payable on demand) and is in the process of exploring and evaluating financing alternatives for operations subsequent to that date. There can be no assurance that the Company will be successful in obtaining such financing. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

The Company's operations are currently in one industry: position determination and mobile satellite communications.

Products and Services

The Company's revenues are generated from (i) contracts with agencies of the United States government; (ii) the licensing of the Company's technology to foreign entities when approved by the appropriate government agencies for export; (iii) the sale of software and hardware for use in connection with GEOSTAR System services; (iv) the provision of GEOSTAR System services; and (v) the provision of related technical services and equipment. The following are descriptions of systems currently being operated by

the Company and the status of systems being developed by the Company. The services provided by each system being developed or operated by the Company generally represent or will represent progressive enhancements to position determination capabilities, message transfer or other capabilities or capacity over services currently being offered.

GEOSTAR Systems 2.0 and 2C (Phase 1). In March 1988, the Company's primary and back-up L-band transponders for its System 2.0 were successfully placed in orbit aboard the GTE satellite, Spacenet 3R. System 2.0, which commenced commercial operation in July 1988, provides position information and one-way messaging consisting of up to 100 characters per transmission from mobile users located anywhere in the continental United States through one of the Company's L-band transponders to the Company's central computer facility ("GEOSTAR Central") (inbound) for transmission to the user's central control site.

GEOSTAR System 2C service, which is the Company's nationwide satellite-based, positioning and two-way message service, commenced operations in September 1989. As in System 2.0, positioning and message data are transmitted to GEOSTAR Central through one of the L-band transponders (inbound). In contrast to System 2.0, the System 2C terminals, through an additional omnidirectional antenna connected to a receiver unit, receive digital messages from GEOSTAR Central (outbound) which have been transmitted through a relay station and a C-band transponder on board an existing satellite. Those messages, which are addressed to each user individually through a unique identification code, can be communicated to the mobile user and can be printed or shown on a liquid crystal display unit. The primary L-band and C-band transponders being used by the Company are both located on the Spacenet 3R satellite. The Company owns the C-band transponder on Spacenet 3R. The Company also leases a back-up C-band transponder aboard another satellite.

Position information in Systems 2.0 and 2C is obtained through the use of Loran-C units which provide position information to an accuracy that varies from one-sixteenth of a mile to one mile. Position information could also be obtained through Global Positioning System ("GPS") units, which the Company's licensed manufacturers may offer for sale when the GPS System is operational, which is expected to occur by the end of 1991. See "Competition." Processed information can be sent from GEOSTAR Central to the users' central control sites by conventional dial-up telephones, very small aperture terminals ("VSAT") satellite dishes or public data networks. Personnel at the customer's central control sites, using personal computers or an integrated computer system and software developed by third parties in association with the Company or its vendors, locate their vehicles on maps which provide various levels of detail (nationwide,

quadrant or local) that may be selected by the user, and read messages from each vehicle on the computer screen.

Although System 2.0 one-way service remains available for customers of the Company, most existing accounts are being converted to, and new orders are generally for, the two-way capability of System 2C. The Company has licensed Sony, Hughes and Kenwood to manufacture user terminals for GEOSTAR System 2C. Systems 2.0 and 2C service, hardware and software revenues accounted for approximately 34% and 22% of the Company's revenues in 1989 and 1988, respectively.

The Company's second and third L-band transponders, one of which will provide coverage for the Caribbean basin, including Central America and northern South America, were launched on September 8, 1988 aboard another GTE satellite. When the satellite failed to reach its proper orbit as a result of a malfunction, the on-board fuel normally used to keep a satellite in its proper orbit was used to boost the satellite into geosynchronous orbit. Although the useful life of the satellite was reduced from the normal life of ten years to approximately five years by this procedure, the satellite was placed in geosynchronous orbit, and the transponders are operational. Because of the launch malfunction and the resulting reduced satellite life, the Company filed a constructive total loss insurance claim relating to the two transponders and, in March 1989, received insurance proceeds of \$5 million, \$1.75 million of which was used to repay certain obligations. As a result, the insurance carriers are entitled to 50% of any revenues (net of all costs associated with the operation of such transponders) generated by the Company from the use of the transponders. The Company is not currently providing commercial service through the transponders, but is using them for testing and back-up. The Company expects to provide commercial service through one of the transponders to the Caribbean basin in 1990.

Elements of risk related to the GEOSTAR System, as well as other satellite-based systems, include the possibility of significant delays in the launch of satellites, the possibility that the launch of a satellite may fail and the possibility that one or more transponders or satellites may cease to operate or may not operate according to specifications once in orbit, with no possibility of repair.

GEOSTAR RDSS (Phase 2). GEOSTAR RDSS (also known as System 3.0) will be a complete two-way service capable of providing precise position information and two-way transfer of messages (consisting of up to 110 characters per transmission) between low cost, miniaturized, portable user terminals. Rather than relying on external sources such as Loran-C or GPS, RDSS position information will be determined through triangulation (or

bilaterization with a digital terrain map) calculations utilizing the times of arrival of radio signals received from the Company's satellites and satellite transponders. System 3.0 can operate utilizing at least one satellite operated entirely by the Company (a "dedicated satellite") and the Company's existing transponders. System 3.0 would provide more precise positioning, higher transmission speeds, miniaturization of user terminals and greater system capacity than Systems 2.0 and 2C. One single beam satellite has the capacity to serve 500,000 user terminals, provided that GEOSTAR Central has sufficient capacity. The Company plans to increase the capacity of GEOSTAR Central as required to meet customer demand.

In December 1989, the Company amended its satellite construction contract with GE Astro to provide for the construction and delivery of two single beam dedicated satellites by GE Astro at an aggregate cost of \$86,575,000. The construction of the single beam satellites would precede that of the three multiple beam satellites originally contracted for. The amended agreement calls for monthly progress payments in varying amounts to be paid during the construction period. The amended agreement also calls for a decrease in the cost of the multi-beam satellites from \$161,575,000 to \$155,000,000. If the delivery of the satellites by GE Astro or the launch of the satellites is delayed, the Company can postpone for specified periods certain payments to GE Astro, depending on the reason for and the length of the delay. The Company is currently negotiating an arrangement with GE Astro which would allow the Company to defer construction of the satellites for at least one year. See "Regulatory and Governmental Matters."

The Company's contract with the National Aeronautics and Space Administration ("NASA") for the launch of dedicated satellites provides for the deferral of payment of the launch costs of those satellites. Such payments will be made over a five year period beginning two years after launch with the final payment being made in the sixth year after launch. The contract provides that such deferred launch costs shall have that priority equal to at least the highest priority among unsecured creditors. The amount of such launch costs will equal NASA's price at the date of launch (the Company estimates that NASA's current price is approximately \$36 million per launch). In addition to these costs, the Company would be required to purchase an upper stage vehicle to boost the satellite into geosynchronous orbit, the cost of which is currently estimated at \$13 million. That amount is not included in the NASA financing.

The Company is presently negotiating with NASA to substitute a dual launch, consisting of two single beam satellites, in place of the first of the three single launches of multiple beam satellites provided for in the original contract. The

Company is negotiating a similar substitution for the second launch. The Company is also currently negotiating with NASA to reschedule the launches for the last quarter of 1993, 1994 and 1995.

There can be no assurance that the Company will be able to reschedule its launches or that the launches will occur on their scheduled dates. Launch failures, satellite operation failures, or significant delays in the construction or launches of the Company's satellites or satellite capacity would have a material adverse impact on the Company's revenues from GEOSTAR RDSS.

The Company has licensed Sony and a joint venture consisting of Hughes and Kenwood to develop, manufacture and sell user terminals for GEOSTAR RDSS. The Company has entered into a contract with the United States Government for the development of miniaturized user terminals for GEOSTAR RDSS. That work has been subcontracted principally to another manufacturer. That subcontractor is developing a hand-held RDSS user terminal which would be less than 6 inches long and weigh approximately 22 ounces. Portions of the communications capabilities of a prototype of that user terminal have been successfully tested through the Company's satellite transponders. Additional testing is scheduled.

International RDSS. The Company has had discussions with various entities and countries throughout the world concerning future implementation on a global basis of RDSS with GEOSTAR-compatible technology. The Company intends to coordinate the operation of a network of compatible regional RDSS systems, owned or licensed by the Company, that would require a minimum of six orbital transponders or satellites and three central ground stations. During 1988, the Company and various governmental and commercial entities from Western Europe formed a European company, Locstar, S.A. ("Locstar"), to establish a compatible RDSS system covering the area consisting of Europe, the Mediterranean, the Middle East and Africa. The Company acquired an initial 11.5% ownership interest in Locstar for approximately \$1,176,000 entitling it to a share in Locstar's gross RDSS revenues, received a preemptive right as to subsequent stock offerings to increase its ownership interest to up to 15% and nominated one director to serve on the Board of Directors of Locstar. In December 1989, the shareholders of Locstar approved a proposal to double its contributed capital. The Company participated in this offering and reached agreement with Locstar to maintain the Company's share in Locstar's RDSS revenues and the Company's Board seat with a 7.5% ownership interest. Locstar and the Company signed an Exclusive Patent License and Technology Transfer Agreement and a Technical Services Agreement in May 1989 which provides for payments to the Company in the amount of 6.745 million European Currency Units (equal to approximately \$8,070,000 at

March 1, 1990) payable over several years upon the occurrence of certain events or the achievement of certain GEOSTAR System performance milestones. In 1989, the Company accrued revenues of approximately \$3,350,000 pursuant to these agreements which accounted for approximately 31% of the Company's total revenues for the year.

The Company and the Australian Telecommunications Commission ("Telecom") executed a Memorandum of Understanding in March 1989 for the license of the Company's RDSS technology and the assignment of the Company's Australian patent rights to Telecom. As part of the proposed agreement, the Company and Telecom would form a joint venture to pursue further RDSS technology agreements in Australia and Asia, excluding Japan. The Company has also entered into discussions with a major Japanese company, with the goal of creating a Geostar Japan and with a major Spanish company, with the goal of creating a Geostar Latin America.

GEOSTAR DLMSS (Phase 3). The Company's wholly-owned subsidiary Geostar Messaging Corporation ("GMC") has requested the FCC to allocate frequencies for a Digital Land Mobile Satellite Service ("DLMSS"), which would include voice, facsimile and volume data transmission capabilities. In February 1990, the FCC issued a notice of proposed rulemaking for the allocation of frequencies for mobile satellite service (of which DLMSS is a subset). If the FCC allocates those frequencies, GMC would seek a license to launch and operate satellites providing DLMSS. A DLMSS system would provide two-way digital communications services to a wide variety of users who would be equipped with mobile or portable (brief case type) terminals which would communicate via the satellite with their home office, a host computer, or another mobile terminal.

Products. The Company expects that the user terminals for the GEOSTAR System will be sold principally by its licensed manufacturers. However, the Company has, subject to the satisfaction of certain production and performance conditions, guaranteed the sale of 5,000 user terminals for use in connection with System 2C by December 30, 1990 by one manufacturer and the sale of 5,000 System 2C receiver units by December 31, 1991 by another manufacturer. As of January 1990, the Company and its licensed manufacturers have installed approximately 1,500 user terminals. As of January 31, 1990, the Company and its manufacturers have contracts for the installation of approximately 7,000 additional user terminals. The Company believes that the majority of this backlog of orders for user terminals will be filled during 1990. Although this unit backlog represents future users of GEOSTAR System services, no dollar amount of service revenues for the Company can be attributed to those units since they are being sold by the Company's licensed manufacturers. The Company

believed that the backlog of orders as of January 31, 1989 was not firm because the orders were subject to successful two-way testing of the terminals.

The Company licenses software that has been developed for it by independent software writers specifically for use in connection with current GEOSTAR System services. The software consists of a United States Highway System map and communications and database software. The Company will also license similar software for System 3.0 service.

Government Contract. In 1986, the Company entered into a contract with the United States Customs Service (the "Customs Service") to develop and sell to the government miniaturized electronic tag devices (user terminals) which would determine and report position and provide two-way communications in the western hemisphere through GEOSTAR RDSS. The total contract price is approximately \$21 million, of which approximately \$19.2 million has been allocated for expenditure. As of March 1, 1990, the Company had billed the Customs Service \$15.9 million pursuant to that contract. The government has the right to terminate the contract at any time, subject to payment of all costs incurred to the date of termination plus profits, and the program remains at all times subject to the current availability of government funding. The Company's contract with the Customs Service is not subject to renegotiation of profits except with the consent of the Company. Revenues from this contract accounted for 34% of the Company's revenues in 1989, 78% of the Company's revenues in 1988 and 96% of its revenues in 1987. Under the contract, the government has an option to purchase up to 20,000 of the tag devices at a price to be negotiated. The Company, as prime contractor, has subcontracted the development of these devices, which are proposed to be manufactured in a hand-held size. See "GEOSTAR RDSS."

Markets

The primary market for GEOSTAR System 2C service is in the management of mobile assets. System 2C (Phase 1) service is targeted for the "heavy" commercial transportation markets, such as the trucking, aviation, rail and maritime markets. The Company believes that GEOSTAR RDSS (Phase 2) will be useful in additional transportation markets, such as private fleets, rental and "light" trucking, specialized and conventional trailers, and specialized railcars. In addition, the Company believes that additional markets for GEOSTAR RDSS include: control of field operations; transaction services; fixed site and mobile remote monitoring and control of equipment; business communications; and government communications, command and control services.

The Company believes that the GEOSTAR System enables commercial fleet owners to increase asset utilization, reduce deadhead miles, shorten billing cycles, improve just-in-time deliveries, enhance security, lower insurance premiums, reduce communications costs, perform real-time operations and maintenance monitoring, scheduling, and controlling to achieve more efficient operations and reduce operating costs. Most of the Company's current customers are long distance trucking companies.

The Company believes a market exists in the construction, civil engineering, utility, agriculture and natural resources industries for GEOSTAR System services because its real-time location and status reporting, operations monitoring and control, scheduling, emergency assistance and data base queries will result in more efficient field operations.

The Company believes a market exists in the insurance, financial and retail industries for GEOSTAR System services because its real-time nationwide mobile processing of insurance claims, point-of-sales, credit verification, and funds transfer transactions will reduce financial and information float decision delays.

The Company believes that a market exists in the oil and gas, utility, terrestrial communications, security, weather, environmental and traffic control industries for the GEOSTAR System as the core of nationwide mobile and remote fixed site communications, command and control networks. It will allow for economic increases in equipment population, monitoring and control, reduce operations and maintenance costs and achieve improved equipment and system reliability and performance.

The Company believes that a market exists for professional people and industries with nationwide mobile marketing, sales or field service staff. In these situations, the GEOSTAR System could be used as a nationwide support for electronic data interchange (EDI) central data base queries, ordering, scheduling, status reporting and invoicing. The GEOSTAR System can reduce information float decision delays resulting from unavailable data. It will also provide mobile business professionals and staff access to central mainframe computing power and data bases much in the same way that office local area networks tie individual offices into a company's central computer facility. More efficient business communications will cut operating costs, improve customer service and offer users a competitive edge.

The Company believes that an application exists for GEOSTAR RDSS for precision navigation, collision avoidance, precision landing approach and operational communications services for aircraft. For the past several years, the Company has been working with the Radio Technical Committee for Aeronautics, which

established a special committee to set the standards for the aviation applications of radio determination satellite service.

Distribution

In July 1989, the Company implemented a system integration marketing program whereby Sony, Hughes and value-added resellers sell hardware, software and GEOSTAR System services, and provide installation and repair support, directly to end user customers. Sony and Hughes have established sales, installation and service centers across the United States. This marketing strategy does not preclude the Company from selling directly to end user customers through the sales efforts of its own staff. The Company has agreements with Railstar Control Technology Incorporated ("Railstar"), a subsidiary of the New England-based railroad, Guilford Transportation Industries, Inc., which grant Railstar the exclusive right to develop and market applications of the GEOSTAR System to the fixed route transportation ("FRT") market (which consists primarily of rail transportation). In addition, Railstar has the right to distribute GEOSTAR System services on a non-exclusive basis outside the FRT market. The Company and Railstar are currently negotiating a distribution agreement in connection with the non-FRT market. See "Legal Proceedings."

In general, a customer must pay for products or services provided by the Company within 30 days of the date of invoice.

The Company, which is primarily responsible for sales to government agencies, plans to meet the unique requirements of the various government submarkets with tailored systems installed and maintained under contract between the Company or its licensed manufacturers and the government agency involved. The standard GEOSTAR System will be sold to government agencies through the Company's licensed manufacturers or distributors. The Company plans to bid for future government contracts as the prime contractor using as subcontractors the aerospace and telecommunications firms currently working on the GEOSTAR System.

Competition

The competition which the Company believes it faces or will face for the services provided by the GEOSTAR System can be divided into three major categories -- combined communications and positioning systems; communication systems; and mobile

positioning systems. Some of the Company's existing and potential competitors are substantially larger and have far greater financial, marketing and technological resources than the Company.

Combined Systems. One competitor is operating commercially a positioning and two-way communications system which received FCC approval on a secondary, non-interference basis (the competitor's system must stop operations if it interferes with VSAT users) in February 1989. That system uses leased satellite transponders on existing satellites to provide two-way communication between mobile users utilizing rotating antennas. That system determines the position of the mobile user by using Loran-C, but recently proposed to determine position information by relaying signals to and from transponders on two satellites and multiple fixed sites on the ground. While the user terminals and other hardware for the GEOSTAR and this competitor's system are similarly priced, the Company believes that its charges for similar message transmissions are lower than the competitor's and that the Company's omnidirectional antenna affords less transmission delay than the competitor's rotating antenna which must first locate and fix onto the satellite. In addition, the Company believes that, as a result of a much higher bit rate, customers of System 2C can send more data in a given time period from mobile terminals to GEOSTAR Central than customers of the competitor's system can from the competitor's mobile terminals to its hub. Although the competitor's recently proposed positioning system purports to be more accurate than the Loran-C positioning used by the competitor's existing system and by System 2C, the Company believes that, once developed and operational, GEOSTAR RDSS will provide radio determination service with more accuracy (less than 50 meters) and less transmission delay than the competitor's system and will utilize miniaturized mobile user terminals.

In addition to the Company, three other companies had been granted licenses by the FCC to provide RDSS, which were subsequently returned to the FCC. However, any company can apply or reapply to the FCC for an RDSS license, subject to FCC approval procedures.

Another company has proposed to link its specialized terrestrial radio services into a controlled network serving major metropolitan and industrial areas as well as the interstate highway system. The service would combine existing product lines (voice, facsimile, data and positioning) to create regional and national mobile communication coverage targeted at the transportation market. The product distribution and service will be handled through that company's large dealer network and national account force. The Company believes that the large numbers of interconnections required to integrate the varied

equipment for national coverage will be inherently less reliable and more expensive than the Company's satellites. In addition, that technology will not be globally compatible.

There are several other companies which are offering or may soon offer combined systems employing meteor burst communications to transmit message and position information. These companies generally obtain position information using the Loran-C network. Meteor burst communications, which do not utilize satellites, involve the reflection of radio signals off of the ion trails of burning meteors as they enter the earth's atmosphere. The Company believes that meteor burst communications are more limited in range, are subject to time delays to transmit data and are not as reliable as satellite-based systems, such as the GEOSTAR System.

Communications Systems. A consortium of eight companies was licensed by the FCC in May 1989 to provide voice oriented land mobile satellite service ("LMSS"). The consortium intends to provide conventional channelized communications, primarily for voice service but with data capability, through satellites. The Company believes that the consortium intends to provide position information using Loran-C. The Company also believes that the consortium will utilize leased capacity on an existing satellite in order to commence limited operations for data communications in 1990 and is planning to build a dedicated satellite for launch in 1994. The services proposed to be provided by LMSS will be similar to the services provided by cellular telephone. The Company believes that the consortium has entered into arrangements with one company for the manufacture of user terminals and another company for the distribution of the product and service. The Company believes that LMSS will be expensive (with the system cost estimated to be in excess of \$700 million) and will require more expensive user terminals and will only be able to serve a relatively small subscriber base (thousands to tens of thousands), thereby causing this service to be more expensive than that of the Company's RDSS, which is expected to serve a larger subscriber base.

Cellular telephone and other terrestrial radio systems provide mobile communications capability; however, these services are currently limited to urban areas and are believed to be significantly more expensive than the cost of GEOSTAR System 2C service or the expected cost of GEOSTAR RDSS. Cellular service is also complementary to the GEOSTAR System because cellular users could utilize GEOSTAR System capabilities to locate "roamers," and to control operating charges by limiting cellular use to only those instances when prolonged voice communication is necessary.

Paging systems, including nationwide paging systems, provide a competing means of communicating information to mobile

units in local area; however, they lack three GEOSTAR System features: mobile-to-headquarters transmission capability; nationwide coverage; and position determination or reporting capability.

An international organization owned by companies and governmental entities from approximately 55 countries that operates a maritime mobile communications system has amended its charter to allow it to provide a land mobile message transfer system similar to that which would be provided by the Company's DLMSS. That organization would be required to obtain regulatory approval before its system could be used to provide land mobile services within the United States. To the best of the Company's knowledge, any such use of that system for land mobile services within the United States will be limited to interim operations until satellites operated by United States companies could be launched.

Mobile Positioning Systems. There are several types of mobile positioning systems now operating, some of which serve locally based vehicle fleets while others serve long distance transportation fleets.

Positioning information for local fleets may be provided by self-contained dead-reckoning devices that use systems on board the vehicle to calculate position without reliance on exterior radio signals. Several companies offer such systems. Positioning information for local fleets can also be provided using special receivers that pick up Loran-C radio signals. Loran-C signals provide relatively low-precision navigational information over most of the area of the continental United States and are used extensively for marine and aeronautical navigation. These signals are provided free of charge and can be decoded by equipment that must be purchased. The Company is currently using Loran-C receivers as part of its user terminals for GEOSTAR System 2.0 and 2C. Loran-C based vehicle location systems are presently offered by several companies. However, the dead reckoning and Loran-C based positioning systems both provide the positioning information only to the particular vehicle in which the equipment is located. Some other means must be utilized to transmit that information to the vehicle's central fleet headquarters.

Another satellite-based positioning system, GPS, will eventually provide navigational service to governmental and civilian users. GPS is expected to be available on a worldwide continuous two-dimensional (latitude and longitude) basis by the end of 1991 and a three dimensional basis (latitude, longitude and altitude) basis by the end of 1993. Like Loran-C, GPS service will be free, although the user will still have to purchase GPS receiving equipment. GPS only provides its information to

the user terminal. The Company believes that the primary advantages of the GEOSTAR System over GPS are (i) the GEOSTAR System's different architecture which eliminates ionospheric and certain other sources of positioning errors; (ii) the location of the data base in GEOSTAR Central computers, so that updates can be made at one site rather than having to be made in the field at all user terminals; and (iii) the GEOSTAR System's ability to communicate position information to a central control site and to communicate digital messages to and from users. GPS is complementary with the GEOSTAR System because the GEOSTAR System is an inexpensive way to transmit GPS coordinates to control centers. The Company anticipates that user terminals for System 2C will be produced incorporating GPS units when that service is available.

Regulatory and Governmental Matters

The field of satellite-based navigation and position reporting is subject generally to federal regulation by the FCC and international regulation by the International Telecommunications Union (the "ITU"), an international body of 160 countries which develops international telecommunications standards. Moreover, provision of GEOSTAR System services to certain markets will require additional government approvals.

GTE is licensed to operate through 1999 the transponders used by the Company for System 2.0 and System 2C. The Company has contracted with GTE to use these transponders and is presently licensed by the FCC to operate 50,000 mobile terminals through these transponders. The number of mobile terminals authorized may be increased by application to the FCC.

In 1986, the FCC also licensed the Company to launch dedicated satellites and to use specific frequencies with a 33 megahertz width allocated to provide RDSS on a primary basis. The terms of the Company's RDSS license required that the Company begin construction of the first satellite by August 1987 and the remaining satellites by August 1988, launch the first satellite by March 1992, and have the system operational by August 1993. The Company has met the deadlines for commencing construction of the required satellites for the system. Because of the Company's plans for construction of its satellites and the estimated launch dates of the Company's satellites, the Company is currently negotiating with the FCC to obtain the necessary extensions for the other deadlines.

In October 1987, the ITU granted a worldwide allocation of frequencies for RDSS in the same frequency bands licensed to the Company by the FCC. That allocation is on a primary basis (co-equal status with existing users) in the Western Hemisphere

and on either a primary or secondary basis in Europe, Africa and Asia. In order to operate an RDSS system outside of the United States, the Company will be required to obtain approval from regulatory agencies of the countries in which the system is to operate. The Company has received a license from the FCC to operate in maritime areas of the Caribbean basin and has filed an application for authority to operate throughout North and South America.

In June 1988, Geostar Messaging Corporation petitioned the FCC to allocate frequencies for DLMSS using a 33 megahertz width L-band frequency (different from that assigned to the eight company consortium for voice oriented LMSS) and applied to the FCC for a license to launch and operate satellites providing DLMSS. In February 1990, the FCC issued a notice of proposed rulemaking to allocate frequency bands for mobile satellite service (of which DLMSS is a subset).

Patents

In November 1982, a United States patent was issued to Dr. Gerard O'Neill, the Founder of the Company, covering a satellite-based position determining system, its method of operation, and the design of the user-carried terminals that are tracked by the system; this patent expires in 1999. In November 1984, the Company purchased from Dr. O'Neill that patent and all rights and technology owned by Dr. O'Neill relating to the GEOSTAR System. In June 1989, a United States patent was issued to the Company covering a low-cost vehicle navigation system using two satellites and a digital terrain map. This patent expires in 2006 and is pending worldwide. The Company owns or has applied for a number of United States and foreign patents relating to various aspects of GEOSTAR RDSS. The Company considers its patent protection important for its business.

The Company has licensed its patents to its manufacturers in the United States and to Locstar, the European company licensed to operate an RDSS system in ITU Region 1.

Research and Technology Development

The Company has conducted various research and development work relating to the implementation of the GEOSTAR System. The Company's current research and development programs relate to improvements to the user terminals and GEOSTAR Central for System 2.0 and System 2C service and development of the user terminals, GEOSTAR Central and spacecraft segment needed for GEOSTAR RDSS. The Company coordinates and monitors the development work being

conducted by the various third parties with which it has contracted for certain portions of that work.

During 1989, 1988 and 1987, the Company spent approximately \$1,001,000, \$2,462,000 and \$1,166,000, respectively, on Company sponsored research and development, which included development of various components of the GEOSTAR System. During 1989, 1988 and 1987, approximately \$3,241,000, \$6,773,000 and \$3,467,000, respectively, was spent on customer-sponsored research and development primarily for the development of miniaturized user terminals. That work has been performed by subcontractors of the Company.

Employees

As of March 1, 1990, the Company had a total of 67 full-time employees, none of whom is represented by a union.

Item 2 - Properties

The Company's executive offices and GEOSTAR Central are located in an office building at 1001 22nd Street, N.W., Washington, D.C. The Company has five leases covering approximately 29,000 square feet of space at that address. The annual rental for that space is approximately \$850,000 (subject to annual adjustment). Four of those leases have an expiration date of August 31, 1992, with three containing an option to renew for five years. The fifth lease expires on August 31, 1993. The Company is currently exploring the possibility of relocating the Company's executive offices and GEOSTAR Central to a location in the suburbs of Washington, D.C.

Research and development activities by or on behalf of the Company are conducted at GEOSTAR Central and at the facilities of the various third parties with which the Company has contracted for such research and development work. The Company considers these facilities currently adequate for such purposes.

Item 3 - Legal Proceedings

On September 18, 1989, Railstar brought an action against the Company in Superior Court for Hillsborough County, New Hampshire seeking injunctive relief, declaratory relief and money damages in connection with a dispute between Railstar and the Company over the terms of a series of agreements between the two companies. Timothy Mellon, a director of Railstar and the

principal stockholder and chairman of the board of Railstar's parent, is a former director of the Company and is the beneficial owner of more than five percent of the Company's outstanding shares of Common Stock. On September 20, 1989, the Company began a similar action against Railstar in the Superior Court of the District of Columbia, which was subsequently stayed pending resolution of the New Hampshire action. Following the issuance of such stay, the Company filed a counterclaim against Railstar in the New Hampshire action incorporating the claims that it made against Railstar in the District of Columbia action. The issues in dispute related to the terms of certain agreements entered into by Railstar and the Company on May 2, 1985 (the "1985 Agreements") which granted Railstar exclusive rights to develop applications of and market the GEOSTAR System to the FRT market, and a National Service Subscription Agreement entered into by Railstar and the Company in October 1986 (the "NSA").

The dispute between the Company and Railstar related to the interpretation of certain contractual provisions of the NSA and the 1985 Agreements, the effectiveness of the Company's termination of the NSA and Railstar's right to sell GEOSTAR System services to non-FRT markets.

The Company and Railstar entered into a Stipulated Order on February 2, 1990 which terminated this litigation with prejudice and provided that: (i) the 1985 Agreements remained in effect; (ii) the NSA was terminated subject to a series of provisions relating to user terminals in service as of the date of the Stipulated Order; (iii) the Company and Railstar agreed to divide certain monetary amounts that were in dispute between Railstar and the Company; (iv) Railstar was granted a non-exclusive right to purchase, market and sell GEOSTAR System service in North America in any market other than the FRT market (for which Railstar has an exclusive license) and the air-to-ground radio telephone business, and the parties agreed to enter into a distribution agreement covering Railstar's sale of such service within 60 days of the Stipulated Order; and (v) the New Hampshire and District of Columbia actions were dismissed with prejudice. The Company and Railstar are presently negotiating a distribution agreement.

The Company's management is not aware of any pending legal proceeding which would have a material adverse effect on the operations of the Company.

Item 4 - Submission of Matters to a Vote of Security Holders

No matters were submitted to a vote of security holders during the quarter ended December 31, 1989.

PART IIItem 5 - Market for Registrant's Common Equity and Related Stockholder Matters

There is no established public trading market for the Common Stock of the Company. The Common Stock is not quoted on any inter-dealer or other recognized quotation system. Trades of the Company's Common Stock consist of isolated private sales by stockholders. As of March 1, 1990, there were approximately 848 holders of record of the outstanding Common Stock of the Company.

The Company has not declared or paid any cash dividends on its Common Stock. Certain of the Company's convertible debentures prohibit the payment of a dividend if the Company has defaulted on any interest or principal payment on such debentures. In connection with the Company's bridge financing completed in December 1989, the Company agreed not to pay any dividends prior to the repayment of the financing.

Item 6 - Financial InformationSelected Financial Data

The following table has been derived from the consolidated financial statements of the Company, which have been audited by KPMG Peat Marwick, independent certified public accountants. Their report thereon contains explanatory paragraphs regarding the Company's ability to continue as a going concern, deferral of a satellite construction contract and a change in accounting policy. The consolidated financial statements as of December 31, 1989, 1988 and 1987, related notes and the auditors' report thereon (the "Financial Statements") are included in Item 14. The following selected financial data should be read in conjunction with the Financial Statements. The selected financial data presented below are not covered by the auditors' report.

	Years Ended December 31,				
	1989	1988	1987	1986	1985
Statement of Operations Data:					
Revenues	\$10,667,140	\$10,041,279	\$ 4,144,614	\$ 120,464	\$ -
Operating Expenses					
Direct Costs	5,780,663	8,187,083	3,486,473	109,093	-
Space and Ground Segment Operating Expenses	2,675,935	999,813	127,981	-	-
Selling, General and Administrative Expenses	6,871,334	5,190,766	2,935,832	5,142,376	2,031,736
Depreciation and Amortization	1,631,935	536,206	296,908	217,296	147,303
Research and Development Costs	1,000,696	2,461,824	1,165,613	248,025	1,019,535
Total Operating Expenses	17,960,563	17,375,692	8,012,807	5,716,790	3,198,574
Loss from Operations	7,293,423	7,334,413	3,868,193	5,596,326	3,198,574
Interest Expense, Net	3,658,570	2,188,039	989,550	1,387,718	66,437
Nonoperating Losses	563,065	5,149,769	-	12,948,915	-
Interest and Other Income	986,594	879,534	392,213	484,919	30,223
Loss Before Cumulative Effect of a Change in Accounting Principle	10,528,464	13,792,687	4,465,530	19,448,040	3,234,788
Cumulative Effect of a Change in Accounting Principle(1)	-	-	1,016,900	-	-
Net Loss(1)	10,528,464	13,792,687	3,448,630	19,448,040	3,234,788
Loss Per Common Share(1)	.92	1.44	.48	3.09	.66
Balance Sheet Data:					
Working Capital (Deficit)	(7,677,905)	11,634,074	(4,952,534)	4,742,545	(675,946)
Total Assets	78,226,708	75,473,223	33,379,143	24,432,942	9,316,314
Long-term Obligations	46,484,072	44,178,161	26,023,775	25,798,195	1,361,513
Shareholders' Equity (Deficit)(2)	12,955,087	21,057,362	(895,913)	(4,639,888)	6,089,095

(1) During 1987, the Company began to capitalize costs of internal labor and related overhead expenses in connection with the construction of the GEOSTAR System. If this change in accounting principle had been applied retroactively, the net loss and loss per common share for 1987 and 1986 would have been \$4,465,530 and \$.62 and \$18,431,140 and \$2.93, respectively. See note 20 of the notes to the Company's Financial Statements.

(2) The Company has not declared any dividends on its Common Stock since its inception.

Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations. Revenues increased to \$10,667,140 in 1989 from \$10,041,279 in 1988 and \$4,144,614 in 1987. The net increase in 1989 revenues is due to (1) an increase of 190% in 1989 service revenues over 1988 resulting from increased subscribership, (2) an increase of 31% in sales of hardware and software by the Company, (3) international technology licensing revenues of \$3,348,442 resulting from the achievement of milestones relating to the Locstar contracts which were signed in 1989 and (4) an offsetting decrease in government contract revenues of 53% due to reduced activity under the government contract as a result of the completion of certain phases of the contract. Commercial revenues as a percentage of total revenues increased to 66% in 1989 as compared with 22% in 1988.

The increase in 1988 revenues from 1987 revenues is due to the beginning of commercial operations of System 2.0 in June 1988 and increased activity under one of the Company's contracts with the United States government. Commercial revenues as a percentage of total revenues increased to 22% in 1988 as compared with 4% in 1987. The Company had no material revenues prior to 1987.

Direct contract costs and software and hardware costs ("direct costs") represent subcontract costs under the government contract and the international technology licensing contracts and the cost of hardware and software sold. Direct costs were \$5,780,663 in 1989 as compared to \$8,187,083 in 1988 and \$3,486,473 in 1987. Such costs as a percentage of total revenues decreased to 54% in 1989 from 82% in 1988 and 84% in 1987. The percentage decrease in such costs in 1989 is attributable to the increase in service revenues which carries no direct contract costs and the international technology licensing contracts which bear little direct contract costs. The direct costs increased in 1988 compared with 1987 as a result of increased activity under the Customs Service contract and the costs associated with the increased hardware and software revenues. However, such costs decreased slightly in 1988 as a percentage of revenues due to the addition of System 2.0 revenues for which there are no direct costs.

Space and ground segment operating costs increased to \$2,675,935 in 1989 from \$999,813 in 1988 and \$127,981 in 1987. The increases are due primarily to increased lease expenses for satellite transponder services and in-orbit insurance costs which began upon commercial operation of System 2.0 in 1988 and System 2C in 1989. In addition, in 1989 the Company contracted for

additional space and ground segment components which provide for additional system redundancy.

Selling, general and administrative expenses increased to \$6,871,334 in 1989 from \$5,190,766 in 1988 and \$2,935,832 in 1987. The increases in such expenses are due primarily to increased marketing and advertising, increased facilities rent, increased legal fees and increased personnel-related costs.

Research and development costs decreased to \$1,000,696 in 1989 from \$2,461,824 in 1988 and \$1,165,613 in 1987. The increase from 1987 to 1988 is due primarily to System 2.0 software and hardware development costs. Development costs during 1988 and 1989 relate primarily to development of the two-way communications hardware and additional user headquarter software.

Interest expense increased to \$3,658,570 in 1989 from \$2,188,039 in 1988 and \$989,550 in 1987. The increase from 1988 to 1989 is due to an increase in capital lease obligations, the purchase of a transponder which is being financed by the seller, an increase in interest relating to space segment obligations, and interest related to an aggregate of \$12.1 million of loans received and deferred payments committed to in November and December 1989 of which \$9,975,500 was outstanding at December 31, 1989. The increase in interest expense from 1987 to 1988 was due to increased commercial bank borrowing and an increase in the amount of space segment obligations and decreased capitalization of interest resulting from commencement of operation in 1988 of the Company's primary and back-up RDSS transponders.

In December 1988, the Company and one of its launch providers agreed to terminate two launch service agreements resulting in the Company expensing deposits (which may be taken into account in the event the Company uses that launch provider in the future) and capitalized interest totalling \$1,304,405. In addition, the Company expensed \$3,108,173 resulting from the malfunction of the satellite carrying the Company's back-up L-band transponders and also expensed additional capitalized costs related to the GEOSTAR System amounting to \$737,191. These amounts were included in nonoperating losses in 1988.

The Financial Accounting Standards Board has issued Statement of Financial Accounting Standards No. 96, Accounting for Income Taxes, effective for fiscal years beginning after December 15, 1991. The Company expects to implement Statement No. 96 in 1992. The Company does not anticipate any adverse impact from implementation of this pronouncement.

Liquidity and Capital Resources. In December 1989, the Company completed a financing transaction in which it obtained loans and commitments to defer payments aggregating \$12,100,000

from various entities with which it does business and certain of its stockholders, including members of the Board of Directors or their affiliates. The loans and amounts deferred bear interest at a rate equal to 1% over the prime rate and are secured by certain of the Company's assets. Purchasers of promissory notes with a maturity date of January 15, 1991 aggregating \$1,100,000 received warrants to purchase 27,500 shares of the Company's Common Stock at \$8.00 per share. Loans and deferrals aggregating \$10,000,000 for which no warrants were issued and which had an original maturity date of March 31, 1990 are currently payable upon the demand of the lender. Another promissory note for \$1,000,000 with an original maturity date of March 31, 1990 has been extended to June 30, 1990.

The Company will continue to incur significant payment obligations for launch costs and transponder lease payments for its RDSS transponders (see notes 11 and 13 of the notes to the Company's Financial Statements), as well as for the completion of GEOSTAR Central for System 3.0. Furthermore, the Company currently has outstanding convertible subordinated debentures in the principal amount of \$14,420,000; \$2,820,000 of which matures in 1991 and \$11,600,000 of which matures in 1996. In January 1989, \$650,000 of convertible subordinated debentures outstanding at December 31, 1988 were converted into Common Stock. See note 12 of the notes to the Company's Financial Statements.

The Company's contract for the construction of dedicated satellites requires substantial payments. The Company is currently negotiating an agreement with the manufacturer which would allow the Company to defer the construction of the single beam dedicated satellites for at least one year. See note 5 of the notes to the Company's Financial Statements. If such deferral is obtained, the Company believes that it will have no material financial commitments pursuant to this contract through the end of 1990.

The Company's working capital decreased to a deficit of \$7,677,905 at December 31, 1989 from a positive working capital position of \$11,634,074 at December 31, 1988 primarily as a result of the net loss that the Company incurred for 1989. As of December 31, 1989, the Company's material financial contractual commitments (excluding current liabilities of \$18,787,549 at December 31, 1989) for the next twelve months totalled approximately \$8,644,000. The Company believes that it can meet its financing requirements through the end of the second quarter of 1990 from existing funds and revenues from commercial operation of Systems 2.0 and 2C, sales of GEOSTAR technology and contracts with United States government agencies, assuming no repayment of existing indebtedness payable upon demand. The Company will require additional financing for its operations subsequent to that date. The Company is in the process of exploring and evaluating financing

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alternatives which may be available to it. There can be no assurance that the Company will be successful in obtaining such financing.

Item 8 - Financial Statements and Supplementary Data

See Item 14(a) of this report incorporated herein by reference.

Item 9 - Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

PART IIIItem 10 - Directors and Executive Officers of the Registrant.

The following are the directors and executive officers of the Company:

<u>Name</u>	<u>Age</u>	<u>Position</u>
William E. Simon	62	Chairman of the Board of Directors
Martin R. Snoey	46	Director; President; Chief Operating Officer; and Acting Chief Executive Officer
Michael J. Breslin	44	Director; Senior Vice President, Sales
Joel R. Alper	52	Director
John N. Irwin, III	36	Director
Bernard M. Oliver	73	Director
Gerard K. O'Neill	63	Director
John N. Palmer	55	Director
James C. Wheat, Jr.	69	Director
David E. Wine	53	Director
Robert D. Briskman	57	Senior Vice President, Engineering & Operations
Donald E. Brown	44	Senior Vice President, Corporate & International
T. Stephen Cheston	48	Executive Vice President, Governmental Affairs
Mary A. DiMarco	28	Treasurer; Senior Director, Finance

The term of office as members of the Board of Directors of Messrs. Simon, Snoey, Breslin, Wheat, and Wine will expire at the 1990 Annual Meeting of Stockholders ("Annual Meeting"); the terms of Messrs. Oliver, O'Neill, and Palmer will expire at the 1991 Annual Meeting; and the terms of Messrs. Alper and Irwin will

expire at the 1992 Annual Meeting. Officers serve at the discretion of the Board of Directors. There are no family relationships between any directors or executive officers of the Company.

Mr. Simon has been a director of the Company since January 1986 and Chairman of the Board of Directors since September 1986. Mr. Simon has been Chairman of the Board of WSGP International, Inc. and William E. Simon & Sons, Inc., private investment companies, since 1986 and 1989, respectively. He was Chairman of the Board of Wesray Corporation, a private investment company, between 1981 and 1986. He is President of the John M. Olin Foundation, a charitable organization, and is past President of the United States Olympic Committee. He served as Deputy Secretary of the Treasury of the United States in 1973, the first Administrator of the Federal Energy Office between 1973 and 1974 and Secretary of the Treasury between 1974 and 1977. Mr. Simon is currently a director of Xerox Corporation and Worldtrade Bancorp. He is also Chairman of the Board of Trustees of the United States Olympic Foundation and a member of the Board of Trustees of Lafayette College and the University of Rochester. See "Certain Relationships and Related Transactions."

Mr. Snoey has been President, Chief Operating Officer and acting Chief Executive Officer of the Company since October 1989 and a director since July 1989. He had been President of the Company's Transportation Division from July 1989 to October 1989. Prior to joining the Company, Mr. Snoey held senior management positions with two companies in the transportation industry. From 1984 to 1989, he was the head of sales, marketing and operations for Kenworth, a division of Paccar, Inc., an international manufacturer of heavy duty trucks. Mr. Snoey was Regional Vice President for Freightliner Corporation, a wholly-owned subsidiary of Daimler Benz, the world's largest manufacturer of heavy duty trucks, from 1981 until 1984. Mr. Snoey is a registered professional engineer in California, Washington, Oregon and North Carolina and has published several technical papers.

Mr. Breslin has been a director of the Company since September 1985 and Senior Vice President, Sales since July 1986. Previously he served as Vice President for Marketing, Treasurer and Executive Vice President of the Company at various times from November 1983 through July 1986.

Mr. Alper has been a director of the Company since September 1987. Mr. Alper has been at times President and Vice President of various divisions within Communications Satellite Corporation ("COMSAT") since 1984. He has been the President of COMSAT Systems Division since November 1987. Mr. Alper represented COMSAT on the Board of Governors of INTELSAT from 1980 to 1986, serving as the Board's Chairman from 1985 to 1986. COMSAT has entered into several agreements with the Company. See "Certain Relationships and Related Transactions."

Mr. Irwin has been a director of the Company since June 1986. Since 1984, he has been Managing Director of Hillside Capital Incorporated, a privately-held company with subsidiaries operating businesses in the manufacturing and chemical industries. Mr. Irwin is currently a director of Ampex Group Incorporated and O'Neill Communications, Inc. See "Certain Relationships and Related Transactions."

Dr. Oliver has been a director of the Company since September 1986. Dr. Oliver has been the Vice Chairman of the Board of Directors of Biosys Inc., a developer of biological pesticides, since November 1988 and was Chairman from the time that he founded that company in December 1982 until November 1988. He has been the Deputy Chief of the SETI Program Office at the NASA/Ames Research Center since March 1989 and was previously the Chief of the SETI Program Office since 1983. For twenty-five years, he was a Vice President of Hewlett Packard Corporation and for twenty-nine years, Director of the Hewlett Packard Corporate Laboratories. Dr. Oliver was a director of Hewlett Packard from 1973 until he retired in 1981. Dr. Oliver was awarded the National Medal of Science in 1986.

Dr. O'Neill has been a director since he founded the Company in 1983. Dr. O'Neill was the Chairman of the Board of Directors from formation until September 1986 and Chief Executive Officer from formation until July 1986. Dr. O'Neill was also President of the Company from formation until July 1985. He is currently the Chairman of the Board of Directors of O'Neill Communications, Inc., a company he founded to develop a wireless telephone communications system for use within buildings and was its Chief Executive Officer until June 1989. Dr. O'Neill was a member of the faculty at Princeton University from 1954 to 1985, becoming a full professor of physics in 1965. In 1985, he retired from Princeton, becoming Professor Emeritus of Physics. In 1985, he was appointed a member of the National Commission on Space and served for the duration of the Commission.

Mr. Palmer has been a director of the Company since February 1987. Mr. Palmer was the Chairman of the Board and Chief Executive Officer of Mobile Communications Corporation of America ("MCCA") from 1973 until April 1989 and has been the Chairman of the Board and Chief Executive Officer of Mobile Telecommunication Technologies Corporation ("Mtel") since October 1988. Both companies provide radio common carrier and other telecommunication services. Mr. Palmer is a director and member of the executive committee of Deposit Guaranty Corporation and a director of Mississippi Power & Light Co. MCCA and Mtel (into which its predecessor, COM/NAV Marine, Inc., was merged) have entered into agreements with the Company. See "Certain Relationships and Related Transactions."

Mr. Wheat has been a director of the Company since January 1986. Mr. Wheat has been an investment banker for more than forty years. He is Chairman of WFS Financial Corporation and Chairman of the Executive Committee of its subsidiary, Wheat, First Securities, Inc., which is an investment banker of the Company. Mr. Wheat is a limited partner in Atlantic Venture Partners, an affiliate of Wheat, First Securities, Inc. He is a member of the board of directors of the following public companies: Bassett Furniture Industries, Noland Company, Richfood, Inc. and S & K Famous Brands, Inc.

Mr. Wine was instrumental in the formation of the Company and has been a director of the Company since its formation in 1983. Mr. Wine has been the President and Chairman of Florida Boat Company, Inc., a company applying high technology propellers to the power boat industry, since January 1987. In addition, for the last five years, Mr. Wine has been actively involved in investments including real estate.

Mr. Briskman has been Senior Vice President, Engineering and Operations of the Company since December 1986. Prior to that time, he had been Vice President, Engineering since April 1986. Mr. Briskman was employed by COMSAT from 1964 through 1986. During the last five years at COMSAT, he was responsible for providing technical services in the areas of satellites, earth stations, communications systems, launch vehicles, teleconferencing and related software. His title was Vice President, System Implementation of COMSAT General Corporation. Prior to COMSAT, Mr. Briskman was employed by NASA, IBM and the Army Security Agency.

Mr. Brown has been Senior Vice President, Corporate & International since November 1988. Prior to that time, he was Senior Vice President and General Counsel since September 1987 and Treasurer since March 1988. Since joining the Company in August 1985, he was at various times Vice President, Corporate Affairs, Project Coordinator and Director of Contract Administration. Mr. Brown was self-employed as a photographer from 1984 to August 1985. From 1972 to 1979, he practiced law with Paul Weiss, Rifkind, Wharton & Garrison in New York City, Bogle & Gates in Seattle, and Rosenfeld, Meyer & Susman in Beverly Hills, specializing in anti-trust, unfair competition, contracts, securities and libel litigation. Mr. Brown is a member of three state and seven federal bars.

Dr. Cheston has been Executive Vice President of Governmental Affairs since October 1989 and prior to that time had been President of Geostar Messaging Corporation, a wholly-owned subsidiary of the Company, since October 1988. Since joining the Company in July 1983, Dr. Cheston has been at various times a director, Senior Vice President for International and Government Affairs, Vice President for Government Affairs, Vice President

for Administration, Treasurer and Secretary for the Company. Dr. Cheston holds a Ph.D. in History from Georgetown University and has studied corporate financial management at the Wharton School of Business at the University of Pennsylvania. He has served as Associate Dean and Acting Dean of the Graduate School of Georgetown University and has authored numerous works on the impact of space technology and satellite communications technology.

Ms. DiMarco has been Treasurer of the Company since December 1988 and Senior Director of Finance since June 1989. Previously she had been Director of Finance since March 1988 and Controller and Manager of Finance since joining the Company in March 1987. From 1984 until joining the Company, Ms. DiMarco was employed as a certified public accountant with KPMG Peat Marwick, the Company's auditors.

Item 11 - Executive Compensation.

The following table sets forth the cash compensation paid by the Company for services rendered during the year ended December 31, 1989 to each of the five most highly compensated executive officers of the Company whose cash compensation exceeded \$60,000 and to all executive officers as a group:

<u>Name of Individual or Number of Persons In Group</u>	<u>Capacities in which Served</u>	<u>Cash Compensation</u>
Martin A. Rothblatt(1)	President, Chief Executive Officer	\$225,567
Robert D. Briskman	Senior Vice President, Engineering and Operations	\$161,000(2)
Donald E. Brown	Senior Vice President, Corporate & International	\$130,000
T. Stephen Cheston	Executive Vice President, Governmental Affairs	\$115,000
Michael J. Breslin	Senior Vice President, Sales	\$113,490
All executive officers as a group (7 persons)(3)		\$870,613

(1) Mr. Rothblatt resigned as President, Chief Executive Officer and a Director of the Company effective October 1989. Mr. Rothblatt acts as a consultant to the Company. His cash compensation includes only amounts paid during the period of his employment with the Company.

(2) Amount includes \$31,000 bonus.

(3) In July 1989, Martin R. Snoey entered into an employment agreement with the Company to serve as the President of the Company's Transportation Division. That agreement was subsequently amended in October 1989, to provide that Mr. Snoey will serve as President, Chief Operating Officer and acting Chief Executive Officer of the Company at a minimum annual salary of \$187,500. The agreement, which expires on December 31, 1992, entitles Mr. Snoey to certain cash bonuses and options to purchase shares of the Company's Common Stock upon the occurrence of certain events.

Compensation of Directors

In November 1989, all non-employee directors of the Company or their employers received options to purchase 1,000 shares of the Company's Common Stock at \$8.00 per share exercisable for a period of five years following the grant of the option. In addition, each chairman of a Board committee received an option to purchase an additional 3,000 shares and the Chairman of the Board received an option to purchase an additional 16,000 shares. Under this formulation, options for the following number of shares were awarded: Mr. Simon, 20,000 shares; Messrs. Irwin, Oliver, Palmer and Wheat, 4,000 shares each; and Messrs. Alper, O'Neill and Wine, 1,000 shares each. All out of pocket expenses incurred by directors in attending meetings of the Board of Directors are reimbursed by the Company.

401(k) Tax Savings and Retirement Plan

The Company's 401(k) Tax Deferred Savings and Retirement Plan (the "401(k) Plan") became effective July 1, 1988. Employees who have attained age 21 and who have completed at least 6 months of service with the Company are eligible to participate, provided they have at least 1,000 paid hours in a 12 month eligibility computation period. Under the 401(k) Plan, participants are permitted to defer on a before-tax basis up to 15% of their qualified earnings, which deferred amount will be contributed to the 401(k) Plan by the Company. The Internal Revenue Code of 1986, as amended, limits an individual's annual before-tax deferral to \$7,627 beginning January 1, 1989 and to \$7,979 beginning January, 1990, subject to periodic increases thereafter. All participant deferrals vest immediately.

Under the 401(k) Plan, the Company presently contributes a matching amount equal to 50% of the participant's deferral not in excess of 5% of the participant's qualified earnings. The Company's contributions vest at a rate of 25% for each full year of service, with contributions being completely vested for participants with more than four credited years of service. The Company granted to all individuals employed by the Company on March 11, 1988 one credited year of service in the 401(k) Plan. The Company may also make additional discretionary contributions for allocation among participants in proportion to their respective amounts of qualified compensation, but no such contributions have been made. Contributions to the 401(k) Plan are invested among a Guaranteed Long Term Account, a Guaranteed Short Term Account and a Common Stock Account, as directed by the participant.

The Company made the following contributions which vested in 1989: Mr. Rothblatt, \$2,344; Mr. Briskman, \$1,478, Mr. Breslin, \$1,778; Mr. Brown, \$941; Dr. Cheston, \$1,781; and to all executive officers as a group, \$8,845.

Amended and Restated 1983 Stock Option Plan

The Company maintains an Amended and Restated 1983 Stock Option Plan (the "Option Plan"), previously approved by the stockholders, pursuant to which non-qualified options and incentive stock options may be granted to officers, managers and other employees of the Company who have the capacity to contribute in a substantial measure to the success of the Company. The Company has approximately 67 eligible employees. As of February 28, 1990, 771,500 shares of Common Stock were reserved for issuance pursuant to the Option Plan. The Option Plan will continue in effect until December 29, 1993.

The Option Plan is administered by the Board of Directors' Personnel and Compensation Committee (the "Committee"), which is responsible for selecting option recipients and for determining the number of shares of Common Stock that will be subject to each option.

Principal Features of the Option Plan. The Option Plan provides for the grant of options that qualify as incentive stock options under Section 422A of the Code and of non-qualified options. The price per share at which shares of Common Stock may be purchased pursuant to any option granted under the Option Plan is 100% of the fair market value of such shares on the date the option is granted, except that for an incentive stock option granted to any person who owns stock representing more than 10 percent of the total combined voting power in the Company, the exercise price must be at least 110% of the fair market value of such shares on the date that option is granted. Fair market value is, if the shares are publicly traded, the mean between the highest and lowest reported selling price of a share or, if such prices are not reported, the mean between the bid and asked prices of a share. If the shares are not publicly traded, fair market value is determined by the Committee based on all relevant facts and circumstances. There is currently no established public trading market for the Common Stock of the Company. The Common Stock is not quoted on any inter-dealer or other recognized quotation system, and any trades of the Company's Common Stock consist of isolated sales by stockholders.

The aggregate fair market value (as of the date of grant) of shares with respect to which incentive stock options granted on or after January 1, 1987 may become exercisable for

the first time by an optionee during any calendar year (whether granted under this Plan or any other plan of the Company) may not exceed \$100,000. No incentive stock option granted before January 1, 1987 may be exercised by an optionee while an incentive stock option previously granted to such optionee is outstanding.

The option term is determined by the Committee and may not exceed ten years. Options are not exercisable for the first year after the date of grant except in the event of death, retirement or disability, as described below. The exercise of outstanding options may be accelerated by the Committee in the event of a change in control of the Company. The options are not transferable, and are exercisable while the optionee is employed by the Company. In the event of termination of employment by reason of an employee's death, disability or retirement with the consent of the Board, any outstanding option becomes immediately exercisable and remains exercisable (unless it expires earlier in accordance with its terms), in the case of death, for a period of six months, in the case of disability, for a period of six months after the commencement of disability or, in the case of retirement with the consent of the Board, for a period of three months. In the event of termination of employment for any other reason, any outstanding option, to the extent it was exercisable on the date of termination, remains exercisable for three months after such termination. The Option Plan has antidilution provisions by which the number of shares authorized and issuable upon exercise of options thereunder can be adjusted in certain circumstances, such as stock splits, mergers and similar events.

Options Granted. As of February 28, 1990, of the 67 employees eligible to participate in the Plan, 59 employees held outstanding options to purchase 634,475 shares of Common Stock and options to purchase 28,500 shares of Common Stock had been exercised pursuant to the Option Plan. The following table sets forth, as of February 28, 1990, the number of shares of Common Stock subject to outstanding options under the Plan, the option exercise prices and expiration dates for such options.

<u>Common Stock Subject to Options</u>	<u>Exercise Price Per Share</u>	<u>Range of Expiration Date</u>
28,800	\$ 3.125	May 18, 1994
468,375	\$ 8.00	July 17, 1995 to November 28, 1999
132,800	\$12.00	December 1, 1998 to March 1, 1999
4,500	\$14.00	June 28, 1999

During 1989, options to purchase 196,000 shares of Common Stock at an exercise price of \$8.00 per share, 10,000 shares

of Common Stock at an exercise price of \$12.00 per share and 5,450 shares of Common Stock at an exercise price of \$14.00 per share were awarded to the Company's employees. During 1989, options to purchase 8,675 shares of Common Stock at \$8.00 per share were exercised when the fair market value was \$12.00 to \$14.00 per share. During 1989, options were awarded as follows:

<u>Name</u>	<u>Number of Shares Subject to Option</u>
Michael J. Breslin.....	6,500
Robert D. Briskman.....	16,000
Donald E. Brown.....	16,000
T. Stephen Cheston.....	8,000
All executive officers as a group.....	134,500

Other Compensation Plans

The Company maintains disability and life insurance plans for all its employees and its executive officers. The amount of insurance purchased for each executive officer is based on such person's annual compensation. Amounts paid for insurance under the plans for executive officers during 1989 were as follows: Mr. Rothblatt, \$2,955; Mr. Breslin, \$5,368; Mr. Briskman, \$8,312; Mr. Brown, \$4,186; Dr. Cheston, \$4,426; and all executive officers as a group, \$30,551.

Item - 12 Security Ownership of Certain Beneficial Owners and Management.

The following table sets forth certain information regarding the beneficial ownership of the Company's Common Stock as of February 28, 1990 by (1) each person known by the Company to own beneficially more than 5 percent of the outstanding Common Stock of the Company; (2) each member of the Company's Board of Directors; and (3) all directors and officers of the Company as a group. Under rules adopted by the Securities and Exchange Commission, a person is deemed to be a beneficial owner of securities with respect to which he has or shares: (i) voting power, which includes the power to vote or to direct the voting of the security; or (ii) investment power, which includes the power to dispose of, or to direct the disposition of, the security. A person is also deemed to be the beneficial owner of share of Common Stock which may be acquired within 60 days upon exercise of stock options, warrants, rights to acquire Common Stock or conversion privileges.

Common Stock Held as of February 28, 1990

<u>Name and Address of Beneficial Owner</u>	<u>Number of Shares Beneficially Owned(1)</u>	<u>Shares Beneficially Owned But Not Outstanding(1)</u>	<u>Percent of Class</u>
Space Studies Institute(2)..... P.O. Box 82 Princeton, New Jersey 08542	1,649,732	-	14.4%
Mobile Telecommunication Technologies Corp.(3)..... 200 South Lamar Street Suite 900 Jackson, Mississippi 39201	833,750	368,875	7.0%
Timothy Mellon(4)..... P.O. Box 715 Amherst, New Hampshire 03031	725,250	368,750	6.1%
Directors:			
John N. Irwin, III(5).....	580,592	258,592	4.9%
Dr. Gerard K. O'Neill(6).....	339,000	10,500	2.9%
David E. Wine(7).....	334,397	93,750	2.9%
William E. Simon.....	243,438	140,313	2.1%
Michael J. Breslin.....	123,500	106,900	1.1%
Dr. Bernard M. Oliver.....	32,375	13,625	.3%
James C. Wheat, Jr.(8).....	17,375	11,125	.2%
John N. Palmer(9).....	1,000	1,000	-
Joel R. Alper(10).....	-	-	-
Martin R. Snoey.....	-	-	-
All directors and officers as a group (18 persons)(11)....	2,001,647	905,530	16.1%

(1) Unless otherwise indicated, each of the stockholders has sole voting and investment power with respect to the shares beneficially owned.

- (2) Includes 700 shares held in a benefit plan for employees of SSI. SSI is a nonprofit organization founded by Dr. O'Neill in 1977. Dr. O'Neill is the President of SSI and Chairman of the Board of Trustees. The power to vote the shares of Common Stock owned by SSI is currently held by SSI's Board of Trustees. The ten trustees include Dr. O'Neill, Dr. Cheston and six stockholders of the Company. Although Dr. O'Neill and Dr. Cheston participate in the exercise of the power to vote those shares of Common Stock, they disclaim beneficial ownership of those shares. The SSI Board of Trustees is elected by the Members of SSI. The eleven Members include Dr. O'Neill; his wife; Dr. Cheston; James Laramie, the Secretary and a stockholder of the Company; Mr. Wine, a director and stockholder of the Company; and three other stockholders of the Company.
- (3) Includes 339,875 shares subject to a warrant which expired on December 31, 1989, but which the Company and Mtel are negotiating to extend to December 31, 1991. Mr. Palmer, a director of the Company, is the Chairman of the Board and Chief Executive Officer of Mtel. See "Certain Relationships and Related Transactions."
- (4) Includes shares of Common Stock beneficially owned by Railstar, a subsidiary of Guilford of which Mr. Mellon is the principal stockholder and Chairman of the Board of Directors. See "Certain Relationships and Related Transactions." Also includes 6,250 shares of Common Stock held by Mr. Mellon's wife.
- (5) Includes 371,842 shares of Common Stock beneficially owned by an affiliate of Mr. Irwin and 75,000 shares of Common Stock beneficially owned by trusts for Mr. Irwin's benefit.
- (6) Includes 20,500 shares of Common Stock held by Dr. O'Neill's wife as custodian for the benefit of their minor son. Dr. O'Neill has granted another son, Dr. Roger A. O'Neill, a proxy to vote his shares if he is unable to vote those shares.
- (7) Includes 37,575 shares of Common Stock held by Mr. Wine's wife for which Mr. Wine disclaims beneficial ownership.
- (8) Does not include any shares of Common Stock beneficially owned by Wheat, First Securities, Inc. ("WFS") of which Mr. Wheat is Chairman of the Executive Committee. WFS owns warrants to purchase 154,759 shares of Common Stock. In addition, WFS is under common control with an entity that beneficially owns 263,889 shares of Common Stock.
- (9) Does not include 833,750 shares owned beneficially by Mtel for which Mr. Palmer disclaims beneficial ownership. Mr. Palmer is Chairman of the Board and Chief Executive Officer of Mtel. See "Certain Relationships and Related Transactions."

- (10) Does not include 372,775 shares of Common Stock beneficially owned by COMSAT for which Mr. Alper disclaims beneficial ownership. Mr. Alper is the President of a division of COMSAT. See "Certain Relationships and Related Transactions."
- (11) Includes 20,192 shares of Common Stock beneficially owned by a trust, of which the Secretary is a trustee and a beneficiary. Also includes 28,000 shares of Common Stock owned by an investment company controlled by members of the family of the Secretary for which the Secretary disclaims beneficial ownership.

Item 13 - Certain Relationships and Related Transactions.

In December 1989, the Company completed a financing transaction in which it obtained loans or commitments to defer payments aggregating \$12,100,000 from various entities with which it does business and certain of its stockholders, including members of the Board of Directors or their affiliates. The loans and amounts deferred bear interest at a rate equal to 1% over the prime rate and are secured by certain of the Company's assets. The following table sets forth the amounts of each loan made by more than five percent stockholders, directors or their affiliates, which loan is currently payable upon the demand of the lender.

<u>Lender</u>	<u>Loan Amount</u>
William E. Simon	\$1,000,000
Communications Satellite Corporation	300,000
Mobile Telecommunication Technologies Corp.	1,000,000
Hillside Industries, Inc.	1,000,000
WFS Financial Corporation	500,000

In November 1984, the Company purchased from Dr. O'Neill the patent and all rights and technology owned by Dr. O'Neill relating to the GEOSTAR System being deployed by the Company (the "Technology"). The Company has paid to Dr. O'Neill for the Technology a fixed payment of \$500,000 and agreed to pay Dr. O'Neill a royalty equal to the greater of \$50,000 per calendar quarter (commencing with the fourth quarter of 1986) or one percent of the gross revenues of the Company or any transferee from the use or license of the Technology. The maximum amount of royalties payable to Dr. O'Neill is \$4,400,000. Pursuant to this arrangement, the Company paid Dr. O'Neill royalties for the Technology of \$200,000 from January 1, 1989 through February 28, 1990.

The Company is required to purchase key man life insurance on Dr. O'Neill in an amount equal to \$2.5 million less amounts paid to Dr. O'Neill that are applied against the maximum \$4.9 million payment for the Technology. Upon Dr. O'Neill's death, the proceeds of the life insurance in an amount equal to the difference between \$2.5 million and any payments made to Dr. O'Neill up to that time for the Technology would be paid to his estate. Upon the payment of those proceeds to Dr. O'Neill's estate or if Dr. O'Neill had already received \$2.5 million prior to his death, the Company would have no further obligation to make payments for the Technology. If the Company abandons commercial development of the GEOSTAR System and attempts to sell the Technology, Dr. O'Neill has a right of first refusal to match any third party offer to purchase the Technology. The Company paid

\$30,859 in premiums for the life insurance policy from January 1, 1989 through February 28, 1990.

Dr. O'Neill has an employment contract with the Company that provides that he will act as an advisor to the Company until age 65 at an annual salary of \$120,000 plus life and medical insurance benefits. In addition, the Company agreed to reimburse him for the cost of office space outside the Company's office and for the salary of one administrative assistant hired by Dr. O'Neill. From January 1, 1989 to February 28, 1990, the Company paid Dr. O'Neill approximately \$184,840 in salary, benefits and reimbursements for office space and the salary of the administrative assistant. Dr. O'Neill's employment contract provides that the Company is granted all rights to future inventions and improvements relating to GEOSTAR System created by Dr. O'Neill while he is employed by the Company. The agreement also provides that Dr. O'Neill is prohibited from competing with the Company's business while employed by the Company and for two years thereafter or while receiving payments from the Company for his rights to the Technology.

In May 1985, the Company entered into a stock purchase agreement with Railstar, a wholly-owned subsidiary of Guilford Transportation Industries, Inc., of which Timothy Mellon, a former member of the Board of the Company who beneficially owns more than five percent of the Company's Common Stock, is Chairman and the principal stockholder. Pursuant to that agreement, Railstar has agreed to purchase in installments up to 625,000 shares of the Company's Common Stock at \$8.00 per share, subject to the Company's meeting certain milestones. Railstar purchased 256,250 shares of Common Stock and is obligated to purchase the balance of 368,750 shares of Common Stock for \$2,950,000 when two-way GEOSTAR System service is operational and available to FRT Systems.

The Company has granted Railstar the exclusive right in North America (and those other territories which the Company may designate) and the non-exclusive right throughout the rest of the world (subject to certain exceptions) to use and sublicense the use of the GEOSTAR System by FRT Systems. Railstar will receive 10 percent of all revenues from use of the GEOSTAR System by FRT Systems and the Company will receive 90 percent of such revenues. The Company has agreed to pay Railstar 10 percent of all royalties, licensing fees or other payments which the Company receives for any form of GEOSTAR System service in territories in which Railstar is not the Company's exclusive licensee for FRT Systems. This amount is reduced by commissions received by Railstar from use of the GEOSTAR System by FRT Systems in those territories in which Railstar has a nonexclusive license. From January 1, 1989 to February 28, 1990, the Company paid Railstar \$385,407 in connection with the Company's foreign revenues. The Company and Railstar reached a settlement in connection with litigation

concerning the scope of their licensing and technology agreements and another terminated agreement in February 1990. Pursuant to that settlement, Railstar has the nonexclusive right to market all GEOSTAR System services in North America in any non-FRT market other than the air-to-ground radio telephone business. See "Legal Proceedings."

During 1989, Railstar leased user terminals from the Company for it and its customers. From January 1, 1989 to February 28, 1990, Railstar paid or was credited with payments for \$261,360 for the lease of those user terminals and service charges in connection therewith.

Communications Satellite Corporation ("COMSAT"), a division of which Mr. Alper, who became a director of the Company in 1987, is the President, and its affiliates provide hardware, software and consulting services to the Company pursuant to certain agreements. Payments to COMSAT or its affiliates from January 1, 1989 to February 28, 1990 totalled approximately \$627,500.

In January 1987, the Company entered into an agreement (the "1987 Agreement") with MCCA and National Satellite Paging, Inc. ("NSP"), a majority-owned subsidiary of MCCA, to coordinate and market a combined nationwide paging and radio determination satellite system. The agreement has an initial term of five years with each party having the option to renew for an additional five year term. Pursuant to the terms of the 1987 Agreement, MCCA purchased 125,000 shares of Common Stock and a warrant to purchase 679,750 shares of Common Stock at \$9.75 per share. In 1988, the warrant was partially exercised and 339,875 shares of Common Stock were purchased. In connection with the acquisition of MCCA by BellSouth Corporation, which occurred in 1989, Mtel, a wholly-owned subsidiary of MCCA that was spun off to MCCA's stockholders prior to the acquisition, acquired the shares of Common Stock and the accompanying warrant originally purchased by MCCA. NSP (now called SkyTel Corp.), which was also divested by MCCA, assumed other rights and obligations of MCCA under the 1987 Agreement and MCCA was discharged under the 1987 Agreement. In June 1989, Mtel repaid a one year note for \$1,616,106 plus interest of \$170,656 given in connection with the partial exercise of the warrant in 1988.

Pursuant to the 1987 agreement, NSP was appointed a nonexclusive sales representative within the United States for the sale of Geostar services except for sales to certain markets and customers and will receive a 20 percent sales commission in connection therewith. Mtel has the exclusive right to market Geostar services to certain portions of the air-to-ground radio-telephone business. The Company was appointed a nonexclusive sales representative within the United States for the sale of nationwide paging system services and will receive a 10 percent

sales commission in connection therewith. The warrant for the 339,875 shares of Common Stock which has an adjusted exercise price of \$9.63 per share expired on December 31, 1989. However, the parties are negotiating an amendment to the warrant to extend its expiration date to December 31, 1991 and to reduce the sales commission payable to NSP for sale of GEOSTAR services from 20 percent to 10 percent and are negotiating a distribution agreement that will amend the 1987 Agreement. From January 1, 1989 to February 28, 1990, \$106,331 was paid to Mtel for pagers and paging service fees in connection with that agreement.

PART IVItem 14 - Exhibits, Financial Statement Schedules, and
Reports on Form 8-K(a) (1) Financial Statements.

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Consolidated Balance Sheets as of December 31, 1989 and 1988	F-3
Consolidated Statements of Operations for the years ended December 31, 1989, 1988 and 1987	F-4
Consolidated Statements of Changes in Shareholders' Equity (Deficit) for the years ended December 31, 1989, 1988 and 1987.	F-6
Consolidated Statements of Cash Flows for the years ended December 31, 1989, 1988 and 1987.	F-7
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(2) Financial Statement Schedules.

Schedule V - Property, Plant and Equipment	F-26
Schedule VI - Accumulated Depreciation and Amortization of Property, Plant and Equipment	F-27
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Schedule X - Supplementary Income Statement Information	F-29

Other schedules are omitted because of the absence of conditions under which they are required or because the required information is given in the financial statements or notes thereto.

(b) Reports on Form 8-K

One report on Form 8-K, dated December 29, 1989 and disclosing that the Company had obtained bridge financing agree-

gating \$12.1 million, was filed during the quarter ended December 31, 1989.

(c) Exhibits.

The Exhibits are listed in the Index to Exhibits on page E-1.

Independent Auditors' Report

The Board of Directors
Geostar Corporation:

We have audited the accompanying consolidated balance sheets of Geostar Corporation and subsidiaries as of December 31, 1989 and 1988, and the related consolidated statements of operations, changes in shareholders' equity (deficit), and cash flows for each of the years in the three-year period ended December 31, 1989. In connection with our audits of the consolidated financial statements, we also have audited the financial statement schedules as listed under Item 14(a). These consolidated financial statements and financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedules based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Geostar Corporation and subsidiaries at December 31, 1989 and 1988, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 1989 in conformity with generally accepted accounting principles. Also in our opinion, the related financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

The accompanying consolidated financial statements and schedules for 1989 have been prepared assuming that Geostar Corporation and subsidiaries will continue as a going concern. As discussed in note 2 to the consolidated financial statements, the Company's recurring losses from operations, net working capital deficiency and the need for additional financing raise substantial doubt about the entity's ability to continue as a going concern. Management's plans in regard to these matters are also described in note 2. The consolidated financial statements and schedules do not include any adjustments relating to the recoverability and classification of reported asset amounts or the amounts and classification of liabilities that might result from the outcome of this uncertainty.

As discussed in note 5 to the consolidated financial statements, the Company is negotiating an agreement with the manufacturer of its dedicated satellites which would allow the Company to defer the construction of the satellites for at least 1 year. In the event the Company subsequently terminates the current contract, certain termination payments would be required and capitalized costs associated with this contract would be expensed.

As discussed in note 20 to the consolidated financial statements, the Company changed its method of accounting for internal costs associated with the Geostar System in 1987.

KPMG Peat Marwick

KPMG Peat Marwick

Washington, D.C.
April 6, 1990

GEOSTAR CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 1989 and 1988

	<u>1989</u>	<u>1988</u>	<u>Liabilities and Shareholders' Equity</u>	<u>1989</u>	<u>1988</u>
Assets					
Current assets:			Current liabilities:		
Cash and cash equivalents (note 3)	\$ 4,965,620	13,053,204	Accounts payable and accrued expenses	\$ 4,688,878	5,168,609
Accounts receivable, net (note 4)	5,102,969	2,953,847	Current portion of notes payable - other (note 10)	10,667,323	762,853
Insurance claim receivable (note 19)	-	5,000,000	Current portion of notes payable to bank (note 9)	-	2,260,118
Other current assets	<u>1,043,035</u>	<u>865,723</u>	Current portion of space segment obligation (note 11)	1,472,557	704,471
Total current assets	11,109,644	21,871,774	Current installments of obligations under capital leases (note 13)	668,817	483,513
			Accrued interest payable	790,187	628,089
Geostar System, construction in progress and equipment, net of accumulated depreciation and amortization (notes 5, 6, 10, 13 and 20)	61,188,789	47,692,225	Deferred revenue	<u>499,787</u>	<u>230,047</u>
Investment (notes 7 and 10)	1,176,271	1,176,271	Total current liabilities	18,787,549	10,237,700
Patents and licenses, net of accumulated amortization of \$168,316 and \$134,282 in 1989 and 1988, respectively (note 1a)	3,478,046	2,815,640	Notes payable - other (note 10)	3,912,546	3,672,147
Deposits	701,660	1,209,853	Notes payable to bank (note 9)	-	2,211,415
Debt issuance costs, net of amortization (note 12)	572,698	707,460	Space segment obligation (note 11)	25,572,863	21,177,298
			Convertible subordinated debentures (note 12)	14,420,000	15,070,000
			Obligations under capital leases (note 13)	1,902,499	1,488,661
			Deferred revenue	<u>676,164</u>	<u>536,640</u>
			Total liabilities	65,271,621	54,415,861
			Shareholders' equity (notes 12, 15, 16, 17, and 18):		
			Preferred stock, \$.25 par value; 10,000,000 shares authorized, no shares issued	-	-
			Common stock, \$.01 par value, one vote per share; 25,000,000 shares authorized; 11,491,920 shares issued and 11,490,068 shares outstanding in 1989 (1,852 shares held in treasury at a cost of \$21,100); 11,381,995 shares issued and 11,381,643 shares outstanding in 1988 (352 shares held in treasury at cost of \$1,100)	114,901	113,816
			Additional paid-in capital	67,683,455	66,874,457
			Note receivable for stock subscribed (note 8)	<u>(54,843,269)</u>	<u>(1,616,106)</u>
			Accumulated deficit	13,955,087	21,057,362
			Total shareholders' equity	\$ 18,726,708	\$ 18,226,708
			Commitments (notes 1a, 5, 11, and 13)	<u>75,433,723</u>	<u>75,433,723</u>

See accompanying notes to consolidated financial statements.

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GEOSTAR CORPORATION AND SUBSIDIARIES
Consolidated Statements of Operations
Years ended December 31, 1989, 1988 and 1987

	<u>1989</u>	<u>1988</u>	<u>1987</u>
Revenues:			
Technology license revenue	\$ 3,348,422	-	-
Government contract revenue	3,644,817	7,827,115	3,995,831
Service revenues	1,418,637	489,289	115,783
Software and hardware sales	<u>2,255,264</u>	<u>1,724,875</u>	<u>33,000</u>
Total revenues	10,667,140	10,041,279	4,144,614
Operating expenses:			
Direct government and technology contract costs	3,620,830	6,772,847	3,467,473
Software and hardware costs	2,159,833	1,414,236	19,000
Space and ground segment operating expenses	2,675,935	999,813	127,981
Selling, general and administrative expenses (note 20)	6,871,334	5,190,766	2,935,832
Depreciation and amortization	1,631,935	536,206	296,908
Research and development costs	<u>1,000,696</u>	<u>2,461,824</u>	<u>1,165,613</u>
Total operating expenses	17,960,563	17,375,692	8,012,807
Loss from operations	<u>7,293,423</u>	<u>7,334,413</u>	<u>3,868,193</u>
Interest expense and related borrowing costs, net of capitalized interest (note 6)	3,658,570	2,188,039	989,550
Nonoperating losses (note 19)	563,065	5,149,769	-
Interest and other income	<u>(986,594)</u>	<u>(879,534)</u>	<u>(392,213)</u>
Loss before cumulative effect of a change in accounting principle	10,528,464	13,792,687	4,465,530
Cumulative effect on the prior year of a change in accounting principle (note 20)	-	-	(1,016,900)
	\$ <u>10,528,464</u>	<u>13,792,687</u>	<u>3,448,630</u>

(Continued)

GEOSTAR CORPORATION AND SUBSIDIARIES
Consolidated Statements of Operations
Years ended December 31, 1989, 1988 and 1987

	<u>1989</u>	<u>1988</u>	<u>1987</u>
Revenues:			
Technology license revenue	\$ 3,348,422	-	-
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	\$ <u>10,528,464</u>	<u>13,792,687</u>	<u>3,448,630</u>

(Continued)

GEOSTAR CORPORATION AND SUBSIDIARIES

Consolidated Statements of Operations, Continued

	<u>1989</u>	<u>1988</u>	<u>1987</u>
Loss per common share:			
Loss before cumulative effect of a change in accounting principle	\$.92	1.44	.62
Cumulative effect on the prior year of a change in accounting principle	<u>—</u>	<u>—</u>	(.14)
Net loss	\$ <u>.92</u>	<u>1.44</u>	<u>.48</u>
Weighted average number of shares outstanding	<u>11,400,790</u>	<u>9,551,735</u>	<u>7,210,742</u>

See accompanying notes to consolidated financial statements.

GEOSTAR CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Shareholders' Equity (Deficit)

Years ended December 31, 1989, 1988 and 1987

	Common stock Shares	Amount	Additional paid-in capital	Note receivable for stock subscribed	Accumulated deficit	Shareholders' equity (deficit) (notes 8, 12, 15, 16, 17 and 18)
Balance, December 31, 1986	6,666,267	\$ 66,662	22,366,938	-	(27,073,488)	(4,639,888)
Common stock issued in 1987 (at \$8 to \$9.70 per share)	989,144	9,892	7,943,003	-	-	7,952,895
Stock issuance costs	-	-	(760,290)	-	-	(760,290)
Net loss	-	-	-	-	(3,448,630)	(3,448,630)
Balance, December 31, 1987	7,655,411	76,554	29,549,651	-	(30,522,118)	(895,913)
Common stock issued in 1988 (at \$8 to \$12 per share)	3,367,157	33,671	36,944,863	-	-	36,978,534
Common stock issued per stock options and warrants (at \$3.125 and \$9.63)	359,075	3,591	3,329,406	-	-	3,332,997
Stock issuance costs	-	-	(2,949,463)	-	-	(2,949,463)
Note receivable for stock	-	-	-	(1,616,106)	-	(1,616,106)
Net loss	-	-	-	-	(13,792,687)	(13,792,687)
Balance, December 31, 1988	11,381,643	113,816	66,874,457	(1,616,106)	(44,314,805)	21,057,362
Common stock issued per stock options and warrants (at \$3.4375 and \$8)	27,175	272	159,811	-	-	160,083
Conversion of subordinated debentures	81,250	813	649,187	-	-	650,000
Payment of note	-	-	-	1,616,106	-	1,616,106
Net loss	-	-	-	-	(10,528,464)	(10,528,464)
Balance, December 31, 1989	11,490,068	\$ 114,901	67,683,455	-	(54,843,269)	12,955,087

See accompanying notes to consolidated financial statements.

GEOSTAR CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Years ended December 31, 1989, 1988 and 1987

	<u>1989</u>	<u>1988</u>	<u>1987</u>
Cash flows from operating activities:			
Net loss	\$ (10,528,464)	(13,792,687)	(3,448,630)
Adjustments to reconcile net loss to net cash used by operating activities:			
Cumulative effect on the prior year of a change in accounting principle	-	-	(1,016,900)
Depreciation and amortization	1,631,935	536,206	296,908
Amortization of debt issuance costs and other assets	580,098	127,224	127,224
Provision for losses on accounts receivable	172,389	95,000	-
Noncash nonoperating losses	221,333	5,149,769	-
Loss on sale of assets	-	-	31,000
Accrued interest on the space segment obligation	2,257,669	370,835	487,205
Stock and options issued as compensation and for services	52,650	78,205	342,419
Vendor financing for hardware sales	-	340,714	-
Change in operating assets and liabilities:			
(Increase) decrease in accounts receivable	2,606,256	(1,725,917)	(1,139,695)
Increase in other current assets	(176,332)	(690,048)	(82,946)
Increase (decrease) accounts payable and accrued expenses	18,950	3,156,646	(588,052)
Increase (decrease) in accrued interest payable	162,098	(130,877)	135,113
Increase (decrease) in deferred revenue	387,264	788,694	7,250
Increase in deposits and other assets	(105,343)	(834,853)	(125,000)
Net cash (used) by operating activities	<u>(2,719,447)</u>	<u>(6,531,089)</u>	<u>(4,973,504)</u>
Cash flows from investing activities:			
Purchases of Geostar System, construction in progress and equipment	(8,325,562)	(14,785,821)	(7,305,176)
Payment for equity investment in foreign company	-	(1,176,271)	-
Additions to patents and licenses	(696,450)	(687,761)	(1,378,815)
Net cash (used) by investing activities	<u>(9,022,012)</u>	<u>(16,649,853)</u>	<u>(8,683,991)</u>

(Continued)

GEOSTAR CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows, Continued

	<u>1989</u>	<u>1988</u>	<u>1987</u>
Cash flows from financing activities:			
Purchase of treasury stock	(20,000)	-	-
Proceeds received from the sale of stock	1,754,258	38,417,419	7,600,476
Payment of expenses related to the sale of stock and issuance of debt	(10,719)	(2,917,000)	(760,290)
Notes payable proceeds	10,108,713	5,252,533	1,000,000
Principal payments under notes payable	(4,693,192)	(1,781,205)	-
Principal payments under notes payable - other	(820,631)	(3,957,990)	-
Principal payments under space segment obligations	(2,169,000)	(433,836)	-
Principal payments under capital lease agreements	(485,554)	(146,917)	(123,165)
Net cash provided by financing activities	<u>3,653,875</u>	<u>34,433,004</u>	<u>7,717,021</u>
Increase (decrease) in cash and cash equivalents	(8,087,584)	11,252,062	(5,940,474)
Cash and cash equivalents at beginning of year	<u>13,053,204</u>	<u>1,801,142</u>	<u>7,741,616</u>
Cash and cash equivalents at end of year (note 3)	<u>\$ 4,965,620</u>	<u>\$ 13,053,204</u>	<u>\$ 1,801,142</u>

See accompanying notes to consolidated financial statements.

GEOSTAR CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 1989, 1988, and 1987

(1) Business and Significant Accounting Policies

(a) Business

Geostar Corporation (the Company) was organized on February 18, 1983, to develop and operate a radio determination satellite service (RDSS) that provides position determination and message transfer services using a system of satellites, ground stations, and user terminals.

On November 26, 1984, the founder of the Company (the founder) sold to the Company the patent and all rights and technology relating to the Geostar System (Technology) for \$500,000. In addition, the Company is required to pay the founder royalties equal to the greater of 1 percent of the Company's gross revenues or \$50,000 per calendar quarter, commencing in the fourth quarter of 1986, until the founder receives a total of \$4,400,000 in royalty payments. The Company has entered into an employment agreement with the founder, which grants to the Company all rights to future inventions and improvements relating to the Geostar System created by the founder while he is employed by the Company. If the Company abandons commercial development of the Geostar System and attempts to sell the Technology, the founder has a right of first refusal to meet any third-party offer to purchase the Technology.

During the 3 years ended December 31, 1989, the Company operated a one-segment business. Sales to its major customer, a consortium of agencies of the federal government, accounted for 34 percent, 78 percent and 96 percent of the Company's sales in 1989, 1988, and 1987, respectively.

(b) Principles of Consolidation

The consolidated financial statements include the financial statements of the Company and its wholly owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

(Continued)

GEOSTAR CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(c) Revenue Recognition

The Company has cost plus fixed fee contracts with the federal government. Revenues under these contracts are recorded as reimbursable costs are incurred and include estimated earned fees recorded on the percentage of completion basis. Provisions for estimated losses, if any, are made in the period in which such losses become known and are estimable. Contract revenue paid in advance is deferred and recognized as income when earned.

Revenue from position determination service is recognized when services are provided. Service revenue received in advance is recognized using the straight-line method over the 3-year estimated period of service.

Revenue from the sale of software and hardware is recognized when shipped to customers based on signed sales contracts.

(d) Investment

The Company's investment in the equity securities of a foreign company is stated at cost.

(e) Research and Development Costs

All research and development costs are expensed as incurred.

(f) Geostar System, Construction in Progress and Equipment

Geostar System, construction in progress and equipment are stated at cost. Equipment under capital lease is stated at the present value of minimum lease payments at the inception of the lease. Interest costs are capitalized on qualifying assets during the period of construction. Internal direct labor and associated overhead are capitalized as construction in progress.

Geostar System costs are depreciated over the estimated useful lives of the assets of 10 years using the units in service method. Under this method the annual depreciation is calculated on the ratio of units in service to date to the total expected units to be in service over the estimated useful life. Depreciation of equipment is calculated using the straight-line method over the 3 to 5 year estimated useful lives of the assets.

(Continued)

GEOSTAR CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(g) Patents and Licenses

Patents for the Geostar System, Federal Communications Commission (FCC) licenses and costs incurred in connection with obtaining International Telecommunications Union (ITU) frequency assignments are stated at cost less amortization computed on the straight-line method over their estimated useful lives. Patents are being amortized over 15 years. FCC licenses and ITU costs are to be amortized over 10 years, commencing with the launch and operation of the Company's dedicated satellites.

(h) Loss Per Share

Loss per share amounts are based on weighted average number of common shares outstanding during the year. Common shares issuable under exercise of stock options and warrants and on conversion of outstanding convertible subordinated debentures are excluded from the loss per share computation because they are antidilutive.

(2) Liquidity

As of December 31, 1989, the Company had recurring losses from operations, a net working capital deficiency of \$7,677,905 and material financial contractual commitments as discussed below, which raise doubts as to the Company's ability to continue as a going concern. The Company believes that it can meet its financing arrangements through the second quarter of 1990 through current assets, revenues from commercial service and sales of technology, assuming no repayment of existing debt. The Company will require additional financing for its operations subsequent to that date. The Company is in the process of exploring and evaluating financing alternatives which may be available to it.

(3) Cash and Cash Equivalents

The Company's policy is to invest cash in excess of operating requirements in income producing investments. For purposes of the statement of cash flows, the Company considers all highly liquid investments purchased with maturities of 3 months or less to be cash equivalents.

(Continued)

GEOSTAR CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(4) Accounts Receivable

Accounts Receivable at December 31:

	1989	1988
Government contracts receivable:		
Billed	\$ 864,127	690,274
Unbilled	<u>1,047,564</u>	<u>775,036</u>
Total government contracts receivable	1,911,691	1,465,310
Technical licensing receivable	1,705,725	-
Position determination services and hardware receivable	<u>1,575,553</u>	<u>1,583,537</u>
Total accounts receivable	5,192,969	3,048,847
Less allowance for doubtful accounts	<u>90,000</u>	<u>95,000</u>
Accounts receivable, net	<u>\$ 5,102,969</u>	<u>2,953,847</u>

Unbilled contracts receivable of \$557,873 represents costs and fees which are billed in the subsequent month upon receipt of proper documentation necessary for billing purposes. The balance of unbilled contracts receivable represents unbilled subcontractor costs. All unbilled contract receivables are expected to be collected within 1 year.

(5) Commitments

(a) System Construction, Launch and Operations

In December 1989, the Company amended its dedicated satellite construction contract to provide for the construction and delivery of two single beam dedicated satellites at an aggregate cost of \$86,575,000. The amended agreement provides for monthly payments due prior to launch which is currently expected to occur in late 1993. The construction of the single beam satellites would precede that of the three multiple beam satellites originally contracted for. The amended agreement also calls for a decrease in the cost of the multi-beam satellites from \$161,575,000 to \$155,000,000. As of December 31, 1989, the Company had paid \$7,825,000 on this contract. Either party to this contract may terminate, subject to certain conditions, for convenience upon payment of costs incurred to date.

(Continued)

GEOSTAR CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Subsequent to year end, the Company began negotiating an agreement with the manufacturer which would allow the Company to defer the construction of the single beam dedicated satellites for at least 1 year. If the Company subsequently terminates the contract, associated capitalized costs of approximately \$11,100,000 as of December 31, 1989 would be expensed.

The Company has signed an agreement for three launches with the National Aeronautics and Space Administration (NASA) which permits the Company to defer launch cost payments until 24 months after launch; such payments will be based on the current market value. The Company is obligated to pay the deferred launch cost over a 5-year period beginning 2 years after launch. Interest on the deferred launch costs will accrue at Treasury bill rates. The first NASA launch is expected to occur in late 1993.

In October 1989, the Company entered into a contract for construction of certain ground segment equipment totalling \$825,000, of which \$125,000 was paid as of December 31, 1989.

(b) Manufacturing and License Agreements

In December 1985, the Company entered into contracts with a manufacturer to produce, license and market the user terminals for Geostar System 2.0 and 3.0 service. The Company is obligated to pay the manufacturer between 3.5 percent and 2.5 percent of gross revenues from certain services from subscribers using the user terminals plus .75 percent of System 3.0 service revenues irrespective of source. Under certain circumstances, the Company has agreed to pay the manufacturer 10 percent (in lieu of the previous percents) of service revenues for sales and support services provided by the manufacturer.

In October 1985, the Company contracted for the development, manufacture and licensing of Geostar System 2.0 user terminals with a second manufacturer. Subject to minimum production quotas being met and other performance conditions of the agreement, the Company has guaranteed the sale of 5,000 System 2.0 user terminals by December 1990. In addition, the Company has guaranteed the sale of 5,000 System 2C receiver units by December 1991. The Company will pay the manufacturers a total of 3.5 percent of gross revenues from certain services to subscribers, assuming certain production quotas are met.

In July 1987, the Company entered into a contract with an unaffiliated joint-venture to produce, license and market the user terminals for Geostar System 3.0 service. The joint venture will incur all research and development costs for the units. The Company is obligated to pay to the joint-venture 2.5 percent of gross revenues from certain services for subscribers using the joint venture's user terminals.

(Continued)

GEOSTAR CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(7) Investment

In December 1988, the Company invested \$1,176,270 in a European company which was formed in October 1988 to provide RDSS in Western Europe, Africa and the Middle East. As of December 31, 1989 the Company had approximately 11.5 percent of the voting rights and has appointed a member of the board of directors of the European company. During 1989, the Company recorded revenue of approximately \$3,400,000 on the license of its Technology to the European company.

(8) Note Receivable for Stock Subscribed

In June 1988, a warrant to purchase 339,875 shares of common stock (at \$9.75 per share) was exercised. Due to adjustments under the antidilution provisions of the warrant, the shares were issued at a price of \$9.63. The Company received a note from the purchaser in the amount of \$1,616,106 for a portion of the purchase price of the shares which is shown as a deduction from shareholders' equity. The note was secured by 167,995 shares of the Company's common stock which were purchased upon exercise of the warrant. The note principal and interest was due and paid on June 30, 1989.

(9) Notes Payable to Bank

There were no notes payable to bank as of December 31, 1989.

The notes payable to bank as of December 31, 1988 were as follows:

Prime plus 1% (11.5% as of December 31, 1988) term loans due in June 1989 and January 1990; interest payable monthly	\$ 3,500,000
12.75% lease financing; 12 monthly principal and interest payments of \$14,613 due through December 1989; remaining unpaid principal due in January 1990	435,267
12.00% lease financing; twelve monthly principal and interest payments of \$18,675 due through November 1989; remaining unpaid principal due in December 1989	<u>536,266</u>
Notes payable to bank	4,471,533
Less - current portion	<u>2,260,118</u>
Notes payable to bank - long-term	<u>\$ 2,211,415</u>

(Continued)

GEOSTAR CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

As of December 31, 1988, the above debt was secured by certain assets.

(10) Notes Payable - Other

The notes payable - other as of December 31, 1989 and 1988 are as follows:

	1989	1988
Prime plus 1% notes (see below)	\$ 9,975,500	-
Noninterest bearing promissory note (implicit rate of 12%) payable in monthly installments of \$104,500 through December 1992 and \$112,000 from January 1993 to July 1993; secured by a satellite transponder	3,604,369	4,435,000
Prime plus 2.5% note; monthly interest only payments due through June 1990. Secured by user equipment and related sublease and service receivables and \$250,000 security deposit	<u>1,000,000</u>	<u>-</u>
Total	14,579,869	4,435,000
Less - current portion	<u>10,667,323</u>	<u>762,853</u>
Notes payable - long-term	\$ <u>3,912,546</u>	<u>3,672,147</u>

The prime plus 1 percent notes payable are held by various entities and certain stockholders including members of the Board of Directors or their affiliates. These notes are secured by the Company's investment in equity securities of a foreign company and a portion of Geostar System Central hub and technical equipment. Included in the balance outstanding as of December 31, 1989 are \$8,875,500 of notes originally due on March 31, 1990 which were amended such that \$7,875,500 plus accrued interest is due upon demand and \$1,000,000 plus accrued interest is due on June 30, 1990. The remaining balance of \$1,100,000 is due in 1991, and interest is payable semi-annually commencing on May 1, 1990. The Company has agreed not to pay any dividends until the total balance of prime plus 1 percent notes payable has been repaid.

(11) Space Segment Obligations

In 1985, the Company contracted for the transportation of its initial relay on board a host satellite. The initial relay was launched in March 1986; however, due to a malfunction shortly after becoming operational in May 1986, the relay failed, and accordingly, the costs were expensed. Despite the relay failure, the Company is obligated to pay .8 percent of the Company's revenue from the Geostar System for 10 years commencing with the operational date of the relay.

(Continued)

GEOSTAR CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

In 1985, the Company also contracted for the transportation of the Company's primary and back-up transponders on board a host satellite. These transponders were launched in March 1988 and became operational in May 1988. The Company is obligated to pay an additional 1 percent of the Company's revenue from the Geostar System for 10 years commencing with the operational date of the satellite.

The Company's second and third back-up transponders which were launched in September 1988 on board a host satellite reached proper orbit in October 1989. The host satellite is expected to have a life of 4-5 years. The Company is obligated to pay an additional 1 percent of certain of the Company's gross service revenues and 10 percent of certain other Company's gross service revenues, with a minimum payment of \$125,000 per year.

In accordance with the contracts, the Company is also required to pay space segment obligations during the 8-year periods commencing on the operational date of each satellite. The present value of the future payment stream was capitalized at the date of each launch. The Company incurred a total present value obligation of \$5,665,000 in 1989 and \$10,910,000 in 1988. In addition, approximately \$10,100,000 was included in the 1986 loss on failure of the initial relay.

The future payments under these obligations are as follows:

Year ending December 31.

1990	\$ 4,270,250
1991	5,756,250
1992	7,257,250
1993	8,757,000
1994	6,314,250
1995 and thereafter	<u>4,884,750</u>
Total fixed payments	37,239,750
Less amount representing interest (at 10% - 12%)	<u>10,194,330</u>
Present value of payments	27,045,420
Less current installments of obligation	<u>1,472,557</u>
Obligations, excluding current installment	\$ <u>25,572,863</u>

(Continued)

GEOSTAR CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(12) Convertible Subordinated Debentures

During 1986, the Company issued three series of convertible subordinated debentures which are subordinated to the payment of indebtedness for money borrowed from financial institutions: D, DA and DB series. The balances outstanding at December 31, 1989 and 1988 are as follows:

	<u>1989</u>	<u>1988</u>
The D series matured in 1989, prime plus 1% interest, payable semi-annually; convertible at the option of the holder at an initial conversion price of \$8.00 per share, subject to adjustment in certain events; issued with detachable warrants to purchase a total of 22,750 shares of common stock for \$8.00, exercisable until January 15, 1991.	\$ -	650,000
The DA series matures in 1991, 10% interest, payable semi-annually; convertible into common stock at the option of the holder at an initial conversion price of \$8.00 per share, subject to adjustment in certain events; not callable for 3 years after the issue except in certain events, callable in the fourth year at 120% and callable in the fifth year at 110% of par plus accrued interest.	2,820,000	2,820,000
The DB series matures in 1996, 10% interest, payable semi-annually; convertible into common stock at the option of the holder at an initial conversion price of \$9.70 per share, subject to adjustment in certain events; callable for the first sixty months only after certain events at 120% of par, callable after the sixtieth month at par.	<u>11,600,000</u>	<u>11,600,000</u>
Total convertible subordinated debentures	\$ <u>14,420,000</u>	<u>15,070,000</u>

In January 1989, all D series convertible subordinated debentures were converted into 81,250 shares of common stock.

The Company incurred debt issuance costs of \$1,046,668 in 1986. This is being amortized over the terms of the related debt using the effective interest method. The amortization expense was \$127,224 in 1989 and in 1988.

(Continued)

GEOSTAR CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

At December 31, 1989, the Company had reserved 1,548,349 shares of common stock for the conversion option of the debenture holders, subject to certain adjustments under the antidilution provisions of debentures.

(13) Leases

(a) Office and Equipment Leases

The Company is obligated under various capital leases for data processing equipment and office and technical equipment that expire at various dates during the next 5 years. At December 31, 1989 and 1988, \$2,211,275 and \$1,670,626, respectively, of capital leases were included in property, plant and equipment, net of accumulated amortization.

The Company also has several noncancelable operating leases, primarily for office space, that expire over the next 5 years and provide for renewal options.

Future minimum lease payments under noncancelable operating leases and the present value of future minimum capital lease payments as of December 31, 1989 are:

	<u>Capital leases</u>	<u>Operating leases</u>
Year ending December 31:		
1990	\$ 936,123	932,900
1991	898,390	940,200
1992	661,330	635,700
1993	591,759	64,100
1994	<u>103,925</u>	<u>-</u>
Total minimum lease payments	3,191,527	\$ <u>2,572,900</u>
Less amount representing interest (at various rates between 6% and 14%)	<u>620,211</u>	
Present value of net minimum capital lease payments	2,571,316	
Less current installments of obligations under capital leases	<u>668,817</u>	
Obligation under capital leases, excluding current installments	\$ <u>1,902,499</u>	

(Continued)

GEOSTAR CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Total rental expense for operating leases in 1989, 1988, and 1987, including contingent rentals and net of sublease payments received, was approximately \$850,000, \$680,000 and \$347,000, respectively.

(b) Space Segment Lease

The Company is also obligated under cancelable and noncancelable operating leases for transponders. The future minimum operating lease payments under these leases as of December 31, 1989 are:

Year ending December 31,	
1990	\$ 3,562,560
1991	3,562,560
1992	3,562,560
1993	2,956,560
1994 and thereafter	<u>5,274,180</u>
Total	\$ <u>18,918,420</u>

Total rental expense for space segment leases in 1989 and 1988 was approximately \$1,455,000 and \$646,000, respectively. There was no corresponding expense in 1987.

(14) Income Taxes

At December 31, 1989, the Company had net operating loss carryforwards of approximately \$54,700,000 for financial reporting purposes and \$35,800,000 for federal income tax purposes which will expire between 1998 and 2003. The primary differences in the amounts are the capitalized launch cost expensed for financial reporting purposes relating to the failed relay in 1986 and all costs expensed for financial reporting purposes in 1988 relating to the failure of the second and third back-up RDSS transponders. Under the Tax Reform Act of 1986, utilization of the net operating losses may be subject to limitations in the event of significant changes in stock ownership of the Company.

(Continued)

GEOSTAR CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

In December 1987, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 96, Accounting for Income Taxes, which will require a change from the deferred method to a liability method in accounting for income taxes. In 1989, the FASB amended Statement No. 96 to delay its mandatory effective date from January 1, 1990 to January 1, 1992. This action was taken to allow companies and their auditors more time to study, understand and apply the Statement's provisions. The FASB has identified a number of specific implementation issues it plans to incorporate, together with guidance on the issues, in a future Special Report. The Company expects to implement Statement No. 96 January 1, 1992. The Company does not anticipate any adverse impact from implementation of this pronouncement.

(15) Stock Warrants and Options

Summaries of changes in shares under warrant or options for 1989 and 1988 are as follows:

	<u>1989</u>	<u>1988</u>
Shares:		
Outstanding January 1,	1,836,074	1,441,006
Granted	252,375	734,943
Exercised	(20,000)	(339,875)
Cancelled	<u>(40,250)</u>	<u>-</u>
Outstanding December 31,	<u>2,028,199</u>	<u>1,836,074</u>
Expiration of warrants/options	1990 - 1997	1989 - 1997
Warrants/options price range at December 31,	\$ 3.12 - \$ 14.00	\$ 3.12 - \$ 13.20

(Continued)

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GEOSTAR CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

In 1989 and 1988, respectively, options to purchase 39,000 and 69,575 shares of common stock were awarded to the Board of Directors or their affiliates. There was no compensation expense attributable to these options.

All shares under warrant and option are exercisable at December 31, 1989 and 1988 and are subject to certain adjustments under the antidilution provisions of the warrants.

(16) Stock Option and Employee Benefit Plans

The Company has a Stock Option Plan (the Plan) for substantially all employees and officers. The option exercise price must be at least the fair market value of the common stock on the date of grant and at least 110 percent of the fair market value for any option granted to any officer or other employee who owns stock of the Company possessing more than 10 percent of the total combined voting power of all classes of stock.

Summaries of changes in shares under option for 1989 and 1988 are as follows:

	<u>1989</u>	<u>1988</u>
Shares:		
Outstanding January 1:	611,425	526,625
Granted	211,450	156,700
Exercised	(8,675)	(19,200)
Cancelled	(178,125)	(52,700)
Outstanding December 31,	<u>636,075</u>	<u>611,425</u>
Expiration of options	1994 to 1999	1994 to 1998
Options price range at December 31,	\$ 3.125 - \$ 14.00	\$ 3.125 - \$ 12.00
Options exercisable at December 31,	440,075	454,725
Options under the Plan available for grant at December 31	<u>135,425</u>	<u>168,750</u>

(Continued)

GEOSTAR CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

During 1988, the Company adopted a 401(k) Savings Plan for all employees of age 21 and older and with 6 months of service. Participants in the Plan may contribute up to 15 percent of compensation with a maximum contribution of approximately \$7,000. The Company contributes \$.50 for every \$1.00 contributed up to the first 5 percent of compensation contributed by the participant. The Company's expense in 1989 and 1988 was \$51,606 and \$22,544, respectively.

(17) Capital Stock

As of December 31, 1989, the Company had 4,591,373 shares of common stock reserved for the following purposes:

Warrants and options	2,028,199
Convertible subordinated debentures	1,548,349
Stock option plan	636,075
Contractual commitments	<u>378,750</u>

Total shares reserved 4,591,373

(18) Stock Purchase Agreement

In May 1985, the Company entered into a Stock Purchase Agreement with another company for the sale, in installments corresponding to certain milestones, of up to 625,000 shares of common stock at \$8.00 per share. The other company has agreed to develop and market railroad applications for the Geostar System. The other company is entitled to receive 10 percent of the revenues from use of the Geostar System by railroad users. During 1986 and 1985, Geostar sold 62,500 and 31,250 shares of common stock, respectively, corresponding to first and second milestones. In 1986 the other company purchased an additional 62,500 shares of common stock in anticipation of the third milestone. This acceleration of the third closing entitled the other company to receive service credits of approximately \$1,000,000. In 1988, the other company purchased 100,000 shares in anticipation of the fourth milestone which entitles the other company to receive service credits, the amount of which will be determined based on future events.

(19) Nonoperating Losses

In September 1988, the Company's second and third back-up RDSS transponders on board another company's satellite was launched; however, due to a malfunction, the satellite failed to reach its proper orbit.

(Continued)

GEOSTAR CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Due to the expected reduced life of the satellite, the Company filed a total loss claim against its \$5 million asset value insurance coverage on the two transponders and in March 1989, received insurance proceeds of \$5 million. Since the insurance proceeds were not sufficient to recover the capitalized costs of the two transponders, such costs in the amount of \$3,108,173 were expensed in 1988.

In October 1989 the satellite reached its proper orbit and is expected to have a useful life of approximately 4-5 years. As a result of insurance payment, the insurers are entitled to 50 percent of any revenues (net of associated costs) generated from the use of the transponders.

In 1986, the Company entered into two launch service agreements for the launch of shared payload satellites. Upon execution of these agreements, the Company paid deposits of \$1,050,000 which were capitalized as construction in progress. In December 1988, the Company and the launch provider agreed to terminate these agreements due to the acceleration of NASA launches, favorable credit available, and increased confidence in NASA based on recent launches. Accordingly, the deposits and related capitalized interest in the amount of \$1,304,405 were expensed in 1988.

The Company expensed additional capitalized costs related to the Geostar System amounting to \$737,191 in 1988.

(20) Change in Accounting Policy

In 1987, the Company began to capitalize, as part of construction in progress and licenses, all directly associated internal labor and related overhead expenses. Previously, these costs were expensed as incurred. The Company believes the new method is preferable and will better reflect the Company's investment in these assets and will appropriately match the costs of constructing the Geostar System and obtaining the related licenses with the expected revenues to be generated from the system. The effect of the change in 1987 was to decrease the net loss by \$1,931,562 or \$.27 per share. The effect on 1986 of \$1,016,900, or \$.16 per share, is included in the 1987 net loss as a cumulative effect adjustment. The pro-forma effect on net loss and net loss per common share had the new method been applied retroactively, is:

	1987	
	Actual	Pro-forma
Net loss	\$ 3,448,630	4,465,530
Net loss per common share	\$.48	.62

(Continued)

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GEOSTAR CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(21) Supplemental Cash Flow Information

During 1989, 1988, and 1987, cash payments for interest, net of amounts capitalized, were \$3,395,423, \$3,840,000 and \$2,152,000, respectively.

During 1989, 1988, and 1987, the Company incurred capital lease obligations for equipment of \$1,385,203, \$1,638,000 and \$333,000, respectively.

Geostar Corporation and Subsidiaries
Property, Plant and Equipment
Years Ended December 31, 1989, 1988 and 1987

SCHEDULE V

Period	Classification	Balance at Beginning of Period	Additions At Cost	Retirements	Other Changes - add (deduct) (1)	Balance at End of Period
1987	Construction in Progress:					
	Central Hub	\$5,396,474	\$5,525,987			\$10,922,461
	Space Segment	\$8,401,851	\$6,114,727			\$14,516,578
	Technical Equipment	\$489,996	\$429,016			\$919,012
	Office Equipment	\$178,080	\$96,553			\$274,633
	Furniture & Fixtures	\$145,715	\$9,010			\$154,725
	Aircraft	\$31,000		(\$31,000)		\$0
	Leasehold Improvements	\$31,779	\$119,576			\$151,355
	User Terminals Held for Leases		\$321,082			\$321,082
	Totals 1987	\$14,674,895	\$12,615,951	(\$31,000)	\$0	\$27,259,846
1988	Geostar System:					
	Central Hub				\$12,210,498	\$12,210,498
	Space Segment		\$4,883,000		\$15,807,978	\$20,690,978
	Construction in Progress:					
	Central Hub	\$10,922,461	\$3,492,347		(\$12,210,498)	\$2,204,310
	Space Segment	\$14,516,578	\$20,393,086	(\$9,912,578)	(\$15,807,978)	\$9,189,108
	Technical Equipment	\$919,012	\$1,202,360			\$2,121,372
	Office Equipment	\$274,633	\$30,684			\$305,317
	Furniture & Fixtures	\$154,725	\$35,942			\$190,667
	Leasehold Improvements	\$151,355	\$11,569			\$162,924
User Terminals Held for Leases	\$321,082	\$1,584,156	(\$323,738)		\$1,581,500	
Totals 1988	\$27,259,846	\$31,633,144	(\$10,236,316)	\$0	\$48,656,674	
1989	Geostar System:					
	Central Hub	\$12,210,498			\$6,320,221	\$18,530,719
	Space Segment	\$20,690,978	\$5,665,000			\$26,355,978
	Construction in Progress:					
	Central Hub	\$2,204,310	\$4,824,947		(\$6,320,221)	\$709,036
	Space Segment	\$9,189,108	\$1,898,300			\$11,087,408
	Technical Equipment	\$2,121,372	\$2,166,039	(\$62,757)		\$4,224,654
	Office Equipment	\$305,317	\$18,832	(\$6,969)		\$317,180
	Furniture & Fixtures	\$190,667	\$28,614			\$219,281
	Leasehold Improvements	\$162,924	\$29,702	(\$31,779)		\$160,847
User Terminals Held for Leases	\$1,581,500	\$1,137,581	(\$703,339)		\$2,015,742	
Totals 1989	\$48,656,674	\$15,769,015	(\$804,844)	\$0	\$63,620,845	

(1) Reflects transfer of Construction in Progress to Geostar System.

Geostar Corporation and Subsidiaries
Accumulated Depreciation and Amortization of Property, Plant and Equipment
Years Ended December 31, 1989, 1988 and 1987

SCHEDULE VI

Period	Classification	Balance at Beginning of Period	Additions at Cost	Retirements	Other Changes-add (deduct)	Balance at End of Period
1987	Construction in Progress:					
	Central Hub					\$0
	Space Segment					\$0
	Technical Equipment	\$151,047	\$140,436			\$300,483
	Office Equipment	\$37,137	\$63,439			\$100,576
	Furniture & Fixtures	\$43,342	\$35,760			\$79,102
	Aircraft	\$17,567	\$1,551	(\$19,118)		\$0
	Leasehold Improvements	\$31,093	\$14,672			\$45,765
	User Terminals Held for Leases	\$0	\$17,596			\$17,596
	Totals 1987	\$280,186	\$282,454	(\$19,118)	\$0	\$543,522
1988	Geostar System:					
	Central Hub		\$552			\$552
	Space Segment		\$679			\$679
	Construction in Progress:					
	Central Hub					\$0
	Space Segment					\$0
	Technical Equipment	\$300,483	\$218,311			\$518,794
	Office Equipment	\$100,576	\$85,418			\$185,994
	Furniture & Fixtures	\$79,102	\$42,782			\$121,884
	Leasehold Improvements	\$45,765	\$25,519			\$71,284
	User Terminals Held for Leases	\$17,596	\$128,901	(\$81,235)		\$65,262
	Totals 1988	\$543,522	\$502,162	(\$81,235)	\$0	\$964,449
1989	Geostar System:					
	Central Hub	\$552	\$9,702			\$10,254
	Space Segment	\$679	\$19,264			\$19,943
	Construction in Progress:					
	Central Hub					\$0
	Space Segment					\$0
	Technical Equipment	\$518,794	\$653,572			\$1,172,366
	Office Equipment	\$185,994	\$93,571			\$279,565
	Furniture & Fixtures	\$121,884	\$53,332			\$175,216
	Leasehold Improvements	\$71,284	\$33,524	(\$31,779)		\$73,029
	User Terminals Held for Leases	\$65,262	\$734,924	(\$98,503)		\$701,683
	Totals 1989	\$964,449	\$1,507,889	(\$130,282)	\$0	\$2,432,056

Geostar Corporation and Subsidiaries
Short Term Borrowings
Years Ended December 31, 1989, 1988 and 1987

SCHEDULE IX

Year Ended December 31:	Category of Aggregate Short Term Borrowings	Balance at End of Period	Weighted Average Interest Rate	Maximum Out- standing during the Period	Average Amount Outstanding during the Period (1)	Weighted Average Interest Rate during the Period (2)
1987	Bank Loan (3)	\$1,000,000	9.75%	\$1,000,000	\$833,333	9.45%
	Notes Payable (4)	\$2,113,629	14.50%	\$2,113,629	\$895,262	14.50%
1988	Bank Loan (3)	\$1,600,000	11.50%	\$3,500,000	\$2,550,000	10.46%
	Notes Payable (4)	\$0	-	\$2,113,629	\$540,992	14.50%
1989	Bank Loan (3)	\$0	-	\$3,500,000	\$1,750,000	12.17%
	Notes Payable (4)	\$9,875,500	11.65%	\$9,875,500	\$1,895,917	12.55%

(1) The average balance outstanding during the period was calculated based on the sum of the month-end balances throughout the year divided by 12.

(2) The weighted average interest rate during the period was calculated as the sum of the weighted average monthly interest rates based on the month-end balance.

(3) Bank loans bear interest at 1% above the bank's prime rate. The bank loan outstanding at December 31, 1987 was due in January 1989 and was extended in 1988 to January 1990. All bank loans outstanding at December 31, 1988 were repaid in July 1989.

(4) The 14.5% Notes Payable in 1987 and 1988 were for construction of the Geostar System and were due and paid in three equal installments during 1988. Included in the balance outstanding as of December 31, 1989 are \$8,875,000 of notes originally due on March 31, 1990 which were amended such that \$7,875,000 is due upon demand and \$1,000,000 is due on June 30, 1990. The remaining balance of \$1,000,000 bears interest at prime plus 2.5% and is payable interest only through June 30, 1990.

Geostar Corporation and Subsidiaries
 Supplementary Income Statement Information
 Years Ended December 31, 1989, 1988 and 1987

SCHEDULE X

Item	Charged to Costs and Expenses		
	1989	1988	1987
Maintenance and repairs	\$295,855	*	**
Depreciation and amortization of intangible assets, preoperating costs and similar deferrals	*	*	**
Taxes, other than payroll and income taxes	*	*	**
Royalties	\$200,000	\$200,000	**
Advertising	\$299,673	\$317,143	**

*Less than 1% of total revenues from continuing operations
 **Revenues were not of significant amount

INDEX TO EXHIBITS

<u>Exhibit Number</u>	<u>Description</u>	<u>Incorporated by Reference to</u>	<u>Page No.</u>
3.1	Certificate of Incorporation of the Company (as amended)	Exhibit 19.1 to June 30, 1989 Quarterly Report on Form 10-Q	
3.2	By-laws of the Company (as amended)	Exhibit 19.2 to June 30, 1989 Quarterly Report on Form 10-Q	
4.1	Indenture dated February 28, 1986		81
10.1	Assignment Agreement between the Company and Dr. Gerard K. O'Neill dated November 26, 1984 (as amended)	Exhibit 10.1 to Registration Statement on Form 10 effective June 28, 1988	
10.1(a)	Amendment No. 3 to Assignment Agreement dated October 1, 1988	Exhibit 10.1(a) to Form 10-K for year ended December 31, 1989	
10.2	Employment Agreement between the Company and Dr. Gerard K. O'Neill dated November 26, 1984 (as amended)	Exhibit 10.2 to Registration Statement on Form 10 effective June 28, 1988	
10.3	Settlement Agreement between the Company and Dr. Gerard K. O'Neill dated September 19, 1986	Exhibit 10.4 to Registration Statement on Form 10 effective June 28, 1988	
10.4	Amendment Agreement between the Company and Dr. Gerard K. O'Neill dated September 19, 1986	Exhibit 10.5 to Registration Statement on Form 10 effective June 28, 1988	
10.5	Stock Purchase Agreement between the Company and Railstar dated May 2, 1985	Exhibit 10.6 to Registration Statement on Form 10 effective June 28, 1988	

<u>Exhibit Number</u>	<u>Description</u>	<u>Incorporated by Reference to</u>	<u>Page No.</u>
10.6	Lease Agreement between the Company and 22nd & K Street Office Building Limited Partnership dated July 15, 1987 (as amended)	Exhibit 10.7 to Registration Statement on Form 10 effective June 28, 1988	
10.7	Lease Agreement between the Company and 22nd & K Street Office Building Limited Partnership dated July 15, 1987 (as amended)	Exhibit 10.8 to Registration Statement on Form 10 effective June 28, 1988	
10.8	Lease Agreement between the Company and 22nd & K Street Office Building Limited Partnership dated April 6, 1988	Exhibit 10.9 to Registration Statement on Form 10 effective June 28, 1988	
10.9	Sublease Agreement between the Company and Roberts & Holland dated August 29, 1987	Exhibit 10.10 to Registration Statement on Form 10 effective June 28, 1988	
10.10	Sublease Agreement between the Company and Standard Oil of Ohio dated March 10, 1988	Exhibit 10.11 to Registration Statement on Form 10 effective June 28, 1988	
10.11	Amended and Restated 1983 Stock Option Plan	Exhibit 10.13 to Registration Statement on Form 10 effective June 28, 1988	
10.12	Description of Officers' Life and Disability Insurance Plan		83
10.13	Master Task Agreement between the Company and COMSAT	Exhibit 10.16 to Registration Statement on Form 10 effective June 28, 1988	
10.14	Agreement among the Company, Mobile Communications Corporation of America and National Satellite Paging, Inc. dated January 29, 1987	Exhibit 10.17 to Registration Statement on Form 10 effective June 28, 1988	

<u>Exhibit Number</u>	<u>Description</u>	<u>Incorporated by Reference to</u>	<u>Page No.</u>
10.15	Application Development Agreement between the Company and Railstar dated May 2, 1985 (as amended)	Exhibit 10.18 to Registration Statement on Form 10 effective June 28, 1988	
10.16	Technology License Agreement between the Company and Railstar dated May 2, 1985	Exhibit 10.19 to Registration Statement on Form 10 effective June 28, 1988	
10.17	System License Agreement between the Company and Railstar dated May 2, 1985	Exhibit 10.20 to Registration Statement on Form 10 effective June 28, 1988	
10.18	Transponder and Occupancy Lease Agreement between the Company and GTE Spacenet Corporation dated March 4, 1985 (as amended)	Exhibit 10.21 to Registration Statement on Form 10 effective June 28, 1988	
10.19	Transponder and Occupancy Lease Agreement between the Company and GTE Spacenet Corporation dated December 20, 1985 (as amended)	Exhibit 10.22 to Registration Statement on Form 10 effective June 28, 1988	
10.19(a)	Revised Transponder and Occupancy Lease for GSTAR III with GTE Spacenet Corp. dated Nov. 3, 1989		85
10.20	Transponder and Occupancy Lease Agreement between the Company and GTE Spacenet Corporation dated June 27, 1985 (as amended)	Exhibit 10.23 to Registration Statement on Form 10 effective June 28, 1988	
10.21	Amendment No. 1 to Geostar Satellite Construction Contract between the Company and General Electric Company	Exhibit 19.2 to June 30, 1988 Quarterly Report on Form 10-Q	

<u>Exhibit Number</u>	<u>Description</u>	<u>Incorporated by Reference to</u>	<u>Page No.</u>
10.21(a)	Amendment No. 2 to Geostar Satellite Construction Contract with General Electric Co. dated Dec. 4, 1989		99
10.22	Agreement for Licensing, Manufacturing and Joint Marketing of Link One Units between the Company and M/A-Com DCC, Inc. dated October 14, 1985 (as amended)	Exhibit 10.29 to Registration Statement on Form 10 effective June 28, 1988	
10.22(a)	Amendment Number Nine to the Agreement for the Licensing, Manufacture and Joint Marketing of Link One Units dated November 15, 1988	Exhibit 10.22(a) to Form 10-K for year ended December 31, 1989	
10.22(b)	Letter Amendment to Link One Agreement dated August 29, 1989		128
10.23	Core Unit License Agreement between the Company and a joint venture of M/A-Com Telecommunications Inc. and Kenwood Corporation dated July 24, 1987	Exhibit 10.30 to Registration Statement on Form 10 effective June 28, 1988	
10.24	Contract between the Company and U.S. Customs Service dated September 30, 1986	Exhibit 10.31 to Registration Statement on Form 10 effective June 28, 1988	
10.24(a)	Amendment dated September 1, 1989 to contract with U.S. Customs Service	Exhibit 19.2 to September 30, 1989 Quarterly Report on Form 10-Q	
10.25	Subcontract Agreement between the Company and Motorola dated September 18, 1987 (as amended)	Exhibit 10.32 to Registration Statement on Form 10 effective June 28, 1988	
10.25(a)	Amendment dated May 5, 1988 to Subcontract Agreement between the Company and Motorola, Inc.	Exhibit 19.7 to June 30, 1988 Quarterly Report on Form 10-Q	

<u>Exhibit Number</u>	<u>Description</u>	<u>Incorporated by Reference to</u>	<u>Page No.</u>
10.25(b)	Amendment to Subcontract Agreement between the Company and Motorola, Inc.	Exhibit 19.2 to September 30, 1988 Quarterly Report on Form 10-Q	
10.25(c)	Amendment dated August 25, 1989 to Subcontract Agreement with Motorola, Inc.	Exhibit 19-3 to September 30, 1989 Quarterly Report on Form 10-Q	
10.26	Launch Agreement between the Company and NASA dated November 12, 1985	Exhibit 10.33 to Registration Statement on Form 10 effective June 28, 1988	
10.27	Geostar Prime Agreement between the Company and Sony Corporation of America dated December 4, 1985 (as amended)	Exhibit 10.34 to Registration Statement on Form 10 effective June 28, 1988	
10.27(a)	Secondary Amendatory Agreement dated July 22, 1988 to Geostar Prime Agreement between the Company and Sony Corporation of America dated December 4, 1985	Exhibit 19.4 to June 30, 1988 Quarterly Report on Form 10-Q	
10.28	Link One Agreement between the Company and Sony Corporation of America dated December 4, 1985 (as amended)	Exhibit 10.35 to Registration Statement on Form 10 effective June 28, 1988	
10.28(a)	Third Amendatory Agreement dated July 22, 1988 to Link One Agreement between the Company and Sony Corporation of America dated December 4, 1985	Exhibit 19.3 to June 30, 1988 Quarterly Report on Form 10-Q	
10.29	Assignment Agreement among the Company, Mobile Communications Corporation of America, National Satellite Paging, Inc. and COM/NAV Marine, Inc. dated June 30, 1988	Exhibit 19.6 to June 30, 1988 Quarterly Report on Form 10-Q	

<u>Exhibit Number</u>	<u>Description</u>	<u>Incorporated by Reference to</u>	<u>Page No.</u>
10.30	Exclusive Patent License and Technology Transfer Agreement with Locstar dated May 26, 1989	Exhibit 10.19 to June 30, 1989 Quar- terly Report on Form 10-Q	
10.31	Employment Agreement with Martin R. Snoey dated July 24, 1989	Exhibit 10.1 to September 30, 1989 Quarterly Report on Form 10-Q	
10.31(a)	Amendment dated October 24, 1989 to Employment Agreement with Martin R. Snoey	Exhibit 19.1 to September 30, 1989 Quarterly Report on Form 10-Q	
10.32	Agreement with Kenwood Corp. for Purchase, Production and Distribution of 2C Receiver Units dated September 7, 1989	Exhibit 10.2 to September 30, 1989 Quarterly Report on Form 10-Q	
10.33	Bridge Financing Agreements dated November and December 1989		130
22	Subsidiaries		233
24	Consent of Independent Accountants		235
25	Powers of Attorney		237

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300 W. WASHINGTON STREET
CHICAGO, ILLINOIS 60606
(312) 368-8288

**EXHIBITS
FOLLOW**

ExpressSM
1-800-231-DATA

Exhibit 4.1

80

Geostar Corporation
Indenture dated February 28, 1986

Geostar Corporation agrees to furnish to the Commission,
upon request, a copy of the Indenture dated February 28, 1986
between Geostar Corporation and Bank of Virginia Trust Company.

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Exhibit 10.12

82

Geostar Corporation

Description of Officers' Life and
Disability Insurance Plan

The Company maintains a disability and life insurance plan for its executive officers. Each officer covered by the plan receives life insurance equal to five times his annual salary and disability insurance equal to his annual salary.

Exhibit 10.19(a)

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REVISED TRANSPONDER AND OCCUPANCY LEASE BETWEEN
GTE SPACENET CORPORATION AND GEOSTAR CORPORATION
FOR GEOSTAR'S RECEIVE/ONLY PAYLOAD ON THE
GSTAR III SATELLITE

This Revised Transponder and Occupancy Lease between GTE Spacenet Corporation and Geostar Corporation for Geostar's Receive/Only ("R/O") Payload on the GSTAR III Satellite is entered into as of the 3rd of November, 1989 by and between GTE Spacenet Corporation ("GTE"), a Delaware corporation having its principal place of business at 1700 Old Meadow Road, McLean, Virginia 22102, and Geostar Corporation ("Geostar"), a Delaware corporation having its principal place of business at 1001 22nd Street, N.W., Suite 840, Washington, D.C. 20037.

WHEREAS, Geostar entered into a Transponder and Occupancy Lease with GTE, dated December 20, 1985, (the "Lease") whereby GTE would provide certain services to Geostar, including technical consultation during the construction and integration of the R/O Payload by GE Astro; and

WHEREAS, on September 11, 1987, GTE and Geostar amended the Lease to provide for the deployment of a second Geostar Receive Antenna/simultaneous receive path and update the Scope of Work originally incorporated into that Agreement; and

WHEREAS, on September 8, 1988, the GSTAR III Satellite was launched but failed to immediately achieve its intended orbit, which failure caused a dispute between the parties as to the effect of the failure on the continued enforceability of the Lease; and

WHEREAS, on September 30, 1989, the GSTAR III Satellite arrived at its assigned orbital position; and

WHEREAS, the parties have agreed that it would be in their mutual best interests to resolve the dispute regarding the Lease in a manner that allows Geostar to use the R/O Payload on GSTAR III.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements hereinafter set forth, the parties hereto agree as follows:

1. REVISED LEASE

- (a) For the purpose of this Revised Lease, the following terms have the meaning ascribed to them:

"Collateral" has the meaning set forth in Section 5(f)(i).

"Lien" means any mortgage, deed of trust, pledge, security interest, hypothecation, assignment, assigned deposit, encumbrance, encroachment, lien (statutory or other), right of way, easement, purchase right, or preference, priority or other security agreement (including, without limitation, any conditional sale or other title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, and any financing statement under the UCC or under the comparable law of any other jurisdiction).

"Northern Beam" means the components and systems which comprised the original single antenna configuration as described in the GSTAR III Transponder and Occupancy Lease between the parties dated December 20, 1985 as more fully described in Annex A.

"Person" means an individual, partnership, corporation, business trust, joint stock company, trust, unincorporated association, joint venture, governmental authority or other entity of whatever nature.

"Original Lease" means that GSTAR III Transponder and Occupancy Lease between the parties dated December 20, 1985, as amended by Amendment No.1 dated September 11, 1987.

"Revised Lease" means this Revised Transponder and Occupancy Lease.

"R/O" means the receive only payload comprised of the Northern Beam and the Southern Beam.

"Shared Revenues" means the gross service revenues (as that term is defined by Generally Accepted Accounting Practices) from the sale of Geostar's System 2.0 and System 3.0 services (as those systems are described in Geostar's Private Placement Memorandum dated May 9, 1988, or as they may in the future be re-designated or re-named) including:

- (A) all value-added and "extra message" revenues, and
- (B) Geostar System 2C revenues, and
- (C) Southern Beam Revenues,

but excluding revenues from terminal equipment leases and non-Geostar system services sold by Geostar (e.g. National Satellite Paging services).

"Southern Beam Revenues" means the gross service revenues (as that term is defined by Generally Accepted Accounting Practices) from the sale of Geostar's System 2.0 and System 3.0 services (as those systems are described in Geostar's Private Placement Memorandum dated May 9, 1988, or as they may in the future be re-

designated or re-named) which services use the Southern Beam, including

- (A) all value-added and "extra message" revenues, and
- (B) Geostar System 2C revenues,

generated on such Southern Beam, but excluding revenues from terminal equipment leases and non-Geostar system services sold by Geostar (e.g. National Satellite Paging services).

"Southern Beam" means those components and systems (as described in the Original Lease pursuant to Amendment No. 1 and as more fully described in Annex B of this Revised Lease) added to the receive only payload to implement a second antenna designed to be pointed generally toward the Caribbean.

"SPACENET III Lease Agreement" means that Agreement for a Receive Only Payload between the parties dated June 27, 1986, as amended by amendment dated April 30, 1987 and as further amended by amendment No.1 dated July 2, 1987.

- (b) Except as explicitly provided below, this Revised Lease supercedes in its entirety the Original Lease.
- (c) The following obligations of the Original Lease survive the termination of the Original Lease and are obligations under this Revised Lease:
 - (i) Payment by Geostar of the sum of \$360,000 pursuant to Article 4.1.1 (a) of the Original Lease for partial payment of additional launch services provided by GTE.
 - (ii) Payment by Geostar of the sum of \$198,800 pursuant to Article 4.1.2 of the Original Lease for costs associated with the design, hardware construction, integration, and testing of the second antenna.
 - (iii) Title and risk of damage or loss to the equipment and hardware comprising the Dual Antenna Configuration passed to Geostar upon launch attempt of the GSTAR III satellite.
 - (iv) With respect to the equipment comprising the Southern Beam, GTE agrees to exercise on behalf of Geostar any warranty which GE Astro provides to GTE (subject to any conditions or limitations imposed on such warranty by GE Astro). Nothing in this Section 1(c)(iv) shall relieve Geostar of its obligations to pay GTE as required by this Revised Lease. This warranty does not extend to any components of the Northern Beam configuration or to any failure of performance not directly attributable to a defect in the materials or workmanship of the equipment comprising the

Southern Beam. THIS WARRANTY IS A LIMITED WARRANTY AND IS IN LIEU OF ALL OTHER WARRANTIES EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, THOSE OF MERCHANTABILITY, PERFORMANCE OR UTILITY OR FITNESS FOR ANY PARTICULAR PURPOSE.

2. TERM

The term of this Revised Lease shall be for five (5) years from the signing of this Revised Lease or for the operating life of the GSTAR III satellite, whichever is longer.

3. OBLIGATIONS OF GTE

- (a) Commencing with the operational date of the GSTAR III satellite, GTE will make available to Geostar satellite services on one Full Period Full Transponder on GSTAR III (currently located at 93° W.L.) for the purposes of linking the R/O to Geostar's central facilities. Such satellite services shall be provided in accordance with GTE's Satellite Service Agreement (attached hereto as Annex C) and with Section 5(c) herein. (All associated ground facilities will be provided by Geostar.) Geostar acknowledges that GTE has disclosed that the GSTAR III satellite in a geosynchronous inclined orbit of approximately 1.9° and that such inclination will increase at a rate of approximately 0.9° per year. As a consequence, Geostar agrees that the use of the Transponder may require earth station equipment capable of tracking the GSTAR III Satellite and that such inclined orbit shall not, in accordance with the provisions of the Satellite Service Agreement, constitute a default by GTE.
- (b) Geostar has represented that the orbital location of the GSTAR III Satellite precludes the use of the Northern Beam except as a back-up system for services currently provided on GTE's SPACENET III satellite pursuant to the SPACENET III Lease. In consideration of this use limitation, GTE's compensation for the occupancy of the R/O on the GSTAR III Satellite (as provided in Section 5(a) below) has been reduced. Geostar agrees that it will use the Northern Beam of the R/O only for back-up facilities for its RDSS services provided on SPACENET III or for testing or demonstration purposes and that the Northern Beam of the R/O shall not be used for any other purpose without GTE's express written permission and an equitable adjustment to GTE's compensation under Section 5(a).
- (c) GTE will make available to Geostar such operational information as it obtains on the health and status of the R/O on the GSTAR III satellite. This information will be available for delivery to Geostar at GTE's control center, and will consist of monthly written reports, unless a significant anomaly is detected, which would be communicated to Geostar promptly by telephone. Geostar

will deliver in writing any functional commands applicable to its R/O package to GTE at GTE's control center in McLean, Virginia, and GTE will transmit those commands to the satellite. All operating procedures developed by Geostar for its use with the R/O affecting the performance of the GSTAR III satellite, directly or indirectly, shall be subject to receipt of written approval of GTE, which shall not be unreasonably withheld. Geostar and GTE agree that any notice to Geostar or commands to the satellite pursuant to this Section shall be made by GTE as part of its normally scheduled satellite operations and without interfering with other activities in the GTE, McLean, Virginia, control center determined to be essential by GTE at its sole discretion.

- (d) GTE SHALL NOT BE LIABLE FOR ANY DIRECT, INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL, OR ANY OTHER TYPES OF DAMAGE.
- (e) In no event shall GTE's total liability in connection with the performance of this Revised Lease exceed an amount equal to the sums actually paid to GTE by Geostar pursuant to this Revised Lease.

4. OBLIGATIONS OF GEOSTAR

- (a) Geostar will pay GTE the sums due GTE under this Revised Lease in accordance with this Revised Lease.
- (b) Geostar will not transmit or otherwise act in any manner that shall interfere with the use of the satellite by GTE or its customers, or cause physical harm to the satellite. Geostar shall comply with all FCC and other governmental laws, rules and regulations, as well as this Revised Lease and all GTE Operations Procedures. Geostar shall be responsible for providing necessary uplink, downlink and terrestrial transmission facilities and shall provide to GTE all technical characteristics of Geostar-provided equipment, communications signals or interfaces used for transmission through the satellite in connection herewith in order to maintain the quality of service and minimize outages.

5. COMPENSATION TO BE RECEIVED BY GTE

(a) Annual Payments

For the five (5) year period commencing on November 1, 1989, as compensation for the occupancy of the R/O on the GSTAR III Satellite, Geostar shall pay to GTE the annual amounts shown below:

<u>Year</u>	<u>Payment</u>
1	\$ 555,000
2	1,070,000
3	1,605,000
4	2,140,000
5	2,670,000

These Annual Payments shall be paid in four equal quarterly payments commencing on November 1, 1989 and subsequently on the first day of each third month thereafter. Geostar's obligation to make Annual Payments that have not otherwise become due shall terminate only if this Revised Lease is terminated as a result of retirement of the GSTAR III satellite in accordance with Section 9 of Annex C. The foregoing notwithstanding, in the event of retirement earlier than five (5) years after the Satellite Operational Date, the total Annual Payments shall be prorated to reflect the actual life to retirement (e.g., if the satellite were retired after 3 years, the obligation to make Annual Payments would cease after three fifths of the above total Annual Payments were paid).

GTE hereby acknowledges receipt of payment of the quarterly payment due November 1, 1989 in the amount of \$138,750.

(b) Revenue Sharing Payments for the R/O

(i) For the five (5) year period commencing on November 1, 1989, Geostar shall pay to GTE an amount equal to 1.0% (one percent) of the Shared Revenues as defined in Section 1(a) above. Such payments are to be made on a quarterly basis and shall be based on the gross revenues received by Geostar during the previous three (3) month period. These payments are due on the fifteenth business day following the end of each calendar quarter. Annually Geostar shall furnish to GTE an audited statement, certified as accurate and complete by an officer of Geostar, setting forth the Gross Revenue earned by Geostar during the fiscal year. GTE has the right to require an independent audit of the calculation of gross revenues, at Geostar's expense. If a failure of the GSTAR III Satellite or the R/O occurs such



that Geostar cannot provide the services on the North Beam as contemplated under this Revised Lease, then subject to payment of all sums due GTE under this Section 5(b)(i) up to and including the date of any such failure, Geostar's future obligation to make revenue sharing payments under this Section 5(b)(i) shall cease.

- (ii) In addition to the sums owed GTE pursuant to Section 5(b)(i), Geostar shall pay GTE over the five (5) year period commencing on November 1, 1989, an amount equal to ten (10) percent of the Southern Beam Revenues as defined in Section 1(a) above. Such additional amounts shall be calculated quarterly for each previous three month period and are payable on the fifteenth business day following the end of each calendar quarter. Each fourth quarterly payment shall be adjusted as necessary to assure that GTE receives on an annualized basis a minimum payment of \$125,000. If a failure of the GSTAR III Satellite or the R/O occurs such that Geostar cannot provide the services on the South Beam as contemplated under this Revised Lease, then subject to payment of all sums due GTE under this Section 5(b)(ii) up to and including the date of any such failure, Geostar's future obligation to make revenue sharing payments under this Section 5(b)(ii) shall cease.

(c) Transponder Service Payments

- (i) Commencing with the satellite operational date of the GSTAR III satellite, Geostar shall pay GTE for Full Transponder Service. The Service Charge for such Full Transponder Service shall be \$110,000 per month for the first 36 months. Thereafter, the Service Charge shall be increased annually by 5% per year commencing with the 37th month following the operational date of the satellite.
- (ii) GTE's obligation to provide transponder service under this Revised Lease is subject to its rights under the Satellite Service Agreement attached hereto as Annex C, including the right to retire the satellite. In the event the GSTAR III satellite is retired, this Revised Lease shall terminate, subject to payment of all sums due GTE under this Revised Lease up to and including the date of any such termination and provided that such termination shall not affect Geostar's payment obligations under paragraph (a) above.
- (iii) In addition to any right Geostar may have under the terms of the Satellite Service Agreement (attached hereto as Annex C) to terminate the Transponder Service provided by GTE pursuant to this Revised Lease, Geostar may terminate such Transponder Service on five (5) days written notice to GTE if both the Northern Beam and the Southern Beam of



the R/O fail such that Geostar cannot utilize either beam to provide service to customers of Geostar. Such termination shall not relieve Geostar of its obligation to pay GTE any sums due under this Revised Lease (including the Satellite Service Agreement) prior to the effective date of such termination.

- (iv) GTE hereby acknowledges receipt of the sum of \$114,400 as payment of the Service Charges due November 1, 1989 and as partial payment of the Service Charges due November 30, 1989.

(d) Arrearages

Not later than November 20, 1989, Geostar shall pay GTE the sums owed GTE under the Original Lease as described in Section 1 of this Revised Lease.

(e) Late Payment Charges

In the event that any sums are not paid in full by Geostar when due, GTE reserves the right to charge Geostar a late payment charge calculated on the outstanding balance then due at the lower of 1.5% per month for each month or part thereof or the highest rate permitted under the applicable Virginia law, plus the costs of collection including reasonable attorneys fees.

(f) Collateral; Security Interest

- (i) In order to secure the payment and performance of its obligations, and in order to induce GTE to enter into this Revised Lease, Geostar hereby conveys, pledges, hypothecates, transfers and grants to GTE the following security interest in the following Collateral: all of Geostar's right, title and interest in and to the R/O as described in Annexes A and B.

Geostar agrees to execute all applicable UCC forms to assist GTE in perfecting a security interest (or interests) with respect to the Collateral. If GTE requests Geostar to execute a financing statement pursuant hereto and Geostar refuses, **GEOSTAR HEREBY IRREVOCABLY NOMINATES AND APPOINTS GTE AS ITS ATTORNEY-IN-FACT AND AGENT FOR THE SOLE PURPOSE OF EXECUTING ON ITS BEHALF SUCH FINANCING STATEMENTS (AND ANY APPROPRIATE AMENDMENTS THERETO) UNDER THE PROVISIONS OF THE UNIFORM COMMERCIAL CODE RELATIVE TO THIS REVISED LEASE AND THE R/O. SUCH APPOINTMENT IS COUPLED WITH AN INTEREST THAT IS IRREVOCABLE.**

The security interest granted herein shall be senior to all other security interests in the Collateral.

- (ii) Except for the security interest granted GTE, there are no other lien holders which have any security interest in the Collateral. Geostar shall not create, incur, assume or suffer to exist any Lien upon the Collateral. Geostar agrees to defend the Collateral, and the Lien created hereunder in favor of GTE, against all claims and demands of all Persons at any time claiming the same or any interest therein and pay all costs and expenses (including attorney's fees and disbursements) incurred in connection with such defense.

6. Orbital Location

GTE shall have the right, at its sole discretion, to locate or to relocate the GSTAR III satellite, or any other of its satellites, in orbital locations between 69° and 125° as may be authorized by the FCC that suit its business objectives.

7. Harm to GTE Satellites

GTE retains the right, at its sole discretion, to terminate, reduce, or alter Geostar's services, if Geostar's continued use of said services occurs in breach of this Revised Lease or the applicable regulations of the FCC or other governmental body having authority over GTE's provision of services and in GTE's reasonable opinion jeopardizes the safety of the satellite; or interferes with or endangers GTE's operations or the services provided to other GTE customers on the same satellite. Before taking such action, GTE shall endeavor, whenever time and circumstances permit, to consult with Geostar, but any such decision to terminate, reduce, or alter Geostar's services for the reasons specified in this Section shall be made at GTE's sole, reasonably exercised discretion.

8. DEFAULT

- (a) It shall be a Default hereunder if any one or more of the following shall occur:
 - (i) Geostar shall fail to pay, when due, any sum payable hereunder, including any late payment charge, and Geostar shall fail to cure such Default within thirty (30) calendar days after the date upon which GTE has sent written notice of default to Geostar;
 - (ii) Geostar (A) becomes the subject of a voluntary or involuntary bankruptcy, insolvency, or similar proceeding, or makes a general assignment for the benefits of its creditors or if a receiver is appointed on account of its insolvency or if Geostar admits in writing that it is unable to pay its debts when due; or (B) admits in writing its inability to pay its debts as such debts become due;



(iii) The issuance of any material attachment or material garnishment against Geostar, if Geostar is the debtor unless such attachment or garnishment is dismissed within thirty (30) days.

(b) If any one or more events of Default shall occur and be continuing, then, in addition to all the rights and remedies which GTE may exercise under applicable law, and in each and every such case, GTE may exercise and/or enforce any one or more of the following rights and remedies:

(i) Terminate GTE's obligation to provide Service under this Revised Lease (including the Satellite Service Agreement attached as Annex C). In the event of such termination, Geostar's right to access the R/O and the Serving Transponder shall terminate.

(ii) Take possession of any Collateral not already in GTE's possession and exercise all of the rights and remedies granted to a secured party under the Uniform Commercial Code. In taking possession of the Collateral GTE may proceed without legal process, if done without breach of the peace. While in possession of the R/O, GTE shall have the exclusive right to use the R/O, previously used to provide service to Geostar, for any commercial purpose GTE may elect. From such use GTE shall be entitled to retain all revenues. Should GTE elect the forgoing remedy and such remedy is held to be invalid or, in GTE's opinion, proves to be ineffective, GTE shall have the right to elect any other remedy available to it under this Section 8.

9. Assignment

GTE may, by merger, consolidation or otherwise, assign or transfer this Revised Lease to a corporate affiliate. Otherwise, this Revised Lease may not be assigned without the prior written consent of both parties, which consent will not be unreasonably withheld.

10. Captions

Captions herein are for convenience only, and are not to be used in interpreting this Revised Lease.

11. Invoices

Invoices shall be addressed to Geostar at the address set forth in Section 12. Geostar shall pay all amounts due to GTE under this Revised Lease by forwarding payment to the address set forth in Section 12.

12. Notices

Any and all notices, demands, requests or other communications required or desired to be given, served or sent in connection with this Revised Lease shall be in writing and shall be transmitted to the applicable party by hand delivery or by U.S. certified mail, return receipt requested, postage prepaid, or transmitted by telegram or telex addressed as follows:

Geostar: Geostar Corporation
 1001 22nd Street, N.W.
 Suite 840
 Washington, D.C. 20037
 Attn: Chief Operating Officer
 Telex:

GTE Spacenet: GTE Spacenet Corporation
 1700 Old Meadow Road
 McLean, VA 22102
 Attn: Vice President, Satellite Services
 Telex: 710-833-0309

Each party may designate by notice in writing, effective upon receipt, a new address to which any notice, demand, request, or communication may thereafter be so given, served, or sent. Each notice, demand, request or communication which should be mailed, delivered or transmitted in the manner described above shall be deemed sufficiently given, served or sent and received for all purposes at such time as it is delivered to the addressee (with the return receipt, the delivery receipt, the affidavit of messenger or, with respect to a telex, the answerback being deemed conclusive evidence of such delivery) or at such time as delivery is refused by the addressee upon presentation.

13. Confidentiality

The parties agree that the provisions of this Revised Lease are confidential and will not be disclosed to third parties without the prior written consent of the other party, except as required by law. The parties also agree that certain technical and confidential business information will be disclosed by one party to the other in connection with the performance of this Revised Lease, and that such information, when written and marked confidential, will not be disclosed.

14. Severability

In the event any one or more of the provisions of this Revised Lease shall for any reason be held to be invalid or unenforceable, the remaining provisions of this Revised Lease shall be unimpaired, and the invalid or unenforceable provision shall be replaced by a provision which, being valid and enforceable, comes closest to the intention of



the parties underlying the invalid or unenforceable provisions.

15. Miscellaneous

- (a) GTE is in no way restricted by this Revised Lease from acting in its own interests in its dealings with the FCC, or other governmental authority, in commenting upon or opposing the grant of licenses, permits, or authorizations of other entities to construct and operate communications satellites, regardless of whether Geostar takes transponder service from any such entity or has placed or may place radio relay facilities providing services essentially similar to those described in this Revised Lease aboard said satellite(s).
- (b) GTE is in no way restricted by the terms of this Revised Lease in its rights to deal with or provide any or all of its services to competitors of Geostar, provided such dealings or services do not interfere with the Transponder performance committed to the Geostar hereunder.
- (c) A counterpart of this Revised Lease may serve as the original copy of the Revised Lease for any purpose.
- (d) In the event of any conflict between this Revised Lease and the Original Lease, the provisions of this Revised Lease shall control.

16. Relationship of the Parties

This Revised Lease is not intended to, and shall not be construed to, constitute or create a joint venture, pooling arrangement, partnership, agency or business organization of any kind. GTE and Geostar shall be independent contractors for all purposes and neither party shall act as or hold itself out as agent for the other or create or attempt to create liabilities for the other party. Upon approval of this Revised Lease by GTE, Geostar acquires only the right to utilize the Service as herein described. Geostar does not acquire any legal interest in the Transponder or other components of the Satellite (except those components constituting the R/O as defined in Annex A and Annex B) used to provide the Service.

17. Entire Agreement

This Revised Lease, together with Annexes A, B, and C, comprises the entire agreement of the parties with respect to the subject matter hereof and supersedes any and all prior and contemporaneous agreements, understandings, arrangements or representations heretofore made between the parties hereto and relating to this subject matter, including the Original Lease. It does not, however, revoke or rescind any prior agreements for transponder service which have been executed by the

parties. This Revised Lease may be modified, changed or amended only by an express written agreement signed by duly authorized representatives of both parties hereto stating that it is an amendment.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to Transponder and Occupancy Lease to be executed as of the date and year first written above.

GTE SPACENET CORPORATION

By:

David Flishe

Title: Vice President

Date: Nov. 3, 1989

GEOSTAR CORPORATION

By:

Donald J. Brown

Title: Sr. Vice President

Date: 11/3/89



Exhibit 10.21(a)

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AMENDMENT #2

TO

GEOSTAR SATELLITE CONTRACT
(Basic Contract dated 10/9/87)

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INTRODUCTION

THIS AMENDMENT #2 to the GEOSTAR Contract (originally entered into 10/9/87), made and entered into this 4th day of December 1989, by and between GENERAL ELECTRIC COMPANY, a New York corporation, acting through its ASTRO-SPACE DIVISION, with its principal offices located in East Windsor, New Jersey (herein after referred to as "the Contractor") and GEOSTAR CORPORATION, a Delaware corporation, with its principal offices located in Washington, D.C. (herein after referred to as "GEOSTAR").

WHEREAS GEOSTAR desires to revise its technical requirements to implement a Dual-Launch Satellite System which more closely matches its near-term business needs; and

WHEREAS GE ASTRO has offered to construct and deliver two (2) Dual-Launch GEOSTAR Satellites which would fulfill the GEOSTAR system requirements for earlier implementation of the complete GEOSTAR system.

WHEREAS both GEOSTAR and GE ASTRO agree that the Single Launch Satellites currently under contract can be delayed until the GEOSTAR business plan requires the traffic capacity offered by the Single-Launch system; and

WHEREAS the parties agree that this Amendment #2 shall amend and supersede their previous contract dated 10/9/87, and modified by Amendment Number 1 dated 14 July 1988, to provide for the construction and delivery of two (2) Dual-Launch Satellites to precede the commencement of post-PDR phase development and construction of the three (3) Single Launch Satellites as originally contracted.

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, and intending to be legally bound hereby, the parties hereto agree as follows:

TABLE OF CONTENTS

Change the Table of Contents to read:

FROM: "27.0 (This Article Deleted)"
"37.0 (This Article Deleted)"

TO: "27.0 Late Delivery"
"37.0 Customer Provided Provisions"

ADD: ARTICLE 49.0 - "PATENT RIGHTS"

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Cover sheet of Contract:

Change first line:

FROM: AMENDMENT 1

TO: AMENDMENT 2

Page iii:

Add under "Contract Exhibits (Separate Documents)" between Exhibit B and Exhibit C:

"Exhibit B-1, Technical Specification for the One Beam Spacecraft (Class I Document)."

ARTICLE 1: DEFINITIONS

Article 1, Definitions:

Add after "22) GEOSTAR RDSS Network (See Network)" the following:

"22 A) 'GEOSTAR A', 'GEOSTAR B', and 'GEOSTAR C' mean the three (3) Single Launch Spacecraft negotiated in the original Contract."

"22 B) 'GEOSTAR DS-1' and 'GEOSTAR DS-2' means the two (2) Dual Launch Spacecraft added in this Amendment #2."

Article 1, Clause 46, change the third line to read:

FROM: "Exhibit A to this contract."

TO: "Exhibit A as modified by Amendment #2 to this Contract."

Article 1, Clause 50 B(b), change to read:

FROM: "...Exhibit B, the Technical Specification;"

TO: "...Exhibit B and Exhibit B-1, the Technical Specifications;"

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Article 1, Clause 50 B(e), change to read:

FROM: "...Exhibit B, the Technical Specification..."

TO: "...Exhibit B or Exhibit B-1, the Technical Specifications, as applicable,..."

ARTICLE 2 - CONTRACTOR'S UNDERSTANDING AND REPRESENTATIONS

Article 2, Clause 2.1, change to read:

FROM: "...of Exhibit B, the Technical Specification. The Contractor further acknowledges and understands...of Exhibit B, the Technical Specification, which shall...during the first thirteen (13) months AEDC,..."

TO: "...of Exhibits B and B-1, the Technical Specifications. The Contractor...of Exhibits B and B-1, the Technical Specifications, ...during the first thirteen (13) months AEDC for GEOSTAR A, B and C and thirty-three (33) months AEDC for GEOSTAR DS-1 and DS-2."

ARTICLE 3 - SCOPE OF WORK

Article 3.0, Clause 3.1, change to read:

FROM: "...Exhibit B, the Technical Specification,..."

TO: "...Exhibit B and B-1, the Technical Specifications..."

Article 3.0, Clause 3.1 1), change to read:

FROM: "...1) Definitization...Exhibit B..."

TO: "...1) (a) For a Single Launch Satellite definitization (jointly with GEOSTAR)...Exhibits B and B-1..."

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Add a new Paragraph 3.1 1)(b) to read:

1)(b) Definitization of a Dual-Launch Satellite shall take place during a System Engineering Design Study, ending in a System Engineering Design Review (SEDR) which will occur during the thirtieth (30th) month AEDC. Failure of the Parties to achieve mutual agreement on the provisions of Exhibit A, Statement of Work and Exhibit B-1, Technical Specification upon completion of the SEDR and prior to payment of Progress Payment 2S, shall permit either Party to terminate their contract without further recourse or consideration to the other.

Article 3.0, Scope of Work, change Clause 3.1 (2) to read:

FROM: "...Design, Manufacture, Testing and Delivery of three (3)...designate GEOSTAR A, GEOSTAR B and GEOSTAR C and related Equipment."

TO: "...Design, Manufacture, Testing and Delivery of five (5) ... designated GEOSTAR A, GEOSTAR B, GEOSTAR C, GEOSTAR DS-1, GEOSTAR DS-2 and related Equipment."

Change Clause 3.1 5) to read:

FROM: "...Launch/Mission Support Services and on-orbit testing for two spacecraft, GEOSTAR A and GEOSTAR B."

TO: "...Launch/Mission Support Services and on-orbit testing for two (2) Dual-Launch and two (2) Single-Beam Spacecraft."

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ARTICLE 4.0 - GEOSTAR'S RESPONSIBILITIES

Change Clause 4.3 to read:

FROM: "...the Launch Vehicle decision...whichever is earlier."

TO: "...for a Single-Launch Spacecraft...whichever is earlier."

Add the following new paragraphs after Clause 4.3:

"3)(a) For a Dual-Launch Spacecraft a STS/PAM-D2 launch will be used."

Change 4.9 to read:

FROM: "9)...of the orbital locations...within the following time periods:

A) Flight #1 - 30 months AEDC.

B) Flight #2 - 34 months AEDC.

C) Flight #3 - 38 months AEDC.

The optimization...with Option 6 - Individual Spacecraft Coverage Optimization."

TO: "9)...of the orbital location...within thirty-four (34) months period to launch of any spacecraft.

The optimization...with Option 6 - Individual Spacecraft Coverage Optimization."

ARTICLE 5.0 - CONTRACT PRICE

- 5.1 Add to the end of this clause the following:
(Applies to the Single-Launch Satellite effort prior to Amendment #2).
- 5.2 Add to the end of this clause the following:
(Applies to the Single-Launch Satellite effort prior to Amendment #2).
- 5.3 Renumber to Clause 5.3.A and add underlined title as follows:
5.3.A Single-Launch Satellites
- Change price indicated in lines 1 and 2 to One Hundred Fifty-five Million Dollars (\$155,000,000.).
- 5.3 Insert new Clause 5.3, preceding Clause 5.3.A to read as follows:
5.3 Progress Payment and Financing repayments for Single-Launch and Dual-Launch Satellites shall be as follows:
- 5.3.B Add new Clause to read as follows:
5.3.B Dual Launch Satellites
GEOSTAR shall pay to the Contractor the sum of Eighty-six Million, Five Hundred Seventy-five Thousand Dollars (\$86,575,000.) in progress payments for the provision of two (2) Dual-Launch Satellites in accordance with the applicable sections of Article 6.0, Payment.
- 5.7 Line 3: Change from "Exhibit B" to "Exhibits B and B-1".

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5.8 Change the first sentence of Clause 5.8 to read as follows:
"The total price of the Single-Launch Spacecraft portion of this Contract as set forth in Article 5.3.A and Article 7.1 shall be subject to redetermination at the time of Preliminary Design Review of the Single-Launch Spacecraft as specified below in Sections 1, 2, and 3 of this Clause 5.8."

Redesignate the termination provisions following Section 5.8.3 (on page 18) from 1) and 2) to a) and b).

5.9 Change line 2 of Clause 5.9 to read as follows:
"...up to five (5) additional Single-Launch Spacecraft and ...".

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ARTICLE 6.0 - PAYMENT

- 4.1 Delete the original wording and replace with the following:
- 5.1 Subject to the provisions of Article 5, GEOSTAR shall provide progress payments and financing payments in the amount specified in 5.1 through 5.3 of Article 5.
- 6.2 Change line 3 of Clause 6.2 to read as follows:
"...pursuant to the Progress Payment Plan included as Section 6.6 of this Article 6."
- 6.3 Change last word of 6.3 from terms to conditions.
- 6.3.1) Delete in its entirety; replace with "Not Used".
- 6.3.2) Delete in its entirety; replace with "Not Used".
- 6.3.3) Delete in its entirety; replace with "Not Used".
- 6.3.4) Change first sentence to read as follows:
"4) All post-PDR work for Single-Launch Spacecraft:"
- Add new 6.3.6) as follows:
"6) The unpaid portions of payments 1M, 2M, 3M, 4M 5M and 6M from Progress Payment Plan M of this Article 6 shall be reinstated to GE Astro in eleven equal increments over the payments specified in Note 4 of Progress Payment Plan S."
- 6.4 Change first sentence to read as follows:
6.4 The Progress Payment schedule for the Single-Launch Spacecraft (Progress Payment Plan -M) included in Section 6.6 of this Article 6 is based on Contractors successful and timely achievement of each milestone set forth in Attachment 3.
- 6.5 In first sentence change from "Paragraph 6.2" to "Section 6.6".

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PROGRESS PAYMENT PLAN

Delete and replace with the following:

6.6 Progress Payment Plan

The Progress Payment Plan for this Contract is divided into two

(2) separate sections as follows:

- 1) Progress Payment Plan M - Single-Launch Spacecraft Program.
- 2) Progress Payment Plan S - Dual-Launch Spacecraft Program
Construction Phase Payments.

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PROGRESS PAYMENT PLAN M - SINGLE-LAUNCH SPACECRAFT

<u>Payment Number</u>	<u>Month Billed After Effective Date of Contract</u>	<u>\$ Amount Due</u>	
		<u>Month</u>	<u>Cumulative</u>
1	Due Date of Contract	\$100,000	
2M	3	250,000	350,000
3M	6	350,000	700,000
4M	9	500,000	1,200,000
5M	13	600,000	1,800,000
6M	15	600,000	2,400,000
7M	TBD	600,000	3,000,000
8M	TBD +1	2,300,000	5,300,000
9M	TBD +2	2,300,000	7,600,000
10M	TBD +3	3,000,000	10,600,000
11M	TBD +4	3,000,000	13,600,000
12M	TBD +5	3,800,000	17,400,000
13M	TBD +6	3,800,000	21,200,000
14M	TBD +7	4,500,000	25,700,000
15M	TBD +8	4,500,000	30,200,000
16M	TBD +9	5,300,000	35,500,000
17M	TBD +10	5,300,000	40,800,000
18M	TBD +11	6,000,000	46,800,000
19M	TBD +12	6,000,000	52,800,000
20M	TBD +13	6,000,000	58,800,000
21M	TBD +14	6,000,000	64,800,000
22M	TBD +15	6,800,000	71,600,000
23M	TBD +16	6,800,000	78,400,000
24M	TBD +17	7,500,000	85,900,000

*NOTE: Due date for Payment 7M shall be mutually agreed between the Parties.

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PROGRESS PAYMENT PLAN M - SINGLE-LAUNCH SPACECRAFT (Continued)

<u>Payment Number</u>	<u>Month Billed After Effective Date of Contract</u>	<u>\$ Amount Due</u>	
		<u>Month</u>	<u>Cumulative</u>
25M	TBD +18	7,500,000	93,400,000
26M	TBD +19	6,800,000	100,200,000
27M	TBD +20	6,800,000	107,000,000
28M	TBD +21	4,500,000	111,500,000
29M	TBD +22	4,000,000	115,500,000
30M	TBD +23	3,000,000	118,500,000
31M	TBD +24	3,000,000	121,500,000
32M	TBD +25	2,500,000	124,500,000
33M	TBD +26	2,500,000	126,500,000
34M	TBD +27	2,500,000	129,000,000
35M	TBD +28	2,000,000	131,000,000
36M	TBD +29	2,000,000	133,000,000
37M	TBD +30	2,000,000	135,000,000
38M	TBD +31	1,500,000	136,500,000
39M	TBD +32	1,500,000	138,000,000
40M	TBD +33	1,500,000	139,500,000
41M	TBD +34	1,500,000	141,000,000
42M	TBD +35	1,500,000	142,500,000
43M	TBD +36	1,500,000	144,000,000
44M	TBD +37	1,500,000	145,500,000
45M	TBD +38	1,500,000	147,000,000
46M	TBD +39	1,500,000	148,000,000
47M	TBD +40	700,000	149,200,000
48M	TBD +41	500,000	149,700,000

I.D. 13-0352J

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PROGRESS PAYMENT PLAN M - SINGLE-LAUNCH SPACECRAFT (Continued)

<u>Payment Number</u>	<u>Month Billed After Effective Date of Contract</u>	<u>\$ Amount Due</u>	
		<u>Month</u>	<u>Cumulative</u>
49M	TBD +42	500,000	150,200,000
50M	TBD +43	500,000	150,700,000
51M	TBD +44	1,500,000	152,200,000
52M	TBD +45	500,000	152,700,000
53M	TBD +46	500,000	153,200,000
54M	TBD +47	500,000	153,700,000
55M	TBD +48	500,000	154,200,000
56M	TBD +49	500,000	154,700,000
57M	TBD +50	500,000	155,000,000

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PROGRESS PAYMENT PLAN S - DUAL-LAUNCH SPACECRAFT

<u>Payment Number</u>	<u>Month Billed After Effective Date of Contract</u>	<u>\$ Amount Due</u>	
		<u>Month</u>	<u>Cumulative</u>
1S	27 (December, 1989)	500,000	500,000
2S	30	1,500,000	2,000,000
3S	31	1,500,000	3,500,000
4S	32	1,300,000	5,000,000
5S	33	1,500,000	6,500,000
6S	34	2,750,000	9,250,000
7S	35	2,825,000	12,075,000
8S	36	2,975,000	15,050,000
9S	36	4,000,000	19,050,000
10S	37	2,975,000	22,025,000
11S	38	3,375,000	25,400,000
12S	39	3,575,000	27,975,000
13S	40	4,675,000	33,650,000
14S	41	4,775,000	38,425,000
15S	42	4,575,000	43,000,000
16S	43	4,575,000	47,575,000
17S	44	4,275,000	51,850,000
18S	45	4,075,000	55,925,000
19S	46	3,075,000	59,000,000
20S	47	2,975,000	61,975,000
21S	48	2,875,000	64,850,000
22S	48	2,575,000	67,425,000
23S	49	2,775,000	70,200,000
24S	50	2,375,000	72,575,000
25S	51	1,975,000	74,550,000
26S	52	1,275,000	75,825,000
27S	53	975,000	76,800,000
28S	54	775,000	77,575,000

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PROGRESS PAYMENT PLAN S - DUAL-LAUNCH SPACECRAFT (Continued)

<u>Payment Number</u>	<u>Month Billed</u>	<u>\$ Amount Due</u>	
	<u>After Effective</u>	<u>Month</u>	<u>Cumulative</u>
29S	55	975,000	78,550,000
30S	56	1,075,000	79,625,000
31S	57	975,000	80,600,000
32S	58	1,075,000	81,675,000
33S	59	575,000	82,250,000
34S	60	1,275,000	83,525,000
35S	61	875,000	84,400,000
36S	62	575,000	84,975,000
37S	63	600,000	85,575,000
38S	64	1,000,000	86,575,000

NOTES:

1. Payment Numbers 9S and 22S are paid in full at the time of the signing of the Contract Amendment #2, and are the estimated amounts associated with the work performed on the Transmit/Receive Contract that is applicable and, therefore, credited to the Dedicated Satellite Contract. Such payments shall be retained by the Contractor in the event of termination.

Progress Payment #1S shall be made by GEOSTAR on the date of signing of this Contract Amendment #2.

3. Progress Payment 2S shall be made following completion of the System Engineering Design Review (SEDR). The Contractor shall not be obligated to proceed with contract efforts following SEDR until receipt of Progress Payment 2S from GEOSTAR.

4. Progress Payments #3S through #8S, and #10S through #14S shall be increased by the amount of \$150,000. each to reinstate the total unpaid portion of Progress Payments 1M through 6M of \$1,650,000. as required by Clause 6.3.6 of this Article 6. In the event that this Dual Launch Satellite Program is terminated at any time following commencement of contract effort, the entire unpaid portion of the \$1,650,000 as described in Clause 6.3.6 shall become due and payable to GE Astro.

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ARTICLE 7.0 - INCENTIVE PAYMENTS

Add a new Clause 7.1 to read as follows:

7.1 Single-Launch Satellites

The following provision shall apply to the incentive payments associated with the Single-Launch Satellites:

A - Renumber to be 7.1.A

B - Renumber to be 7.1.B

C - Renumber to be 7.1.C

In line 7 of Paragraph 3 of Clause 7.1.C, change paragraph reference from "Paragraph E" to "Clause 7.3.A".

D - Renumber to be 7.1.D

F - Renumber to be 7.1.E

Insert a new Clause 7.2 to read as follows:

7.2 Dual-Launch Satellites

The following provisions shall apply to the incentive payments associated with the Dual-Launch Satellites:

Insert a new Clause 7.2.A as follows:

7.2.A Failure to Achieve Successful Injection Through No Fault of the Contractor

If a Spacecraft following Launch Attempt of the Primary Launch Vehicle fails to achieve Successful Injection and such failure is not attributable to the Contractor, GEOSTAR shall pay \$3,920,000. for each spacecraft to the Contractor within one hundred eighty (180) days of such failure.

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Insert a new Clause 7.2.B as follows:

7.2.B Incentive Payments for On-Orbit Operation

- (1) Based upon Successful Operation of the Spacecraft, additional incentive payments will be made as follows:

For each three month period that a Dual-Launch Spacecraft is Successfully Operating as defined in Article 1, Definitions, GEOSTAR will pay the Contractor \$250,000. per Spacecraft. These quarterly payments shall be continuously earned over a five year period commencing with the start of Successful Operation.

- (2) If at any time it is determined that Successful Operation is not being achieved or maintained, and that same is attributable to the Contractor, GEOSTAR shall advise the Contractor of the specific deficiency and the Contractor shall correct the deficiency at Contractor cost as quickly and as technically feasible. If the deficiency is deemed not correctable, and GEOSTAR elects to use the Spacecraft, Clause 7.3.A of this Article shall apply.

Insert a new Clause 7.2.C as follows:

7.2.C Failure to achieve or Maintain Successful Operation Through No

Fault of the Contractor

In the event the failure of the Spacecraft to achieve or maintain Successful Operation prior to, during or after the Initial Operating Period is not attributable to the Contractor, GEOSTAR shall pay the Contractor the sum of \$3,920,000. for each Spacecraft, less any payments already made to the Contractor pursuant to this Article 7, which payment shall be full and final payment for the Spacecraft and shall be in lieu of incentive payments due hereunder.

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Insert a new Clause 7.3 to read as follows:

7.3 The following provisions shall apply to the incentive payments associated with both Dual-Launch and Single-Launch Satellites:

7.0 E - Renumber to be 7.3.A

7.0 G - Renumber to be 7.3.B

7.0 H - Renumber to be 7.3.C

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ARTICLE 10.0 - OPTIONS

Change Clause 10.0 to read:

"10.1 The following options apply to the Single-Launch Spacecraft only."

"In the event that..."

Add after each option caption (new numbering):

10.1 (1) - 10.1 (16) the following:

"Single-Launch Spacecraft only.

Add new Clause 10.2 to follow Clause 10.1.

Add: "10.2 Dual-Launch Spacecraft Option(s).

1. Dual-Launch Spacecraft.

10.2.1 Dual Launch Spacecraft Options

GEOSTAR may, at its option to be exercised in writing at any time within thirty-nine (39) months of the start of contract effort on Amendment 2 to this Contract, direct the Contractor to provide additional Dual-Launch Spacecraft in accordance with Exhibit B-1 of this Contract at the prices indicated in the following Option Summary Table:

<u>Option Exercise Month</u>	<u>Two (2) Spacecraft</u>	<u>Four (4) Spacecraft</u>
27 - 33	\$43,000,000.	\$85,000,000.
34 - 37	47,000,000.	90,200,000.
38 - 42	50,600,000.	95,100,000.
43 - 48	54,300,000.	100,000,000.
49 - 54	58,500,000.	105,400,000.
55 - 66	*	*

* Prices for Optional Spacecraft procured after month fifty-four (54) shall be based upon the month 49 - 54 option prices with inflationary impact adjustment based upon the average composite percentage increase or decrease in Bureau of Labor Statistics Indices WPI 1178NS and SIC Code 3662 for the same time period.

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The above prices are exclusive of launch support cost and performance incentives. Performance incentives shall be added in accordance with Article 7. Option spacecraft ordered under this Clause 10.2.1 shall be delivered in pairs thirty (30) months after authorization to proceed, or six (6) months after the preceding delivery, whichever is later.

10.2.2 Add Clause 10.2.2 as follows:

10.2.2 Dual Launch Spacecraft Launch Support Options

For optional spacecraft promised under Clause 10.2.1, GEOSTAR may procure optional launch support services for STS/PAM-D2 launches at the prices indicated in the following Table:

<u>Launch Month</u>	<u>Option Price Per Launch</u>
60 - 66	\$4,100,000.
67 - 72	4,200,000.
73 - 78	4,400,000.
79 - 84	4,500,000.

Change 10.2 (from Basic Contract) as follows:

FROM: "10.2"

TO: "10.3"

ARTICLE 13.0 - TESTING, INSPECTION AND ACCEPTANCE

Change the references in Clauses 13.1 and 13.2 to read:

FROM: "13.1 Equipment furnished...with Exhibit B...Product Verification Plan."

FROM: "13.2 The Contractor's...by Exhibit B...compliance with Contract requirements."

TO: "13.1 Equipment furnished...with Exhibits B or B-1...compliance with Contract requirements."

TO: "13.2 The Contractor's ...by Exhibit B or B-1...compliance with Contract requirements."

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ARTICLE 14.0 - PROGRAM MANAGEMENT

Change Clauses 14.6 (d) and 14.7 (b) to read:

FROM: "d)...objectives of Exhibit B,..."

"b)...approve changes to Exhibit B..."

TO: "d)...objectives of Exhibit B or B-1...."

"b)...approve changes to Exhibit B or B-1..."

ARTICLE 17 - WARRANTY

Change Clause 17.5 to read:

FROM: "17.5...of Exhibit B..."

TO: "17.5...of Exhibits B or B-1..."

ARTICLE 18 - TERMINATION FOR CONVENIENCE

Add the following after Clause 18.4:

Add: "18.4 For the Dual-Launch Spacecraft option only, the monthly construction phase payments shall be made as time-phased progress payments and shall not be conditioned by milestone accomplishment. In the event of non-payment on the part of GEOSTAR, GE Astro shall have the right to stop work, retaining all payments made to date by GEOSTAR, and, if deemed appropriate by Astro, terminate the contract effort. In the event of such termination, all work in process and residual inventory shall become the property of GEOSTAR and neither Party shall have further claim or recourse against the other Party."

ARTICLE 25 - CHANGES

Change the following under the Article 25 caption:

FROM: "...ending thirteen (13) months AEDC,... within Contract Exhibit B,..."

TO: "...ending thirteen (13) months AEDC, (twenty-seven (27) months AEDC for a Dual-Launch Spacecraft)...within contract Exhibit B or B-1..."

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Change Clause 25.8 to read:

FROM: "...Exhibit B, the Technical Specification...with the modification of Exhibit B..."

TO: "...Exhibit B or B-1, the Technical Specifications...with the modification of Exhibit B or B-1..."

ARTICLE 27 - LATE DELIVERY

Add new Article as follows:

ARTICLE 27.0 LATE DELIVERY

With respect to the purchase of two (2) Dual-Launch Spacecraft the following provisions apply for late delivery:

27.1 In the event that late delivery by GE Astro (beyond 30 months after receipt of Progress Payment 2S) causes GEOSTAR to miss the scheduled launch date, GEOSTAR shall be entitled to stop payment for a period of six (6) months. If, at the end of the six month period of non-payment, the satellites have not begun launch site processing, GEOSTAR may continue to withhold payment from GE Astro, until the satellites have begun their launch site processing, at which time the GE Astro payment schedule shall be resumed.

27.2 For each thirty (30) day period beyond the 30 month delivery date that the Dual Launch Spacecraft remain undelivered, Astro shall pay a consideration of \$200,000., up to a maximum of \$1,200,000., at the end of six (6) months. This consideration shall apply only in the event that the late delivery of GE Astro has caused the rescheduling of the contractually scheduled launch date. The contractually scheduled launch date shall be compatible with delivery to the launch site not earlier than thirty (30) months after start of contract effort following SEDR on the Dual Launch Spacecraft.

27.3 The considerations described in Clauses 27.1 and 27.2 shall be the sole remedy for late delivery on the part of GE Astro.

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27.4 In the event that the launch vehicle is not available to support launch site activities following the timely availability of the Dual Launch Spacecraft for delivery, GEOSTAR shall be entitled to suspend scheduled payments (Payments 35S through 38S) until the delivery takes place, or for a period of one (1) year, whichever first occurs. During the period in which the Dual Launch Spacecraft remain undelivered due to launch vehicle unavailability, GEOSTAR shall make payments of \$100,000. per month to GE Astro to maintain care and custody of the Spacecraft.

ARTICLE 37 - CUSTOMER PROVIDED PROVISION

This Article is applicable only to the purchase of two (2) Dual-Launch Spacecraft provided as an option in 10.2 (1).

37.1 For Dual-Launch Spacecraft, procurement of launch and launch site services, Perigee Stage, launch insurance and in-orbit life insurance shall be the responsibility of GEOSTAR.

ARTICLE 38 - OPERATIONAL ENVIRONMENT

Change paragraph following caption to read:

FROM: "...Technical Specification contained in Exhibit B..."

TO: "...Technical Specifications contained in Exhibits B or B-1..."

ARTICLE 44 - INTERPRETATION

Add the following to Clauses 44.1 and 44.3:

Clause 44.1 following "(8)" add:

"8A) Exhibit B-1 Technical Specification"

Clause 44.3 following "(3)" add:

"3A Technical Specification (Exhibit B-1)"

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Add: ARTICLE 49.0 - PATENT RIGHTS

ARTICLE 49.0 - PATENT RIGHTS

- A. Title to an invention conceived exclusively by the employees of one Party, as well as to any patent applications and patents thereon, shall be in that Party. Each Party shall have an equal, undivided one-half interest in any inventions conceived jointly by one or more employees of both Parties under this Agreement ("Joint Inventions"), as well as in patent applications and patents thereon in all countries.
- B. If a Joint Invention is made, GE shall have the first right to elect to file a patent application thereon, and GEOSTAR shall then have the second right. The Party preparing, filing and prosecuting each application shall bear the expenses thereof. Each Party agrees to reasonably assist the other to obtain such patent, and to pay one-half of any taxes, annuities or maintenance fees due on an application or patent to a Joint Invention. A Party that does not make such payments shall relinquish to the other Party who continues such payments, its share of the title to such application and patent, but shall retain for itself and its subsidiaries a paid-up, nonexclusive, non-assignable license to make, have made, use, lease and sell, apparatus and/or methods thereunder. Each Party that pays its share of the taxes, annuities or maintenance fees on such application or patent shall have the right to grant nonexclusive licenses thereunder and to retain any consideration it may receive, without any obligation to account to the other Party, and each Party hereby consents to the granting of such nonexclusive licenses by the other Party.

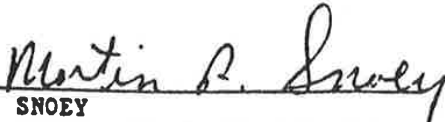
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IN WITNESS WHEREOF, the Parties have duly executed this Agreement the day first above written.

GEOSTAR CORPORATION

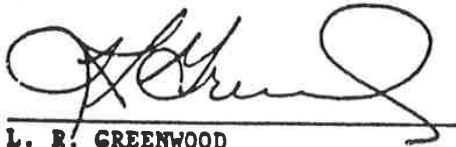
BY:


M. SNOEY

TITLE: PRESIDENT AND CHIEF OPERATING OFFICER

GENERAL ELECTRIC COMPANY
ASTRO SPACE DIVISION

BY:


L. R. GREENWOOD

TITLE: DIVISION VICE-PRESIDENT

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ATTACHMENT #1

Modify the first sentence below the title blocks to read as follows:
"The following is list of Principal Deliverables and Associated Sales Values pertaining to the Single-Launch Satellite Program:"

Item 1: Change Indicated Sales Value from \$6.575 to -0-
Total: Change Total Price from \$161.575 to \$155.000.

ATTACHMENT #2

Modify the first sentence below the title block to read as follows:
"This List is a summary of all Cost Items associated with the Single-Launch Satellite."

ARTICLE 5.0

Change Indicated Price from \$161.575.000. to \$155.000.000.

ATTACHMENT #3

Change Title to read as follows:
"Progress Payment Plan - Single-Launch Spacecraft"

Change the first sentence below the Title Block by modifying line 4 as follows:

FROM: "GEOSTAR RDSS Space Segment"
TO: "GEOSTAR Multi-Beam Spacecraft"

NOTES FOR ATTACHMENT 3:

Change this heading to read as follows:

NOTES FOR ATTACHMENT 3 (Applies to Single-Launch Spacecraft Only):

Delete Sub-paragraph 3.

ATTACHMENT #4

Delete this Attachment in its entirety.

ATTACHMENT #5

Delete this Attachment in its entirety.

ATTACHMENT #6

Update referenced documents to reflect current (as of August, 1989) STS Documentation Standards.

ATTACHMENT #7

This Attachment pertains to Dual-Launch Spacecraft only. It provides a list of the principal deliverables and their associated sales values:

	<u>Estimated Delivery</u>	<u>\$000's</u>
1. Preliminary Design Review Data Package	Month 34	\$ 4,000.
2. Critical Design Review Data Package	Month 42	12,000.
3. Receipt of Structures Data Report (Spacecraft)	Month 49	8,000.
4. Spacecraft DS-1 (Payload Integration SEPET Data)	Month 53	13,000.
5. Spacecraft DS-2 (Payload Integration SEPET Data)	Month 55	13,000.
6. Launch Dual-Launch Spacecraft DS-1 and DS-2	Month 63	30,000.

Exhibit 10.22(b)

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August 23, 1989

Mr. Donald E. Brown
Senior Vice President
Geostar Corporation
1001 22nd Street, N.W.
Washington, D.C. 20037

Dear Don:

The purpose of this letter is to confirm the understanding reached during the June meeting in Tokyo among us and Martin Rothblatt, where the need to extend the dates for HNS's production deadline and Geostar's Guarantee price settlement contained in Amendment No. 9 dated November 15, 1988, to the Agreement between Geostar Corporation and Hughes Network Systems dated October 14, 1985, was discussed.

As a result of the discussions, it was agreed by Geostar and HNS that (I) the production deadline date for a total of 5000 LINK ONE units will be changed from December 30, 1989 to June 30, 1990, and (II) the Guarantee price settlement date will be changed from June 30, 1990 to December 30, 1990, where such dates appear in Amendment No. 9. Within 30 days of the execution of this Letter Agreement, HNS shall present to Geostar its "Production and Delivery Schedule" to reflect the aforementioned six month extension.

Please indicate your concurrence with the above by signing the enclosed originals of this letter in the space provided below and returning one original to me.

Sincerely,



Vinod Shukla
Vice President
SATCOM Business Center

AGREED

Geostar Corporation

By: 

Date: 8/25/89

⊗

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Exhibit 10.33

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SECURITY AGREEMENT

This SECURITY AGREEMENT dated as of November 20, 1989, is by and between GEOSTAR CORPORATION, a Delaware corporation, (the "Company") and those parties (the "Secured Parties") listed on the signature pages hereof who have lent or deferred the payment of money to the Company and who have executed this Security Agreement.

RECITALS

WHEREAS, the Secured Parties (other than GTE Spacenet Corporation) are purchasing either (i) promissory notes of the Company maturing on January 15, 1991 with an interest rate equal to one percent over the prime rate and a warrant to purchase one share of the Company's Common Stock at \$8.00 per share for every \$40.00 of principal amount of the note purchased (the "January 1991 Note"); (ii) promissory notes of the Company maturing on December 31, 1990 with an interest rate equal to three percent over the prime rate (the "December 1990 Note"); or (iii) promissory notes of the Company maturing on March 31, 1990 with an interest rate equal to one percent over the prime rate (the "March 1990 Note"); and

WHEREAS, GTE Spacenet Corporation has agreed to defer until March 31, 1990 certain payments due it pursuant to certain contracts between it and the Company (such deferred payments shall be included within the term March 1990 Notes as used herein);

WHEREAS, in order to secure the payment of the above-referenced notes, the Company has agreed to grant to the Secured Parties a security interest in those assets owned by the Company which permit further encumbrances comprising the Company's hub and earth station necessary to operate System 2C service, related software and other related items necessary to operate the Company's hub in order to provide System 2C service (as more fully described herein); and

WHEREAS, if an event of default occurs pursuant to this Agreement, it is the Company's desire that those Secured Parties with operational experience, such as Hughes Network Systems, Inc., Kenwood Corporation, Sony Corporation of America, Communications Satellite Corporation and GTE Spacenet Corporation, be permitted to operate the Company's hub.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties hereto, each intending to be legally bound hereby, agree as follows:

1. Grant of Security Interest.

To secure the prompt and complete performance of all Obligations (as hereinafter defined) to the Secured Parties, the Company hereby assigns to the Secured Parties and grants to the Secured Parties a lien upon and continuing security interest in that property of the Company set forth on Exhibit A, attached hereto and made a part hereof, and all cash and noncash proceeds of any of the foregoing property, including, without limitation, proceeds of insurance policies insuring any of the foregoing property, and all products thereof and substitutions, additions, or accessions thereto, now existing or hereafter acquired, and wherever located (referred to herein as the "Collateral").

The security interest granted hereby is to secure the payment and performance of all liabilities and obligations of the Company to the Secured Parties of every kind and description, whether direct or indirect, absolute or contingent, due or to become due, pursuant to: (i) the March 1990 Notes; (ii) the December 1990 Notes; and (iii) the January 1991 Notes. All such liabilities and obligations are hereinafter jointly referred to as the "Obligations."

2. Representations, Warranties and Covenants of the Company

(a) The Company represents and warrants to the Secured Parties as follows:

(i) the Company is a corporation duly organized and validly existing under the laws of the State of Delaware and the place of its chief executive office and the majority of the Collateral is at 1001 22nd Street, N.W., Washington, D.C. 20037;

(ii) the Company has never carried on business, been known as or used any name other than Geostar Corporation;

(iii) the Company has good title to the Collateral and none of the Collateral is subject to any mortgage, lien, lease, security interest or encumbrance except that one air conditioner is subject to the security interest of its lessor and that the Company's assignment of its rights and obligations pursuant to the Uplink Service Agreement with GTE Spacenet Corporation is subject to the consent of GTE Spacenet which consent cannot be unreasonably withheld;

(iv) the execution and delivery of this Agreement and any instruments evidencing the Obligations will not violate or constitute a breach of the Company's Certificate of Incorporation, by-laws, or any material agreement, law, regulation or restriction to which the Company is a party or is subject, except as disclosed in (iii) above; and

(v) this Agreement and the Notes referred to herein are within the corporate power of the Company and the execution thereof has been duly authorized by all necessary corporate action.

(b) The Company covenants and agrees with the Secured Parties as follows:

(i) the Company will not change its name, its principal place of business or its chief executive office or the location of the Collateral without having given the Secured Parties at least thirty (30) days prior written notice;

(ii) the Company will keep the Collateral insured against loss and damage by fire, windstorm, water, theft and malicious mischief in an amount not less than current replacement value. The Company shall maintain the Collateral in good condition and shall keep the Collateral free and clear of any liens, encumbrances or security interests except for the security interest in the air conditioner of its lessor. The Company shall not sell, except in the ordinary course of business and unless substituted therefore, or hypothecate the Collateral, and shall permit the Secured Parties to inspect the Collateral during reasonable business hours, subject to the party in possession of the premises where the equipment is located. After an event of default has occurred hereunder, the Secured Parties may act as the Company's agent in adjusting or compromising any loss under any such insurance policy and in collecting and receiving the proceeds from any such policy. If the Company shall default in its obligation hereunder to insure the Collateral, then the Secured Parties shall have the right (but not the obligation) to procure such insurance and to charge the costs of same to the Company, which costs shall be added to and become a part of the unpaid principal amount of the Obligations, shall bear interest at the rate in effect from time to time pursuant to the obligations, shall be secured by the Collateral, and shall be repayable to the Secured Parties on demand; and

(iii) the Company shall pay all expenses and take any reasonable actions deemed advisable by the Secured Parties to preserve the Collateral, upon request of the Secured Parties.

3. Events of Default

An event of default shall be deemed to have occurred pursuant to this Security Agreement, and the Secured Parties shall be entitled to take such actions as are elsewhere provided herein, in the event that (a) an event of default shall occur pursuant to any of the instruments evidencing the Obligations and shall not have been waived or cured in accordance with the terms thereof; (b) the Company fails to observe or perform any other covenant or agreement on the part of the Company contained in this Security Agreement for a period of thirty (30) days after the date on which written notice of such failure requiring the same to be remedied shall have been given to the Company by the Secured Parties, either jointly or severally; or (c) the Company suffers a material loss that is not covered by insurance of any of its property or assets required for the conduct of its business.

4. Remedies.

In case any one or more events of default specified in paragraph 3 shall have occurred and be continuing (hereinafter called an "Event of Default"), subject to the provisions of this Security Agreement, the Secured Parties shall have, in addition to all other rights and remedies given them by this Security Agreement and the Obligations, those allowed by law, and the rights and remedies of a secured party under the U.C.C. as enacted in any jurisdiction in which the Collateral may be located, and, without limiting the generality of the foregoing, the holders of at least 51 percent of the principal amount of the Obligations then outstanding (hereinafter "a majority in interest of the Holders") may immediately, without demand of performance and without other notice (except as set forth below) or demand whatsoever to the Company, all of which are hereby expressly waived, and without advertisement or publication (unless required by law), sell at public or private sale for cash, upon credit, or upon such other terms as the Secured Parties deem advisable in their sole discretion (including by bidding in the Obligations or any part thereof), or otherwise realize upon, the whole or, from time to time, any part of the Collateral, or any interest which the Company may have therein, and, after deducting from the proceeds of sale or other disposition of the Collateral all expenses (including all reasonable expenses for legal services) shall apply the balance of such proceeds to satisfaction of the Obligations, subject to any superior claim or right to those proceeds, the Company remaining liable for any deficiency. Any remainder of the proceeds after satisfaction in full of all of the Obligations and any other claims or rights to such proceeds shall be paid to the Company. Notice of any sale or other disposition

shall be given to the Company at least fifteen (15) days before the time any intended public sale or of the time any intended private sale or other disposition of the Collateral is to be made, which the Company hereby agrees shall be reasonable notice of such sale or other disposition. All notice is hereby waived with respect to any of the Collateral which threatens to decline speedily in value or is of a type customarily sold on a recognized market. The Company agrees to assemble, or cause to be assembled, at its own expense, the Collateral at such place or places as a majority in interest of the Holders shall designate by written notice. At any such sale or other disposition, any of the Secured Parties may, to the extent permissible under applicable law, purchase the whole or any part of the Collateral sold, free from any right of redemption on the part of the Company, which right is hereby waived and released. All rights, remedies, powers and privileges of the Secured Parties hereunder are cumulative and not alternative, and may be exercised concurrently or seriatim, and are in addition to and not in lieu of any other rights of the Secured Parties at law, in equity, under statute or under any other agreement with the Company.

5. Filing; Further Assurances.

The Company has executed and delivered to the Secured Parties U.C.C. financing statements and such other documents, instruments, supplemental security agreements and chattel mortgages as a majority in interest of the Holders deem necessary, proper or desirable to obtain the benefits of this Security Agreement. The Company authorizes the Secured Parties to effect any filing or recording of any such financing statement or statements relating to the Collateral or amendments thereto without the signature of the Company, and hereby appoints the Secured Parties as its attorneys-in-fact (without requiring the Secured Parties to act as such) to execute any such financing or other statement or statements in the name of the Company, and to perform all other acts which a majority in interest of the Holders deem appropriate to perfect and preserve the Collateral.

6. Expenses.

The Company agrees that all costs and expenses (including reasonable attorneys' fees and expenses for legal services of every kind) of, or incidental to, the custody, care, management, sale or collection of, or realization upon, any of the Collateral or in any way relating to the enforcement or protection of the rights of the Secured Parties, shall become part of the Obligations and shall be entitled to the benefits of this Security

Agreement, and the Secured Parties may at any time apply to the payment of all such costs and expenses all monies of the Company or other proceeds arising from the possession or disposition of all or any portion of the Collateral.

7. Enforcement of Security Interest.

Each of the Secured Parties and the Company hereby agree that any payment on account of the Obligations that results from the enforcement of the Secured Parties' lien upon and security interest in the Collateral shall be collected and paid ratably, without preference or priority of any kind, according to the amounts due and payable pursuant to each of the Obligations; provided, however, that each Secured Party shall be entitled to such ratable share only if he or it first pays his or its ratable share of the costs and expenses incurred by any or all Secured Parties or their agents in collecting such amounts. Each Secured Party agrees that to the extent it receives payments or proceeds inconsistent with the terms of this Section 7 that it will hold the same in trust for the benefit of the other Secured Parties entitled to payment pursuant to this Section 7.

8. Notices.

All notices, requests, approvals, demands and other communications given or made in connection with the terms and provisions of this Security Agreement shall be deemed to have been given or made when sent by registered mail, postage prepaid, or by facsimile transmission, if:

(a) To the Company:

Geostar Corporation
1001 22nd Street, N.W.
Washington, D.C. 20037

Attention: President
Facsimile Number: (202) 887-0874

(b) To the Secured Parties:

To each Secured Party at the address and facsimile number indicated on the signature page hereof

or to such other address as any party to this Security Agreement shall furnish in writing to the others.

9. Termination.

When there is no longer any amount due and owing to a particular Secured Party pursuant to any of the Obligations as a result of the payment thereof, such Secured Party shall execute and deliver to the Company ninety days following such payment all documents and instruments as shall be necessary to evidence the termination of this Security Agreement as to such Secured Party.

10. Enforcement and Waiver by the Secured Parties.

The Secured Parties shall have the right at all times to enforce the provisions of this Security Agreement in strict accordance with the terms hereof, notwithstanding any conduct or custom on the part of the Secured Parties in refraining from so doing at any time or times. The failure of the Secured Parties at any time or times to enforce their rights under such provisions, strictly in accordance with the same, shall not be construed as having created a custom in any way or manner contrary to the specific provisions of this Security Agreement or as having in any way or manner modified or waived the same. All rights and remedies of the Secured Parties are cumulative and concurrent, and the exercise of one right or remedy shall not be deemed a waiver or release of any other right or remedy.

11. Applicable law.

The construction of this Security Agreement and the rights and remedies of the parties hereto, shall be governed by the substantive law of the State of Delaware.

12. Binding Effect and Entire Security Agreement.

This Security Agreement shall inure to the benefit of each of the Secured Parties, their successors and assigns, and shall be binding on the successors and assigns of the Company. This Security Agreement may be amended or modified by a writing signed on behalf of the Company and all of the Secured Parties.

13. Severability.

The provisions of this Security Agreement are independent of and separable from each other. If any provision hereof shall for any reason be held invalid or unenforceable, such invalidity or unenforceability shall not affect the validity or enforceability of any other provision hereof, but this Security Agreement shall be construed as if such invalid or unenforceable provision had never been contained herein.

14. Counterparts.

This Security Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have duly executed this Security Agreement as of the day and year first above written.

ATTEST:

GEOSTAR CORPORATION

Patricia C. Wilson

By: Robert D. Bushman

SECURED PARTIES:

By: Joel R. Alper

Name: Joel R. Alper
Title: PRESIDENT, COMSAT SYSTEMS DIVISION

Address: Communications Satellite Corporation
22300 Comsat Drive
Clarksburg, MD 20871

Telephone Number: 301-428-4770
Telecopier Number: 301-428-9443

13. Severability.

The provisions of this Security Agreement are independent of and separable from each other. If any provision hereof shall for any reason be held invalid or unenforceable, such invalidity or unenforceability shall not affect the validity or enforceability of any other provision hereof, but this Security Agreement shall be construed as if such invalid or unenforceable provision had never been contained herein.

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ATTEST:

GEOSTAR CORPORATION

Martin R. Swaley

By: [Signature]

SECURED PARTIES:

By: D F Piske

Name: D. F. PISKE
Title: Vice President

Address GTE Space and Corp.
1700 Old Meadow Rd
McLean VA.

Telephone Number:
Telecopier Number:

13. Severability.

The provisions of this Security Agreement are independent of and separable from each other. If any provision hereof shall for any reason be held invalid or unenforceable, such invalidity or unenforceability shall not affect the validity or enforceability of any other provision hereof, but this Security Agreement shall be construed as if such invalid or unenforceable provision had never been contained herein.

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ATTEST:

GEOSTAR CORPORATION

Patricia C. Watson

By: Martin R. Sney

SECURED PARTIES:

By: William R. Hewlett Rosemary B Hewlett by William R. Hewlett
Name: _____

Title: William R. Hewlett and Rosemary B. Hewlett

Address 1501 Page Mill Road
Palo Alto, California 94304

Telephone Number: 415-857-2626
Telecopier Number: 415-857-4012

13. Severability.

The provisions of this Security Agreement are independent of and separable from each other. If any provision hereof shall for any reason be held invalid or unenforceable, such invalidity or unenforceability shall not affect the validity or enforceability of any other provision hereof, but this Security Agreement shall be construed as if such invalid or unenforceable provision had never been contained herein.

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ATTEST:

GEOSTAR CORPORATION

Patricia C. Wilson

By: Martin R. Snowy

SECURED PARTIES:

By: J. L. [Signature]
Name: J. L. [Signature]
Title: for [Signature] to [Signature]
Managing Director
Address _____

Telephone Number:
Telecopier Number:

13. Severability.

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IN WITNESS WHEREOF, the parties hereto have duly executed this Security Agreement as of the day and year first above written.

ATTEST:

Patricia C. Watson

GEOSTAR CORPORATION

By: [Signature]

SECURED PARTIES:

x By: K. Hanada
Name: Kouki Hanada
Title: Managing Director

Address 17-5, Shibuya 2-chome,
Shibuya-ku, Tokyo, 150 Japan

Telephone Number: 03-486-5572
Telecopier Number: 03-486-5724

13. Severability.

The provisions of this Security Agreement are independent of and separable from each other. If any provision hereof shall for any reason be held invalid or unenforceable, such invalidity or unenforceability shall not affect the validity or enforceability of any other provision hereof, but this Security Agreement shall be construed as if such invalid or unenforceable provision had never been contained herein.

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ATTEST:

GEOSTAR CORPORATION

Patricia C. Watson

By: Martin A. Lively

SECURED PARTIES:

By:

C. J. D. Koss

Name: CHRISTOPHER D. KOSS
Title:

Address 881 Ocean Dr #23E
Key Biscayne, FL 33149

Telephone Number: 305-361-9788
Telecopier Number: " " 9789

13. Severability.

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ATTEST:

GEOSTAR CORPORATION

Stacia C. Watson

By: Martin R. Snowy

SECURED PARTIES:

By: Robert Fuzate for John N. Palmer
Name: John N. Palmer
Title: Chairman and Chief Executive Officer

For
Address Mobile Telecommunication Technologies Corp.
200 South Lamar St., Security Centre South
Jackson, MS 39201

Telephone Number: 601-944-1300
Telecopier Number: 601-944-7194

13. Severability.

The provisions of this Security Agreement are independent of and separable from each other. If any provision hereof shall for any reason be held invalid or unenforceable, such invalidity or unenforceability shall not affect the validity or enforceability of any other provision hereof, but this Security Agreement shall be construed as if such invalid or unenforceable provision had never been contained herein.

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ATTEST:

GEOSTAR CORPORATION

Patricia C. Wilson

BY: Martin J. Swoley

SECURED PARTIES:

By: David Packard
Name: David Packard
Title: Security Pacific Bank
Address: P. O. Box 1591
San Mateo, CA 94401
Attn: Victoria Kahhan

Telephone Number: (415) 348-0282
Telecopier Number:

13. Severability.

The provisions of this Security Agreement are independent of and separable from each other. If any provision hereof shall for any reason be held invalid or unenforceable, such invalidity or unenforceability shall not affect the validity or enforceability of any other provision hereof, but this Security Agreement shall be construed as if such invalid or unenforceable provision had never been contained herein.

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ATTEST:

GEOSTAR CORPORATION

Patricia C. Watson

By: Martin R. Lwey

SECURED PARTIES:

By: William E Simon by Peter Simon Attorney in fact

Name: William E Simon
Title:

Address: % William E. Simon & Sons, Inc
310 South St - Morristown, NJ 07902

Telephone Number: 201-898-0290
Telecopier Number: 201-993-0925

13. Severability.

The provisions of this Security Agreement are independent of and separable from each other. If any provision hereof shall for any reason be held invalid or unenforceable, such invalidity or unenforceability shall not affect the validity or enforceability of any other provision hereof, but this Security Agreement shall be construed as if such invalid or unenforceable provision had never been contained herein.

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IN WITNESS WHEREOF, the parties hereto have duly executed this Security Agreement as of the day and year first above written.

ATTEST:

Patricia C. Watson

GEOSTAR CORPORATION

By: [Signature]

SECURED PARTIES:

SONY CORPORATION OF AMERICA

By: [Signature]

Name: MARK FRANKEL
Title: Vice President,
Mobile Communications Division
Address One Sony Drive
Park Ridge, NJ 07656

Telephone Number: (201) 930-7034
Telecopier Number:

13. Severability.

The provisions of this Security Agreement are independent of and separable from each other. If any provision hereof shall for any reason be held invalid or unenforceable, such invalidity or unenforceability shall not affect the validity or enforceability of any other provision hereof, but this Security Agreement shall be construed as if such invalid or unenforceable provision had never been contained herein.

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ATTEST:

Patricia C. Watson

GEOSTAR CORPORATION
By: [Signature]

SECURED PARTIES:

SONY CORPORATION OF AMERICA

By: [Signature]

Name: MARK FRANKEL
Title: Vice President,
Mobile Communications Division
Address One Sony Drive
Park Ridge, NJ 07656

Telephone Number: (201) 930-7034
Telecopier Number:

13. Severability.

The provisions of this Security Agreement are independent of and separable from each other. If any provision hereof shall for any reason be held invalid or unenforceable, such invalidity or unenforceability shall not affect the validity or enforceability of any other provision hereof, but this Security Agreement shall be construed as if such invalid or unenforceable provision had never been contained herein.

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This Security Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have duly executed this Security Agreement as of the day and year first above written.

ATTEST:

GEOSTAR CORPORATION

Patricia C. Watson

By: Martin R. Smoey

SECURED PARTIES:

By: Allen B. Rider, III

Name: Allen B. Rider, III
Title: Senior Vice President
WFS Financial Corporation
Address 707 East Main Street
Richmond, VA 23219

Telephone Number: (804) 782-3512
Telecopier Number: (804) 782-3440

1185-89-15824

Hughes

By: Jack A Shaw
Name: JACK A. SHAW
Title: CHAIRMAN & CEO

Address 11717 Exploration Lane
Germantown, Maryland 20874

Telephone Number: (301) 428-5500
Telecopier Number: (301) 428-1635

By: _____
Name:
Title:

Address _____

Telephone Number:
Telecopier Number:

By: _____
Name:
Title:

Address _____

Telephone Number:
Telecopier Number:

By: _____
Name:
Title:

Address _____

Telephone Number:
Telecopier Number:

EXHIBIT A

GEOSTAR CENTRAL (HUB) ASSETS

1. Antennas

Two Ku band 5.5 meter diameter antennas
Two beacon antennas
Contractual rights to use two C band (uplink) antennas at Woodbine

2. RF Frequency Converters

Four Ku band low noise receivers and converters to 70 MHz
Two beacon transmitters
Contractual rights to use two 70 MHz to C band converters and three
C band transmitters at Woodbine

3. Hubs

Three inbound Hubs including six acquisition units, twelve demodulators,
seven ranging units, automatic frequency and gain control units and
ancillary power, control, routing and distribution units
Four outbound Hubs (two located at Woodbine) including modulator,
automatic frequency control and redundancy switching units

4. Communications Center

80 Codex modems with racks & power supplies
34 Robotics modems with racks & power supplies
Leased telephone lines and switches

5. Facilities

Three air conditioners
Two uninterruptible power supplies
Rights to building diesel generator

6. Software

Geostar Proprietary Central Software
for data reduction, processing, distribution and communications
interfaces

11/15/89

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PLEDGE AGREEMENT

THIS PLEDGE AGREEMENT, dated December 11, 1989, by and among GEOSTAR CORPORATION, a Delaware corporation (the "Pledgor") and those parties listed on the signature pages who have lent or deferred the payment of money to the Pledgor and have executed this Agreement (collectively, the "Pledgees").

W I T N E S S E T H:

Background. Each of the Pledgees is providing funds to the Company in the form of a loan or a deferral of payments to finance the Company's operations until it obtains more permanent financing. As an inducement to the Pledgees to provide the loans or defer the payments, the Pledgor has agreed to execute this Agreement and, pursuant hereto, to pledge the Pledged Stock, as defined in this Agreement, as security for the prompt satisfaction of the obligations (the "Obligations") of the Pledgor pursuant to and as defined in the instruments evidencing the loan and the agreements providing for the deferral of payments (the "Notes").

NOW, THEREFORE, in consideration of the foregoing, and intending to be legally bound hereby, the parties agree as follows:

1. "Pledged Stock". The term "Pledged Stock" shall mean the 100 shares of Common Stock of Geostar Europe, Inc., a Delaware corporation (the "Subsidiary"), owned by the Pledgor, together with all certificates, options, rights, or other distributions issued in substitution of or in exchange for any such shares, and all proceeds of all of the foregoing.

2. Liens, Voting Power, Event of Default. (a) As security for the prompt satisfaction of the Obligations, the Pledgor hereby pledges to the Pledgees the Pledged Stock, grants the Pledgees a lien on and security interest therein and agrees to deliver to the Agent (as defined below) a certificate representing the Pledged Stock and a stock power duly executed in blank.

(b) Unless an event of default under the Notes (an "Event of Default") shall have occurred and be continuing, the Pledgor shall be entitled, to receive for its own use cash dividends on the Pledged Stock paid out of earned surplus. Upon the occurrence of an Event of Default, Pledgees who are holders of at least 51 percent of the principal amount of the Notes then outstanding (hereinafter "Pledgees representing a majority in interest of the Notes") may require any such cash dividends to be

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delivered to the Agent (as defined below) as additional security hereunder or applied toward the satisfaction of the Obligations.

(c) Upon the occurrence of an Event of Default, Pledges representing a majority in interest of the Notes may, without demand of performance or other demand, advertisement, or notice of any kind to or upon the Pledgor forthwith realize upon the Pledged Stock or any part thereof, and may forthwith, or agree to, sell or otherwise dispose of and deliver the Pledged Stock or any part thereof or interest therein, in one or more parcels at public or private sale or sales, at any of the Pledges' offices or elsewhere, at such prices and on such terms (including, but without limitation, a requirement that any purchaser of all or any part of the Pledged Stock purchase the shares constituting the Pledged Stock for investment and without any intention to make a distribution thereof) as it may deem best, for cash or on credit, or for future delivery without assumption of any credit risk, with the right to the Pledges or any purchaser to purchase upon any such sale the whole or any part of the Pledged Stock free of any right or equity of redemption in the Pledgor, which right or equity is hereby expressly waived and released. After deducting from the proceeds of sale or other disposition of the Pledged Stock all expenses (including all reasonable expenses for legal services), the Pledges shall apply such proceeds toward the satisfaction of the Pledgor's Obligations to the extent permitted by law. Any remainder of the proceeds after satisfaction in full of the Pledgor's Obligations shall be distributed as required by applicable law.

(d) Upon the occurrence of an Event of Default, Pledges representing a majority in interest of the Notes may, until such Event of Default is cured or the satisfaction of the Obligations, exercise all voting rights with respect to the Pledged Stock; provided, however, that Pledges shall have no duty to exercise any such rights.

3. Pledgor's Representations and Warranties. The Pledgor represents and warrants that:

(a) It has all requisite power and authority to enter into this Agreement, to pledge the Pledged Stock for the purposes described in paragraph 2(a) hereof, and to carry out the transactions contemplated by this Agreement and has duly exercised such power;

(b) It is the legal and beneficial owner of all of the Pledged Stock;

(c) The Pledged Stock constitutes all of the issued and outstanding capital stock of the Subsidiary;

(d) All of the shares of the Pledged Stock have been duly and validly issued, are fully paid and nonassessable, and are owned by the Pledgor free of any pledge, mortgage, hypothecation, lien, charge, encumbrance or security interest in such shares or the proceeds thereof, except for that granted hereunder; and

(e) The Subsidiary is the legal and beneficial owner of 70,588 shares of capital stock of Locstar S.A. (the "Locstar Stock"), free of any pledge, mortgage, hypothecation, lien, charge, encumbrance or security interest in such shares or the proceeds thereof.

4. Appointment of Agent. Each of the undersigned Pledges hereby appoints Signet Trust Company to act as the agent for all the Pledges (the "Agent") to hold the Pledged Stock on their behalf and perform such other acts and duties as Pledges representing a majority in interest of the Notes may direct from time to time; provided however, that no implied covenants or obligations shall be read into this Agreement against the Agent. The Agent shall be under no obligation to exercise any of the rights or perform any of the duties at the request or direction of Pledges representing a majority in interest of the Notes pursuant to this Agreement, unless Pledges shall have offered to the Agent reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

5. Indemnification. The Pledgor agrees to reimburse the Agent upon its request for all reasonable expenses, disbursements and advances incurred or made by the Agent in accordance with any provision of this Agreement, except any such expense, disbursement or advance which may be attributable to its gross negligence, willful misconduct or bad faith. The Pledgor also agrees to indemnify the Agent for, and to hold it harmless against, any loss, liability or expense incurred without gross negligence, willful misconduct or bad faith on its part, arising out of or in connection with its role as Agent, including the cost and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or responsibilities hereunder.

6. Resignation or Removal of Agent. The Agent may resign at any time by giving written notice thereof to the Pledgor and the Pledges. The Agent may be removed at any time by the written direction delivered to the Agent and the Pledgor by Pledges representing a majority in interest of the Notes. The

Agent's resignation or removal, as the case may be, shall not be effective until the appointment of a successor Agent. Upon such resignation or removal, Pledges representing a majority in interest of the Notes shall immediately appoint a successor Agent who shall execute a document agreeing to be bound by the terms of this Agreement. Such successor Agent shall have the same authority to act on behalf of all the Pledges as the Agent did.

7. Pledgor's Covenant. The Pledgor hereby covenants that, until all of the Obligations have been satisfied in full, it will not

(a) Without the prior written consent of Pledges representing a majority in interest of the Notes, sell, convey, or otherwise dispose of any of the Pledged Stock or any interest therein or create, incur, or permit to exist any pledge, mortgage, lien, charge, encumbrance or any security interest whatsoever in or with respect to any of the Pledged Stock or Locstar Stock or the proceeds thereof or dividends thereon, other than that created hereby or referred to herein;

(b) Without the prior written consent of Pledges representing a majority in interest of the Notes, approve or consent to the issuance of any additional shares of any class of capital stock in the Subsidiary; or any securities convertible voluntarily by the holder thereof or automatically upon the occurrence or non-occurrence of any event or condition into, or exchangeable for, any such shares; or any warrants, options, rights, or other commitments entitling any person to purchase or otherwise acquire any such shares; or

(c) Without the prior written consent of Pledges representing a majority in interest of the Notes, sell, transfer, lease or otherwise dispose or cause to be sold, transferred, leased or otherwise disposed of, any of the Locstar Stock owned by the Subsidiary.

8. Further Notices. The Pledgor will promptly deliver to the Agent all written notices, and will promptly give the Agent written notice of any other notices, received by it with respect to Pledged Stock or the Locstar Stock, and the Pledges will promptly give like notice to the Pledgor of any such notices received by it or its nominee.

9. Examination of Books and Records. The Pledgor will permit Pledges and their duly authorized representatives to make, at reasonable times, such examination, inspection and copying

of the books and records relating to the Pledged Stock as the Pledgees may require. The Pledgees acknowledge that they have had the opportunity to review the Memorandum and Articles of Association and Agreement between Shareholders of Locstar S.A.

10. Continued Performance/Further Assurances. The Pledgor shall at any time, and from time to time, upon the written request of Pledgees representing a majority in interest of the Notes, execute and deliver such further documents and do such further acts and things as the Pledgees may reasonably request to effect the purposes of this Agreement.

11. Binding Effect; Amendment. This Agreement shall inure to the benefit of each Pledgee, their successors and assigns, and shall be binding on the successors and assigns of the Pledgor. This Agreement may be amended or modified in a writing signed by the Pledgor and Pledgees representing a majority in interest of the Notes, and each Pledgee shall be bound by any such amendment or modification.

12. Termination. Upon the satisfaction in full of all Obligations and the satisfaction of all additional costs and expenses of the Pledgees as provided herein, this Agreement shall terminate and the Agent shall deliver to the Pledgor, at the Pledgor's expense, such of the Pledged Stock as shall not have been sold or otherwise applied pursuant to this Agreement and shall execute any and all documents necessary to evidence the termination of this Agreement.

13. Remedies, Waiver of Remedies, etc. (a) Beyond the exercise of reasonable care to assure the safe custody of the Pledged Stock while held hereunder, the Agent and Pledgees shall have no duty or liability to preserve rights pertaining thereto and shall be relieved of all responsibility for the Pledged Stock upon surrendering it or tendering surrender of it to the Pledgor.

(b) No course of dealing between the Pledgor and the Pledgees, nor any failure to exercise, nor any delay in exercising, any right, power or privilege of the Pledgees hereunder or under the Notes shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

(c) The rights and remedies provided herein and in the Note and in all other agreements, instruments, and documents delivered pursuant to or in connection with the Obligations,

are cumulative and are in addition to and not exclusive of any rights or remedies provided by law, including, but without limitation, the rights and remedies of a secured party under the Uniform Commercial Code.

(d) The provisions of this Agreement are severable, and if any clause or provision shall be held invalid or unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect only such clause or provision or part thereof in such jurisdiction and shall not in any manner affect such clause or provision in any other jurisdiction or any other clause or provision in this Agreement in any jurisdiction.

14. Notices. Except as otherwise provided in this Agreement, any notice or other communication hereunder shall be in writing and shall be deemed delivered upon personal delivery or upon receipt if mailed by registered or certified first class mail, postage prepaid, or sent by facsimile transmission to the parties at the following addresses:

(a) To the Pledgor:

Geostar Corporation
1001 22nd Street, N.W.
Washington, D.C. 20037
Telephone Number: (202) 887-0870
Telecopy Number: (202) 887-0874

Attention: Donald E. Brown

(b) To the Pledgees:

To each Pledgee at the address
and facsimile number indicated
on the signature pages hereof.

(c) To the Agent:

Signet Trust Company
7 North Eighth Street
Vault Level
Richmond Virginia 23219
Telephone Number: (804) 771-7111
Telecopy Number: (804) 771-7610

Attention: Betty Speegle

or to such other addresses or persons as the parties, from time to time, may furnish one another by notice given in accordance with this section.

15. Successors and Assigns. This Agreement shall inure to the benefit of and shall be binding upon the successors and assigns of the parties hereto.

16. Applicable Law. The substantive laws of the District of Columbia shall govern the construction of this Agreement and the rights and remedies of the parties hereto.

17. Integration. This Agreement constitutes the entire agreement among the parties hereto with respect to the subject matter hereof and there are no other agreements, covenants, representations or warranties except as set forth herein.

18. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date and year first above written.

GEOSTAR CORPORATION

ATTEST:

By: *Patricia C. Watson*
Assistant Corporate Secretary

By: *Martin R. Snoey*
Martin R. Snoey, President

[CORPORATE SEAL]

By: *Joel R. Alper*
Name: Joel R. Alper
Title: President, COMSAT Systems Div.
Address: COMSAT Corp., 22300 Comsat
Dr., Clarksburg, MD 20871
Telecopier No.: 301-428-9443
Telephone No.: 301-428-4770

By: _____
Name: _____
Title: _____
Address: _____
Telecopier No.: _____
Telephone No.: _____

or to such other addresses or persons as the parties, from time to time, may furnish one another by notice given in accordance with this section.

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GEOSTAR CORPORATION

ATTEST:

By: Patricia C. Watson
Assistant Corporate Secretary

[CORPORATE SEAL]

By: Martin R. Snoey
Martin R. Snoey, President

By: _____
Name: _____
Title: _____
Address: _____

Telecopier No.: _____
Telephone No.: _____

GTE Spacenet Corporation
By: David F. Piske
Name: David F. Piske
Title: Vice President
Address: 1700 Old Meadow Road
McLean, VA 22102
Telecopier No.: (703) 848-1011
Telephone No.: (703) 848-1500

or to such other addresses or persons as the parties, from time to time, may furnish one another by notice given in accordance with this section.

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GEOSTAR CORPORATION

ATTEST:

By: J. Patricia C. Wilson
Assistant Corporate Secretary

By: Martin R. Snoey
Martin R. Snoey, President

[CORPORATE SEAL]

By: <u>William R. Hewlett and Rosemary B. Hewlett</u>	By: <u>William R. Hewlett</u>
Name: <u>William R. Hewlett and Rosemary B. Hewlett</u>	Name: _____
XXXX <u>Rosemary B. Hewlett by</u>	Title: _____
Address: <u>1501 Page Mill Rd Palo Alto, CA 94304</u>	<u>William R. Hewlett, Atty. in Fact</u>
Telecopier No.: <u>415-857-4012</u>	Telecopier No.: _____
Telephone No.: <u>415-857-2626</u>	Telephone No.: _____

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or to such other addresses or persons as the parties, from time to time, may furnish one another by notice given in accordance with this section.

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GEOSTAR CORPORATION

ATTEST:

By: Patricia C. Watson
Assistant Corporate Secretary

By: Martin R. Snoey
Martin R. Snoey, President

[CORPORATE SEAL]

By: _____
Name: Jean M. Ferrer III
Title: Managing Director
Address: 405 Park Avenue
NY NY
Telecopier No.: 212-959-4831
Telephone No.: 212-935-6190

By: _____
Name: _____
Title: _____
Address: _____
Telecopier No.: _____
Telephone No.: _____

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or to such other addresses or persons as the parties, from time to time, may furnish one another by notice given in accordance with this section.

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GEOSTAR CORPORATION

ATTEST:

By: Patricia C. Watson
Assistant Corporate Secretary

[CORPORATE SEAL]

By: Martin R. Snoey
Martin R. Snoey, President

By: _____
Name: _____
Title: _____
Address: _____
Telecopier No.: _____
Telephone No.: _____

By: Jack A. Shaw
Name: Jack A. Shaw
Title: Chairman and Chief Executive Offi
Address: 1717 Exploration Lane
Germentown, Maryland 20874
Telecopier No.: (301) 428-1635
Telephone No.: (301) 428-5761

or to such other addresses or persons as the parties, from time to time, may furnish one another by notice given in accordance with this section.

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GEOSTAR CORPORATION

ATTEST:

By: Patricia C. Watson
Assistant Corporate Secretary

By: Martin R. Snoey
Martin R. Snoey, President

[CORPORATE SEAL]

KENWOOD CORPORATION

By: K. Hanada
Name: Kouki Hanada
Title: Managing Director
Address: 17-5, Shibuya 2-chome,
Shibuya-ku, Tokyo, 150 Japan
Telecopier No.: 03-486-5724
Telephone No.: 03-486-5572

By: _____
Name: _____
Title: _____
Address: _____
Telecopier No.: _____
Telephone No.: _____

or to such other addresses or persons as the parties, from time to time, may furnish one another by notice given in accordance with this section.

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GEOSTAR CORPORATION

ATTEST:

By: Patricia C. Watson
Assistant Corporate Secretary

By: Martin R. Snoey
Martin R. Snoey, President

[CORPORATE SEAL]

By: [Signature]
Name: CHRISTOPHER J KOSS
Title: _____
Address: 881 Ocean Dr #23E
Key Biscayne, FL 33149
Telecopier No.: 305-361-9788
Telephone No.: 305-361-9789

By: _____
Name: _____
Title: _____
Address: _____
Telecopier No.: _____
Telephone No.: _____

or to such other addresses or persons as the parties, from time to time, may furnish one another by notice given in accordance with this section.

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GEOSTAR CORPORATION

ATTEST:

By: Patricia C. Watson
Assistant Corporate Secretary

By: Martin R. Snoey
Martin R. Snoey, President

[CORPORATE SEAL]

By: J. Robert Fugate for Mtel
Name: J. Robert Fugate
Title: Chief Financial Officer
Address: 200 S. Lamar, Security Centre
Jackson, MS 39201
Telecopier No.: (601)944-7194
Telephone No.: (601)944-7044

By: _____
Name: _____
Title: _____
Address: _____
Telecopier No.: _____
Telephone No.: _____

2369-89-15019

or to such other addresses or persons as the parties, from time to time, may furnish one another by notice given in accordance with this section.

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GEOSTAR CORPORATION

ATTEST:

By: Patricia C. Watson
Assistant Corporate Secretary

By: Martin R. Snoey
Martin R. Snoey, President

[CORPORATE SEAL]

By: David Packard
Name: David Packard
Title: c/o Security Pacific Bank
Address: P. O. Box 1591
San Mateo, CA 94401
Telecopier No.: 415 347-6397
Telephone No.: 415 348-0282

By: _____
Name: _____
Title: _____
Address: _____
Telecopier No.: _____
Telephone No.: _____

or to such other addresses or persons as the parties, from time to time, may furnish one another by notice given in accordance with this section.

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GEOSTAR CORPORATION

ATTEST:

By: Patricia C. Watson
Assistant Corporate Secretary

By: Martin R. Snoey
Martin R. Snoey, President

[CORPORATE SEAL]

By: William C. Simon
Name: William C. Simon
Title: _____
Address: _____
Telecopier No.: _____
Telephone No.: _____

By: _____
Name: _____
Title: _____
Address: _____
Telecopier No.: _____
Telephone No.: _____

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or to such other addresses or persons as the parties, from time to time, may furnish one another by notice given in accordance with this section.

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GEOSTAR CORPORATION

ATTEST:

By: Patricia C. Watson
Assistant Corporate Secretary

By: Martin R. Snoey
Martin R. Snoey, President

[CORPORATE SEAL]

SONY CORPORATION OF AMERICA
By: Mark Frankel
Name: MARK FRANKEL
Title: Vice President, Mobile Satellite
Address: Communications Division
One Sony Drive, Park Ridge, NJ 07656
Telecopier No.: 201-930-8789
Telephone No.: _____

By: _____
Name: _____
Title: _____
Address: _____
Telecopier No.: _____
Telephone No.: _____

or to such other addresses or persons as the parties, from time to time, may furnish one another by notice given in accordance with this section.

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GEOSTAR CORPORATION

ATTEST:

By: Patricia C. Watson
Assistant Corporate Secretary

By: Martin R. Snoey
Martin R. Snoey, President

[CORPORATE SEAL]

By: Allen B. Rider III
Name: Allen B. Rider, III
Title: Senior VP, WFS Financial Corp.
Address: 707 East Main Street
Richmond, VA 23219
Telecopier No.: (804) 782-3440
Telephone No.: (804) 782-3512

By: _____
Name: _____
Title: _____
Address: _____
Telecopier No.: _____
Telephone No.: _____

By: _____
Name: _____
Title: _____
Address: _____
Telecopier No.: _____
Telephone No.: _____

By: _____
Name: _____
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Name: _____
Address: _____
Telecopier No.: _____
Telephone No.: _____

Name: _____
Address: _____
Telecopier No.: _____
Telephone No.: _____

Name: _____
Address: _____
Telecopier No.: _____
Telephone No.: _____

The undersigned agrees to act as Agent under this Agreement and to be bound by the terms hereof.

Agent:
Signet Trust Company

By: _____
Title: Vice President

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AGREEMENT TO DEFER PAYMENTS

This Agreement between GTE Spacenet Corporation ("GTE"), a Delaware corporation having its principal place of business at 1700 Old Meadow Road, McLean, Virginia 22102, and Geostar Corporation ("Geostar"), a Delaware corporation having its principal place of business at 1001 22nd Street, N.W., Washington, D.C. 20037 is entered into as of this the 20 th day of November, 1989 ("Agreement").

WHEREAS, GTE and Geostar entered into numerous agreements which require periodic payments by Geostar to GTE; and

WHEREAS, Geostar has requested that GTE defer certain of these payments; and

WHEREAS, GTE has agreed to such deferral pursuant to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements hereinafter set forth, the parties hereto agree as follows:

1. CERTAIN DEFINITIONS

"Bridge Loan" means that loans or loans extended to Geostar by any one or more of the following: (i) any member or members of Geostar's Board of Directors or their affiliates; (ii) Sony Corporation or its affiliates; (iii) Kenwood Corporation or its affiliates; or (iv) Hughes Network Systems, Inc. or its affiliates; or (v) any other person or entity making funds available to Geostar on terms substantially similar to those of the previously identified lenders.

"Security Agreement" means that certain agreement between Geostar, and some or all of the participants in the Bridge Loan which agreement grants the signatories to the agreement a lien and continuing security interest in specified property of Geostar (the "Collateral") as security to the performance by Geostar of its obligations under this Agreement and the Bridge Loan.

2. PAYMENTS TO BE DEFERRED

- (a) GTE agrees to defer certain payments identified in Schedule A hereto (the "Deferred Payments") payable to GTE: (i) relating to or payable during the period from November 1, 1989 through March 31, 1990 to GTE pursuant to (A) the Revised Transponder and Occupancy Lease between GTE and Geostar for Geostar's Receive Only Payload on the GSTAR III Satellite dated November 3, 1989; (B) the Transponder and Occupancy Lease between GTE and Geostar for Geostar's Receive Only Payload on the SPACENET III Satellite

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dated June 27, 1986, as amended or revised; (C) Transponder Sale Agreement No. 467 between GTE and Geostar for Transponder 18 on the SPACENET III Satellite dated November 23, 1988, as amended or revised; (D) Uplink Services Agreement No. 383 between GTE and Geostar dated November 23, 1988; (E) Transponder Service Agreement No. 466 between GTE and Geostar for transponder services on the SPACENET II Satellite dated November 23, 1988; (ii) relating to amounts characterized as "Fixed Payments" due and payable by Geostar in May 1989, and February 1990 pursuant to the Transponder and Occupancy Lease between GTE and Geostar for Geostar's Receive Only Payload on the GSTAR II Satellite dated March 4, 1985, as amended or revised; and (iii) relating to an amount characterized as "Launch Services" under the Transponder and Occupancy Lease between GTE and Geostar for Geostar's Receive Only Payload on the SPACENET III Satellite dated June 27, 1986, as amended or revised due and payable by Geostar on September 30, 1988 (collectively the "Contracts").

- (b) Each Deferred Payment shall accrue interest from the date it would otherwise be due and payable at a fluctuating annual interest rate equal to one (1) percent over the rate announced from time to time by Citibank, N.A. at its principal office as its prime rate, such interest rate to be adjusted as of the date of the announcement of any change in such prime rate. Interest shall be calculated on the basis of a 360 day year. All Deferred Payments, together with all unpaid interest, shall be due and payable on March 31, 1990.
- (c) Collateral; Security Interest
- (i) In order to secure the payment of the Deferred Payments, and in order to induce GTE to enter into this Agreement, Geostar conveys a security interest in certain property of Geostar, all as specified in the Security Agreement. Such security interest shall be in addition to any security interest in, or other right to, property of Geostar conveyed to GTE under any other agreement between GTE and Geostar.
- (ii) Nothing in this Agreement or the Security Agreement shall be construed as creating any right in any third party, including a participant in the Bridge Loan, to utilize the facilities of GTE, including, but not limited to: (A) GTE's satellites and the transponders on such satellites; (B) Transponder 18 on GTE's SPACENET III Transponder; and (C) any RDSS Receive Only payload integrated into a GTE satellite. Further, nothing in this Agreement shall be construed as the consent of GTE to an assignment of any rights of Geostar under any other agreement between GTE and Geostar, including, but not limited to, agreements under

which Geostar acquired any right to use the facilities identified in (A) through (C) of this subparagraph (ii).

- (d) Any amounts described in Schedule A that would not have become due or payable pursuant to the terms of the Contract under which the obligation to pay GTE was originally created shall not become Deferred Payments within the terms of this Agreement.
- (e) Geostar represents and warrants that as of the date of this Agreement it has not, and upon execution of this Agreement, it will not, enter into any agreement that includes an obligation (whether conditioned or unconditioned) on the part of Geostar to take any action or defer from taking any action which if complied with would: (i) create a conflict with, or cause a breach or default of, this Agreement; or (ii) prevent Geostar from complying with this Agreement; or (iii) give rise to a third party claim against Geostar or GTE which claim asserts that all or any part of this Agreement is void or voidable or otherwise unenforceable.

3. PAYMENTS TO BE MADE IN 1989

- (a) This Agreement is expressly conditioned on payment by Geostar of all sums identified in Schedule B as payments to be made during calendar year 1989. Failure of Geostar to pay any such sum due GTE -
 - (i) if past due as of November 1, 1989, on the earlier of (i) within five business days of the disbursement of proceeds from the Bridge Loan; or (ii) December 31, 1989, or
 - (ii) when due,shall constitute a default of this Agreement and entitle GTE to the remedies provided in Section 4 below.
- (b) GTE acknowledges receipt of Geostar's check dated November 20, 1989 in the amount of \$558,800. Notwithstanding any previous instructions to the contrary, Geostar agrees that \$198,800 of such sum represents payment of the sum identified in Schedule B as "Other - Southbeam antenna" and the remaining \$360,000 of such sum represents partial payment of the sum identified in Schedule B as "GSTAR II fixed payment due 8/31/89".

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4. **DEFAULT**

The occurrence of any one or more of the following shall constitute an event of default ("Event of Default") hereunder:

(a) Failure to pay, when due, the principal, any interest, or any other sum payable hereunder, and continuance of such failure for five (5) business days after the date on which such principal, installment of interest or other sum is due (whether upon maturity hereof, upon any installment payment date, upon any prepayment date, upon acceleration, or otherwise);

(b) The failure of Geostar generally to pay its debts as such debts become due, the admission by Geostar in writing of its inability to pay its debts as such debts become due, or the making by Geostar of any general assignment for the benefit of creditors;

(c) The commencement by Geostar of any case, proceeding, or other action seeking reorganization, arrangement, adjustment, liquidation, dissolution, or composition of it or its debts under any law relating to bankruptcy, insolvency, or reorganization, or relief of debtors, or seeking appointment of a receiver, trustee, custodian, or other similar official for it or for all or any substantial part of its property;

(d) The commencement of any case, proceeding, or other action against Geostar seeking to have any order for relief entered against Geostar as debtor, or seeking reorganization, arrangement, adjustment, liquidation, dissolution, or composition of Geostar or its debts under any law relating to bankruptcy, insolvency, reorganization, or relief of debtors, or seeking appointment of a receiver, trustee, custodian, or other similar official for Geostar or for all or any substantial part of the property of Geostar, and (i) Geostar shall, by any act or omission, indicate its consent to, approval of, or acquiescence in such case, proceeding, or action, or (ii) such case, proceeding, or action results in the entry of an order for relief which is not fully stayed within seven (7) business days after the entry thereof, or (iii) such case, proceeding, or action remains undismissed for a period of fifteen (15) days or more;

(e) the occurrence of any Event of Default of any promissory note relating to the Bridge Loan.

Upon the occurrence of any such Event of Default hereunder, the entire principal amount hereof, and all accrued and unpaid interest thereon, shall be accelerated, and shall be immediately due and payable, at the option of GTE, upon written notice, and in addition thereto, and not in substitution therefore, GTE shall be entitled to exercise any one or more of the rights and remedies provided by applicable law, and

Geostar shall be deemed to be in default of each of the Contracts, and GTE shall have the right to exercise any and all of its rights and remedies provided in such Contracts. Failure to exercise said options or to pursue such other remedies shall not constitute a waiver of such options or such remedies or the right to exercise any of the same in the event of any subsequent Event of Default hereunder.

5. GOVERNING LAW; JURISDICTION

The Agreement, including these Terms and Conditions, shall be construed and enforced in accordance with, and the validity and performance hereof shall be governed by, the laws of the State of Virginia.

6. CUMULATION OF REMEDIES

All remedies available to either party for breach of this Agreement are cumulative and may be exercised concurrently or separately, and the exercise of any one remedy shall not be deemed an election of such remedy to the exclusion of other remedies.

7. WAIVER

No term or provision hereof shall be deemed waived and no breach excused unless such waiver or consent shall be in writing and signed by the party claimed to have waived or consented.

8. RELATIONSHIP OF THE PARTIES

This Agreement is not intended to, and shall not be construed to, constitute or create a joint venture, pooling arrangement, partnership, agency or business organization of any kind. GTE and Geostar shall be independent contractors for all purposes and neither party shall act as or hold itself out as agent for the other or create or attempt to create liabilities for the other party.

9. ENTIRE AGREEMENT

This Agreement, together with Schedules A and B, constitutes the entire agreement between the parties in relation to this subject matter. Nothing in this Agreement shall be construed as amending or terminating any right or duty which exists between the parties pursuant to any existing agreement between the parties.

10. TERMINATION

This Agreement shall terminate upon payment in full of all Deferred Payments and accrued interest thereon.

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WTO
DHH



11. ACCEPTANCE

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and do each hereby warrant and represent that their respective signatory whose signature appears below has been and is on the date indicated immediately below duly authorized by all necessary appropriate corporate action to execute this Agreement.

GTE SPACENET CORPORATION

By: D. F. Fisher

Its: Vice President

Date: Nov 20, 1989

GEOSTAR CORPORATION

By: Donald B. ...

Its: Semior Vice President

Date: November 20, 1989

Schedule A- Deferred Payments

	Due Date							Total
	1988 Sep 30	1989 May 31	Nov 30	1990 Jan 31	Feb 28	Mar 31		
Specmet II								
-Full transponder	\$ 0	\$ 0	\$ 0	\$112,000	\$112,000	\$112,000	\$336,000	
-Uplink	0	0	0	7,500	7,500	7,500	22,500	
Specmet III								
-Partial transponder	0	0	0	74,880	74,880	74,880	224,640	
-Fixed payment	0	0	250,500	0	250,500	0	501,000	
-Note payment	0	0	0	104,500	104,500	104,500	313,500	
-TT&C	0	0	0	7,500	7,500	7,500	22,500	
STAR II								
-Fixed payment	0	465,000	0	0	465,000	0	930,000	
STAR III								
-Full transponder	0	0	0	110,000	110,000	110,000	330,000	
-Fixed payment	0	0	0	0	138,750	0	138,750	
-Launch services	360,000	0	0	0	0	0	360,000	
	<u>\$360,000</u>	<u>\$465,000</u>	<u>\$250,500</u>	<u>\$416,380</u>	<u>\$1,270,630</u>	<u>\$416,380</u>	<u>\$3,178,890*</u>	

Promissory note-
principal balance

..... \$1,075,500 \$1,491,880 \$2,762,510 \$3,178,890

* plus late payment charges and/or applicable interest

Date prepared: November 16, 1989

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Handwritten initials/signature

Schedule B- Remaining 1989 Payments

	Due Date			Total
	Nov 20	Nov 30	Dec 31	
Specmet II				
-Full transponder	\$ 0	\$112,000	\$112,000	\$224,000
-Uplink	0	7,500	7,500	15,000
Specmet III				
-Partial transponder	0	74,880	74,880	149,760
-Fixed payment	0	0	0	0
-Note payment	0	104,500	104,500	209,000
-TT&C	0	7,500	7,500	15,000
GSTAR II				
-Fixed Payment	0	465,000	0	465,000
GSTAR III				
-Full transponder	0	105,600	110,000	215,600
-Fixed payment	0	0	0	0
Other				
-GSTAR III launch svc	0	0	0	0
-Southbeam antenna	198,800	0	0	198,800
-GSTAR II fixed Payment due 8/31/89	360,000	0	105,000	465,000*
	\$558,800	\$876,980	\$521,380	\$1,957,160

*plus late payment charges and/or applicable interest

Date prepared: November 16, 1989

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PROMISSORY NOTE

\$2,000,000

November 21, 1989
Washington, D.C.

FOR VALUE RECEIVED, GEOSTAR CORPORATION, a Delaware corporation ("Maker"), promises to pay to the order of Sony Corporation of America at the offices of Maker, 1001 22nd Street, N.W., Washington, D.C. 20037, or at such other place as the holder hereof may direct, the principal sum of Two Million Dollars (\$2,000,000), together with interest from the date hereof on the unpaid principal amount at a fluctuating annual rate equal to one percent (1%) over the rate announced from time to time by Citibank N.A. at its principal office as its prime rate, such interest rate to be adjusted as of the date of announcement of any change in such prime rate. Interest shall be calculated on the basis of a 360 day year and the number of days actually elapsed. The principal amount of this Note, together with all unpaid interest accrued hereon, shall be due and payable on March 31, 1990. The due date for the payment of the principal amount hereof or interest hereon may be extended by the mutual written consent of the Maker and the holder. Maker may, without payment of penalty or premium, prepay the principal of this Note in whole or, from time to time, in part. Any payments made on this Note shall be first applied to interest accrued hereon and then to the principal amount hereof.

This Note is secured by a lien on, and a security interest in certain assets of Maker as more fully described and in accordance with the terms of that certain security agreement dated November 20, 1989.

If any of the following conditions or events shall occur and be continuing (hereinafter referred to as an "Event of Default"):

(a) Maker shall fail to pay the principal when such amount is due and payable, or shall fail to pay other amounts required to be paid pursuant to this Note when such amounts become due and payable and the failure to pay such other amounts continues for a period of 15 days after the due date; or

(b) Maker shall become unable to pay its debts as they mature or shall make an assignment for the benefit of its or any of its creditors; or

(c) proceedings in bankruptcy, or for reorganization of Maker, or for the readjustment of any of its debts, under the Bankruptcy Code, as amended, or any part thereof, or under any other laws, whether state or federal, for the relief of debtors, now or hereafter existing, shall be commenced against Maker and shall not be discharged within thirty (30) days of their commencement, or shall be commenced by Maker; or

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(d) a proceeding shall be instituted in which a receiver or trustee shall be appointed for Maker or for any substantial part of its assets, or for the dissolution or the full or partial liquidation of Maker, and such receiver or trustee shall not be discharged within thirty (30) days of his appointment, or such proceedings shall not be discharged within thirty (30) days of their commencement, or shall be commenced by Maker, or Maker shall discontinue business or materially change the nature of its business;

(e) the occurrence of any event of default under any promissory note (with a maturity date of March 31, 1990, December 31, 1990 or January 15, 1991) or other agreement relating to loans extended to the Company by, or under any arrangement or other agreement for the deferral until March 31, 1990 of payments owed by the Company to, any one or more of the following: (i) any member or members of the Company's Board of Directors or their affiliates; (ii) Sony Corporation of America, Hughes Network Systems, Inc., Kenwood Corporation, GTE Spacenet Corporation or their respective affiliates; or (iii) any other person or entity making funds available to the Company on terms substantially similar to the lenders identified in (i) or (ii);

(f) the occurrence of an event having a material adverse effect on the financial position of Maker as of the date hereof, which has not been cured within 15 days of Maker's receipt of notice thereof.

then, and in any such event, the holder hereof may at any time thereafter at its option, by written notice to Maker at its offices, declare this Note to be due and payable, whereupon the same shall mature and become due and payable (unless all defaults shall have been remedied), together with interest accrued hereon. Upon the occurrence of an Event of Default, interest on this Note shall accrue at the maximum rate allowed by law from the date of such occurrence.

Maker and every endorser of this Note and every other person liable for payment of the debt evidenced by this Note hereby waives presentment, demand for payment, notice of dishonor, protest and notice of protest. In the event that any past due amounts on this Note are collected by or through an attorney for the holder, Maker and every endorser of this Note and every other person liable for payment of the debt evidenced by this Note shall reimburse holder for any reasonable attorney fees, court costs or other collection costs incurred by holder to collect such past due amounts.

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2369-89-6364e

All rights and obligations hereunder shall be governed
by the laws of Delaware.

GEOSTAR CORPORATION

ATTEST: [Corporate Seal]

Patricia C. Watson
Assistant Corporate Secretary

By: Donald E. Brown
Senior Vice President

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PROMISSORY NOTE

\$500,000

November 17, 1989
Washington, D.C.

FOR VALUE RECEIVED, GEOSTAR CORPORATION, a Delaware corporation ("Maker"), promises to pay to the order of WFS Financial Corp. at the offices of Maker, 1001 22nd Street, N.W., Washington, D.C. 20037, or at such other place as the holder hereof may direct, the principal sum of Five Hundred Thousand Dollars (\$500,000), together with interest from the date hereof on the unpaid principal amount at a fluctuating annual rate equal to one percent (1%) over the rate announced from time to time by Citibank N.A. at its principal office as its prime rate, such interest rate to be adjusted as of the date of announcement of any change in such prime rate. Interest shall be calculated on the basis of a 360 day year and the number of days actually elapsed. The principal amount of this Note, together with all unpaid interest accrued hereon, shall be due and payable on March 31, 1990. The due date for the payment of the principal amount hereof or interest hereon may be extended by the mutual written consent of the Maker and the holder. Maker may, without payment of penalty or premium, prepay the principal of this Note in whole or, from time to time, in part. Any payments made on this Note shall be first applied to interest accrued hereon and then to the principal amount hereof.

This Note is secured by a lien on, and a security interest in certain assets of Maker as more fully described and in accordance with the terms of that certain security agreement dated November 20, 1989.

If any of the following conditions or events shall occur and be continuing (hereinafter referred to as an "Event of Default"):

(a) Maker shall fail to pay the principal when such amount is due and payable, or shall fail to pay other amounts required to be paid pursuant to this Note when such amounts become due and payable and the failure to pay such other amounts continues for a period of 15 days after the due date; or

(b) Maker shall be unable to pay its debts as they mature or shall make an assignment for the benefit of its or any of its creditors; or

(c) proceedings in bankruptcy, or for reorganization of Maker, or for the readjustment of any of its debts, under the Bankruptcy Code, as amended, or any part thereof, or under any other laws, whether state or federal, for the relief of debtors, now or hereafter existing, shall be commenced against Maker and shall not be discharged within thirty (30) days of their commencement, or shall be commenced by Maker; or

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(d) a proceeding shall be instituted in which a receiver or trustee shall be appointed for Maker or for any substantial part of its assets, or for the dissolution or the full or partial liquidation of Maker, and such receiver or trustee shall not be discharged within thirty (30) days of his appointment, or such proceedings shall not be discharged within thirty (30) days of their commencement, or shall be commenced by Maker, or Maker shall discontinue business or materially change the nature of its business;

(e) the occurrence of any event of default under any promissory note (with a maturity date of March 31, 1990, December 31, 1990 or January 15, 1991) or other agreement relating to loans extended to the Company by, or under any arrangement or other agreement for the deferral until March 31, 1990 of payments owed by the Company to, any one or more of the following: (i) any member or members of the Company's Board of Directors or their affiliates; (ii) Sony Corporation of America, Hughes Network Systems, Inc., Kenwood Corporation, GTE Spacenet Corporation or their respective affiliates; or (iii) any other person or entity making funds available to the Company on terms substantially similar to the lenders identified in (i) or (ii);

(f) the occurrence of an event having a material adverse effect on the financial position of Maker as of the date hereof, which has not been cured within 15 days of Maker's receipt of notice thereof.

then, and in any such event, the holder hereof may at any time thereafter at its option, by written notice to Maker at its offices, declare this Note to be due and payable, whereupon the same shall mature and become due and payable (unless all defaults shall have been remedied), together with interest accrued hereon. Upon the occurrence of an Event of Default, interest on this Note shall accrue at the maximum rate allowed by law from the date of such occurrence.

Maker and every endorser of this Note and every other person liable for payment of the debt evidenced by this Note hereby waives presentment, demand for payment, notice of dishonor, protest and notice of protest. In the event that any past due amounts on this Note are collected by or through an attorney for the holder, Maker and every endorser of this Note and every other person liable for payment of the debt evidenced by this Note shall reimburse holder for any reasonable attorney fees, court costs or other collection costs incurred by holder to collect such past due amounts.

2369-89-6364k

All rights and obligations hereunder shall be governed
by the laws of Delaware.

GEOSTAR CORPORATION

ATTEST: [Corporate Seal]

Jocelyn C. Watson
Assistant Corporate Secretary

By: Martin R. Snoey
Martin R. Snoey
President

2369-89-63641

PROMISSORY NOTE

\$1,000,000

November 17, 1989
Washington, D.C.

FOR VALUE RECEIVED, GEOSTAR CORPORATION, a Delaware corporation ("Maker"), promises to pay to the order of William E. Simon at the offices of Maker, 1001 22nd Street, N.W., Washington, D.C. 20037, or at such other place as the holder hereof may direct, the principal sum of One Million Dollars (\$1,000,000), together with interest from the date hereof on the unpaid principal amount at a fluctuating annual rate equal to one percent (1%) over the rate announced from time to time by Citibank N.A. at its principal office as its prime rate, such interest rate to be adjusted as of the date of announcement of any change in such prime rate. Interest shall be calculated on the basis of a 360 day year and the number of days actually elapsed. The principal amount of this Note, together with all unpaid interest accrued hereon, shall be due and payable on March 31, 1990. The due date for the payment of the principal amount hereof or interest hereon may be extended by the mutual written consent of the Maker and the holder. Maker may, without payment of penalty or premium, prepay the principal of this Note in whole or, from time to time, in part. Any payments made on this Note shall be first applied to interest accrued hereon and then to the principal amount hereof.

This Note is secured by a lien on, and a security interest in certain assets of Maker as more fully described and in accordance with the terms of that certain security agreement dated November 20, 1989.

If any of the following conditions or events shall occur and be continuing (hereinafter referred to as an "Event of Default"):

(a) Maker shall fail to pay the principal when such amount is due and payable, or shall fail to pay other amounts required to be paid pursuant to this Note when such amounts become due and payable and the failure to pay such other amounts continues for a period of 15 days after the due date; or

(b) Maker shall be unable to pay its debts as they mature or shall make an assignment for the benefit of its or any of its creditors; or

(c) proceedings in bankruptcy, or for reorganization of Maker, or for the readjustment of any of its debts, under the Bankruptcy Code, as amended, or any part thereof, or under any other laws, whether state or federal, for the relief of debtors, now or hereafter existing, shall be commenced against Maker and shall not be discharged within thirty (30) days of their commencement, or shall be commenced by Maker; or

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(d) a proceeding shall be instituted in which a receiver or trustee shall be appointed for Maker or for any substantial part of its assets, or for the dissolution or the full or partial liquidation of Maker, and such receiver or trustee shall not be discharged within thirty (30) days of his appointment, or such proceedings shall not be discharged within thirty (30) days of their commencement, or shall be commenced by Maker, or Maker shall discontinue business or materially change the nature of its business;

(e) the occurrence of any event of default under any promissory note (with a maturity date of March 31, 1990, December 31, 1990 or January 15, 1991) or other agreement relating to loans extended to the Company by, or under any arrangement or other agreement for the deferral until March 31, 1990 of payments owed by the Company to, any one or more of the following: (i) any member or members of the Company's Board of Directors or their affiliates; (ii) Sony Corporation of America, Hughes Network Systems, Inc., Kenwood Corporation, GTE Spacenet Corporation or their respective affiliates; or (iii) any other person or entity making funds available to the Company on terms substantially similar to the lenders identified in (i) or (ii);

(f) the occurrence of an event having a material adverse effect on the financial position of Maker as of the date hereof, which has not been cured within 15 days of Maker's receipt of notice thereof.

then, and in any such event, the holder hereof may at any time thereafter at its option, by written notice to Maker at its offices, declare this Note to be due and payable, whereupon the same shall mature and become due and payable (unless all defaults shall have been remedied), together with interest accrued hereon. Upon the occurrence of an Event of Default, interest on this Note shall accrue at the maximum rate allowed by law from the date of such occurrence.

Maker and every endorser of this Note and every other person liable for payment of the debt evidenced by this Note hereby waives presentment, demand for payment, notice of dishonor, protest and notice of protest. In the event that any past due amounts on this Note are collected by or through an attorney for the holder, Maker and every endorser of this Note and every other person liable for payment of the debt evidenced by this Note shall reimburse holder for any reasonable attorney fees, court costs or other collection costs incurred by holder to collect such past due amounts.

2369-89-63641

All rights and obligations hereunder shall be governed
by the laws of Delaware.

GEOSTAR CORPORATION

ATTEST: [Corporate Seal]

J. Patricia C. Wilson
Assistant Corporate Secretary

By: Martin R. Snoey
Martin R. Snoey
President

PROMISSORY NOTE

\$500,000

November 17, 1989
Washington, D.C.

FOR VALUE RECEIVED, GEOSTAR CORPORATION, a Delaware corporation ("Maker"), promises to pay to the order of David Packard at the offices of Maker, 1001 22nd Street, N.W., Washington, D.C. 20037, or at such other place as the holder hereof may direct, the principal sum of Five Hundred Thousand Dollars (\$500,000), together with interest from the date hereof on the unpaid principal amount at a fluctuating annual rate equal to one percent (1%) over the rate announced from time to time by Citibank N.A. at its principal office as its prime rate, such interest rate to be adjusted as of the date of announcement of any change in such prime rate. Interest shall be calculated on the basis of a 360 day year and the number of days actually elapsed and shall be paid semiannually commencing on May 1, 1990. The principal amount of this Note, together with all unpaid interest accrued hereon, shall be due and payable on January 15, 1991. The due date for the payment of the principal amount hereof or interest hereon may be extended by the mutual written consent of the Maker and the holder. Maker may, without payment of penalty or premium, prepay the principal of this Note in whole or, from time to time, in part. Any payments made on this Note shall be first applied to interest accrued hereon and then to the principal amount hereof.

Prior to the payment in full of this Note, the holder may, at its option, apply the outstanding principal amount of this Note and any accrued interest hereon to the purchase of Common Stock or any other equity securities offered by the Maker in any private or public offering of its securities (other than the sale of the Maker's Common Stock pursuant to warrants, options or other rights to acquire equity securities outstanding on the date hereof) during the period in which this Note is outstanding, subject to and on the same terms and conditions as in such offering. The Maker shall promptly notify the holder in writing at the holder's address of record set forth in the investment letter dated November 1989 of any such offering following its commencement. Maker shall also give holder at least 5 business days notice of any closing pursuant to any such offering. In order to exercise this right, the holder must surrender the Note at the offices of Maker accompanied by written notice of holder's election to so apply the principal amount and accrued interest on the Note or any portion thereof.

This Note is secured by a lien on, and a security interest in, certain assets of Maker as more fully described and in accordance with the terms of that certain security agreement dated November 20, 1989.

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If any of the following conditions or events shall occur and be continuing (hereinafter referred to as an "Event of Default"):

(a) Maker shall fail to pay the principal when such amount is due and payable, or shall fail to pay other amounts required to be paid pursuant to this Note when such amounts become due and payable and the failure to pay such other amounts continues for a period of 15 days after the due date; or

(b) Maker shall be unable to pay its debts as they mature or shall make an assignment for the benefit of its or any of its creditors; or

(c) proceedings in bankruptcy, or for reorganization of Maker, or for the readjustment of any of its debts, under the Bankruptcy Code, as amended, or any part thereof, or under any other laws, whether state or federal, for the relief of debtors, now or hereafter existing, shall be commenced against Maker and shall not be discharged within thirty (30) days of their commencement, or shall be commenced by Maker; or

(d) a proceeding shall be instituted in which a receiver or trustee shall be appointed for Maker or for any substantial part of its assets, or for the dissolution or the full or partial liquidation of Maker, and such receiver or trustee shall not be discharged within thirty (30) days of his appointment, or such proceedings shall not be discharged within thirty (30) days of their commencement, or shall be commenced by Maker, or Maker shall discontinue business or materially change the nature of its business;

(e) the occurrence of any event of default under any promissory note (with a maturity date of March 31, 1990, December 31, 1990 or January 15, 1991) or other agreement relating to loans extended to the Company by, or under any arrangement or other agreement for the deferral until March 31, 1990 of payments owed by the Company to, any one or more of the following: (i) any member or members of the Company's Board of Directors or their affiliates; (ii) Sony Corporation of America, Hughes Network Systems, Inc., Kenwood Corporation, GTE Spacenet Corporation or their respective affiliates; or (iii) any other person or entity making funds available to the Company on terms substantially similar to the lenders identified in (i) or (ii);

(f) the occurrence of an event having a material adverse affect on the financial position of Maker as of the date hereof, which has not been cured within 15 days of Maker's receipt of notice thereof.

then, and in any such event, the holder hereof may at any time thereafter at its option, by written notice to Maker at its offices, declare this Note to be due and payable, whereupon the

same shall mature and become due and payable (unless all defaults shall have been remedied), together with interest accrued hereon. Upon the occurrence of an Event of Default, interest on this Note shall accrue at the maximum rate allowed by law from the date of such occurrence.

Maker and every endorser of this Note and every other person liable for payment of the debt evidenced by this Note hereby waives presentment, demand for payment, notice of dishonor, protest and notice of protest. In the event that any past due amounts on this Note are collected by or through an attorney for the holder, Maker and every endorser of this Note and every other person liable for payment of the debt evidenced by this Note shall reimburse holder for any reasonable attorney fees, court costs or other collection costs incurred by holder to collect such past due amounts.

Maker shall contemporaneously herewith issue to the holder named in the first paragraph of this Note a warrant, in the form of Exhibit A hereto, to purchase one (1) share of Maker's Common Stock for each Forty Dollars (\$40) principal amount of this Note.

All rights and obligations hereunder shall be governed by the laws of Delaware.

GEOSTAR CORPORATION

ATTEST: [Corporate Seal]

 Janice C. Wilson
Assistant Corporate Secretary

By: *Martin R. Snoey*
Martin R. Snoey
President

PROMISSORY NOTE

\$1,000,000

November 17, 1989
Washington, D.C.

FOR VALUE RECEIVED, GEOSTAR CORPORATION, a Delaware corporation ("Maker"), promises to pay to the order of Mobile Telecommunication Technologies Corporation at the offices of Maker, 1001 22nd Street, N.W., Washington, D.C. 20037, or at such other place as the holder hereof may direct, the principal sum of One Million Dollars (\$1,000,000), together with interest from the date hereof on the unpaid principal amount at a fluctuating annual rate equal to one percent (1%) over the rate announced from time to time by Citibank N.A. at its principal office as its prime rate, such interest rate to be adjusted as of the date of announcement of any change in such prime rate. Interest shall be calculated on the basis of a 360 day year and the number of days actually elapsed. The principal amount of this Note, together with all unpaid interest accrued hereon, shall be due and payable on March 31, 1990. The due date for the payment of the principal amount hereof or interest hereon may be extended by the mutual written consent of the Maker and the holder. Maker may, without payment of penalty or premium, prepay the principal of this Note in whole or, from time to time, in part. Any payments made on this Note shall be first applied to interest accrued hereon and then to the principal amount hereof.

This Note is secured by a lien on, and a security interest in certain assets of Maker as more fully described and in accordance with the terms of that certain security agreement dated November 20, 1989.

If any of the following conditions or events shall occur and be continuing (hereinafter referred to as an "Event of Default"):

(a) Maker shall fail to pay the principal when such amount is due and payable, or shall fail to pay other amounts required to be paid pursuant to this Note when such amounts become due and payable and the failure to pay such other amounts continues for a period of 15 days after the due date; or

(b) Maker shall be unable to pay its debts as they mature or shall make an assignment for the benefit of its or any of its creditors; or

(c) proceedings in bankruptcy, or for reorganization of Maker, or for the readjustment of any of its debts, under the Bankruptcy Code, as amended, or any part thereof, or under any other laws, whether state or federal, for the relief of debtors, now or hereafter existing, shall be commenced against Maker and shall not be discharged within thirty (30) days of their commencement, or shall be commenced by Maker; or

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(d) a proceeding shall be instituted in which a receiver or trustee shall be appointed for Maker or for any substantial part of its assets, or for the dissolution or the full or partial liquidation of Maker, and such receiver or trustee shall not be discharged within thirty (30) days of his appointment, or such proceedings shall not be discharged within thirty (30) days of their commencement, or shall be commenced by Maker, or Maker shall discontinue business or materially change the nature of its business;

(e) the occurrence of any event of default under any promissory note (with a maturity date of March 31, 1990, December 31, 1990 or January 15, 1991) or other agreement relating to loans extended to the Company by, or under any arrangement or other agreement for the deferral until March 31, 1990 of payments owed by the Company to, any one or more of the following: (i) any member or members of the Company's Board of Directors or their affiliates; (ii) Sony Corporation of America, Hughes Network Systems, Inc., Kenwood Corporation, GTE Spacenet Corporation or their respective affiliates; or (iii) any other person or entity making funds available to the Company on terms substantially similar to the lenders identified in (i) or (ii);

(f) the occurrence of an event having a material adverse effect on the financial position of Maker as of the date hereof, which has not been cured within 15 days of Maker's receipt of notice thereof.

then, and in any such event, the holder hereof may at any time thereafter at its option, by written notice to Maker at its offices, declare this Note to be due and payable, whereupon the same shall mature and become due and payable (unless all defaults shall have been remedied), together with interest accrued hereon. Upon the occurrence of an Event of Default, interest on this Note shall accrue at the maximum rate allowed by law from the date of such occurrence.

Maker and every endorser of this Note and every other person liable for payment of the debt evidenced by this Note hereby waives presentment, demand for payment, notice of dishonor, protest and notice of protest. In the event that any past due amounts on this Note are collected by or through an attorney for the holder, Maker and every endorser of this Note and every other person liable for payment of the debt evidenced by this Note shall reimburse holder for any reasonable attorney fees, court costs or other collection costs incurred by holder to collect such past due amounts.

2369-89-6364m

All rights and obligations hereunder shall be governed
by the laws of Delaware.

GEOSTAR CORPORATION

ATTEST: [Corporate Seal]

Patricia C. Watson
Assistant Corporate Secretary

By: Martin R. Snoey
Martin R. Snoey
President

PROMISSORY NOTE

\$100,000

November 21, 1989
Washington, D.C.

FOR VALUE RECEIVED, GEOSTAR CORPORATION, a Delaware corporation ("Maker"), promises to pay to the order of Christopher Koss at the offices of Maker, 1001 22nd Street, N.W., Washington, D.C. 20037, or at such other place as the holder hereof may direct, the principal sum of One Hundred Thousand Dollars (\$100,000), together with interest from the date hereof on the unpaid principal amount at a fluctuating annual rate equal to one percent (1%) over the rate announced from time to time by Citibank N.A. at its principal office as its prime rate, such interest rate to be adjusted as of the date of announcement of any change in such prime rate. Interest shall be calculated on the basis of a 360 day year and the number of days actually elapsed and shall be paid semiannually commencing on May 1, 1990. The principal amount of this Note, together with all unpaid interest accrued hereon, shall be due and payable on January 15, 1991. The due date for the payment of the principal amount hereof or interest hereon may be extended by the mutual written consent of the Maker and the holder. Maker may, without payment of penalty or premium, prepay the principal of this Note in whole or, from time to time, in part. Any payments made on this Note shall be first applied to interest accrued hereon and then to the principal amount hereof.

Prior to the payment in full of this Note, the holder may, at its option, apply the outstanding principal amount of this Note and any accrued interest hereon to the purchase of Common Stock or any other equity securities offered by the Maker in any private or public offering of its securities (other than the sale of the Maker's Common Stock pursuant to warrants, options or other rights to acquire equity securities outstanding on the date hereof) during the period in which this Note is outstanding, subject to and on the same terms and conditions as in such offering. The Maker shall promptly notify the holder in writing at the holder's address of record set forth in the investment letter dated November 1989 of any such offering following its commencement. Maker shall also give holder at least 5 business days notice of any closing pursuant to any such offering. In order to exercise this right, the holder must surrender the Note at the offices of Maker accompanied by written notice of holder's election to so apply the principal amount and accrued interest on the Note or any portion thereof.

This Note is secured by a lien on, and a security interest in, certain assets of Maker as more fully described and in accordance with the terms of that certain security agreement dated November 20, 1989.

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If any of the following conditions or events shall occur and be continuing (hereinafter referred to as an "Event of Default"):

(a) Maker shall fail to pay the principal when such amount is due and payable, or shall fail to pay other amounts required to be paid pursuant to this Note when such amounts become due and payable and the failure to pay such other amounts continues for a period of 15 days after the due date; or

(b) Maker shall be unable to pay its debts as they mature or shall make an assignment for the benefit of its or any of its creditors; or

(c) proceedings in bankruptcy, or for reorganization of Maker, or for the readjustment of any of its debts, under the Bankruptcy Code, as amended, or any part thereof, or under any other laws, whether state or federal, for the relief of debtors, now or hereafter existing, shall be commenced against Maker and shall not be discharged within thirty (30) days of their commencement, or shall be commenced by Maker; or

(d) a proceeding shall be instituted in which a receiver or trustee shall be appointed for Maker or for any substantial part of its assets, or for the dissolution or the full or partial liquidation of Maker, and such receiver or trustee shall not be discharged within thirty (30) days of his appointment, or such proceedings shall not be discharged within thirty (30) days of their commencement, or shall be commenced by Maker, or Maker shall discontinue business or materially change the nature of its business;

(e) the occurrence of any event of default under any promissory note (with a maturity date of March 31, 1990, December 31, 1990 or January 15, 1991) or other agreement relating to loans extended to the Company by, or under any arrangement or other agreement for the deferral until March 31, 1990 of payments owed by the Company to, any one or more of the following: (i) any member or members of the Company's Board of Directors or their affiliates; (ii) Sony Corporation of America, Hughes Network Systems, Inc., Kenwood Corporation, GTE Spacenet Corporation or their respective affiliates; or (iii) any other person or entity making funds available to the Company on terms substantially similar to the lenders identified in (i) or (ii);

(f) the occurrence of an event having a material adverse affect on the financial position of Maker as of the date hereof, which has not been cured within 15 days of Maker's receipt of notice thereof.

then, and in any such event, the holder hereof may at any time thereafter at its option, by written notice to Maker at its offices, declare this Note to be due and payable, whereupon the

2369-89-6364f

same shall mature and become due and payable (unless all defaults shall have been remedied), together with interest accrued hereon. Upon the occurrence of an Event of Default, interest on this Note shall accrue at the maximum rate allowed by law from the date of such occurrence.

Maker and every endorser of this Note and every other person liable for payment of the debt evidenced by this Note hereby waives presentment, demand for payment, notice of dishonor, protest and notice of protest. In the event that any past due amounts on this Note are collected by or through an attorney for the holder, Maker and every endorser of this Note and every other person liable for payment of the debt evidenced by this Note shall reimburse holder for any reasonable attorney fees, court costs or other collection costs incurred by holder to collect such past due amounts.

Maker shall contemporaneously herewith issue to the holder named in the first paragraph of this Note a warrant, in the form of Exhibit A hereto, to purchase one (1) share of Maker's Common Stock for each Forty Dollars (\$40) principal amount of this Note.

All rights and obligations hereunder shall be governed by the laws of Delaware.

GEOSTAR CORPORATION

ATTEST: [Corporate Seal]

Christina C. Watson
Assistant Corporate Secretary

By: Martin R. Snoey
Martin R. Snoey
President

2369-89-6364n

PROMISSORY NOTE

\$1,000,000

December 7, 1989
Washington, D.C.

FOR VALUE RECEIVED, GEOSTAR CORPORATION, a Delaware corporation ("Maker"), promises to pay to the order of Kenwood Corporation at the offices of Maker, 1001 22nd Street, N.W., Washington, D.C. 20037, or at such other place as the holder hereof may direct, the principal sum of One Million Dollars (\$1,000,000), together with interest from the date hereof on the unpaid principal amount at a fluctuating annual rate equal to one percent (1%) over the rate announced from time to time by Citibank N.A. at its principal office as its prime rate, such interest rate to be adjusted as of the date of announcement of any change in such prime rate. Interest shall be calculated on the basis of a 360 day year and the number of days actually elapsed. The principal amount of this Note, together with all unpaid interest accrued hereon, shall be due and payable on March 30, 1990. The due date for the payment of the principal amount hereof or interest hereon may be extended by the mutual written consent of the Maker and the holder. Maker may, without payment of penalty or premium, prepay the principal of this Note in whole or, from time to time, in part. Any payments made on this Note shall be first applied to interest accrued hereon and then to the principal amount hereof.

Prior to the payment in full of this Note, the holder may, at its option, apply the outstanding principal amount of this Note and any accrued interest hereon to the purchase of Common Stock or any other equity securities offered by the Maker in any private or public offering of its securities (other than the sale of the Maker's Common Stock pursuant to warrants, options or other rights to acquire equity securities outstanding on the date hereof) during the period in which this Note is outstanding, subject to and on the same terms and conditions as in such offering. The Maker shall promptly notify the holder in writing at the holder's address of record set forth in the investment letter dated November 1989 of any such offering following its commencement. Maker shall also give holder at least 5 business days notice of any closing pursuant to any such offering. In order to exercise this right, the holder must surrender the Note at the offices of Maker accompanied by written notice of holder's election to so apply the principal amount and accrued interest on the Note or any portion thereof.

This Note is secured by a lien on, and a security interest in, certain assets of Maker as more fully described and in accordance with the terms of that certain security agreement dated November 20, 1989.

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If any of the following conditions or events shall occur and be continuing (hereinafter referred to as an "Event of Default"):

(a) Maker shall fail to pay the principal when such amount is due and payable, or shall fail to pay other amounts required to be paid pursuant to this Note when such amounts become due and payable and the failure to pay such other amounts continues for a period of 15 days after the due date; or

(b) Maker shall become unable to pay its debts as they mature or shall make an assignment for the benefit of its or any of its creditors; or

(c) proceedings in bankruptcy, or for reorganization of Maker, or for the readjustment of any of its debts, under the Bankruptcy Code, as amended, or any part thereof, or under any other laws, whether state or federal, for the relief of debtors, now or hereafter existing, shall be commenced against Maker and shall not be discharged within thirty (30) days of their commencement, or shall be commenced by Maker; or

(d) a proceeding shall be instituted in which a receiver or trustee shall be appointed for Maker or for any substantial part of its assets, or for the dissolution or the full or partial liquidation of Maker, and such receiver or trustee shall not be discharged within thirty (30) days of his appointment, or such proceedings shall not be discharged within thirty (30) days of their commencement, or shall be commenced by Maker, or Maker shall discontinue business or materially change the nature of its business;

(e) the occurrence of any event of default under any promissory note (with a maturity date of March 31, 1990, December 31, 1990 or January 15, 1991) or other agreement relating to loans extended to the Company by, or under any arrangement or other agreement for the deferral until March 31, 1990 of payments owed by the Company to, any one or more of the following: (i) any member or members of the Company's Board of Directors or their affiliates; (ii) Sony Corporation of America, Hughes Network Systems, Inc., Kenwood Corporation, GTE Spacenet Corporation or their respective affiliates; or (iii) any other person or entity making funds available to the Company on terms substantially similar to the lenders identified in (i) or (ii);

(f) the occurrence of an event having a material adverse affect on the financial position of Maker as of the date hereof, which has not been cured within 15 days of Maker's receipt of notice thereof.

then, and in any such event, the holder hereof may at any time thereafter at its option, by written notice to Maker at its offices, declare this Note to be due and payable, whereupon the

same shall mature and become due and payable (unless all defaults shall have been remedied), together with interest accrued hereon. Upon the occurrence of an Event of Default, interest on this Note shall accrue at the maximum rate allowed by law from the date of such occurrence.

Maker and every endorser of this Note and every other person liable for payment of the debt evidenced by this Note hereby waives presentment, demand for payment, notice of dishonor, protest and notice of protest. In the event that any past due amounts on this Note are collected by or through an attorney for the holder, Maker and every endorser of this Note and every other person liable for payment of the debt evidenced by this Note shall reimburse holder for any reasonable attorney fees, court costs or other collection costs incurred by holder to collect such past due amounts.

All rights and obligations hereunder shall be governed by the laws of Delaware.

This Note replaces a promissory note dated December 7, 1989 for \$1,000,000 previously issued by the Maker to Kenwood Corporation which has been lost or misplaced. Kenwood Corporation and all subsequent holders of this Note agree and acknowledge that this Note represents the entire amount of indebtedness by Maker to Kenwood Corporation in connection with the loan made to Maker on December 7, 1989 and that such prior promissory note has been fully satisfied upon the acceptance of this Note.

GEOSTAR CORPORATION

ATTEST: [Corporate Seal]

Mary A. DiMarco
Assistant Corporate Secretary
Treasurer

By: Martin R. Snoey
Martin R. Snoey
President

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PROMISSORY NOTE

\$1,000,000

November 29, 1989
Washington, D.C.

FOR VALUE RECEIVED, GEOSTAR CORPORATION, a Delaware corporation ("Maker"), promises to pay to the order of Hughes Network Systems, Inc. at the offices of Maker, 1001 22nd Street, N.W., Washington, D.C. 20037, or at such other place as the holder hereof may direct, the principal sum of One Million Dollars (\$1,000,000), together with interest from the date hereof on the unpaid principal amount at a fluctuating annual rate equal to one percent (1%) over the rate announced from time to time by Citibank N.A. at its principal office as its prime rate, such interest rate to be adjusted as of the date of announcement of any change in such prime rate. Interest shall be calculated on the basis of a 360 day year and the number of days actually elapsed. The principal amount of this Note, together with all unpaid interest accrued hereon, shall be due and payable on March 31, 1990. The due date for the payment of the principal amount hereof or interest hereon may be extended by the mutual written consent of the Maker and the holder. Maker may, without payment of penalty or premium, prepay the principal of this Note in whole or, from time to time, in part. Any payments made on this Note shall be first applied to interest accrued hereon and then to the principal amount hereof.

This Note is secured by a lien on, and a security interest in certain assets of Maker as more fully described and in accordance with the terms of that certain security agreement dated November 20, 1989.

If any of the following conditions or events shall occur and be continuing (hereinafter referred to as an "Event of Default"):

(a) Maker shall fail to pay the principal when such amount is due and payable, or shall fail to pay other amounts required to be paid pursuant to this Note when such amounts become due and payable and the failure to pay such other amounts continues for a period of 15 days after the due date; or

(b) Maker shall become unable to pay its debts as they mature or shall make an assignment for the benefit of its or any of its creditors; or

(c) proceedings in bankruptcy, or for reorganization of Maker, or for the readjustment of any of its debts, under the Bankruptcy Code, as amended, or any part thereof, or under any other laws, whether state or federal, for the relief of debtors, now or hereafter existing, shall be commenced against Maker and shall not be discharged within thirty (30) days of their commencement, or shall be commenced by Maker; or

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(d) a proceeding shall be instituted in which a receiver or trustee shall be appointed for Maker or for any substantial part of its assets, or for the dissolution or the full or partial liquidation of Maker, and such receiver or trustee shall not be discharged within thirty (30) days of his appointment, or such proceedings shall not be discharged within thirty (30) days of their commencement, or shall be commenced by Maker, or Maker shall discontinue business or materially change the nature of its business;

(e) the occurrence of any event of default under any promissory note (with a maturity date of March 31, 1990, December 31, 1990 or January 15, 1991) or other agreement relating to loans extended to the Company by, or under any arrangement or other agreement for the deferral until March 31, 1990 of payments owed by the Company to, any one or more of the following: (i) any member or members of the Company's Board of Directors or their affiliates; (ii) Sony Corporation of America, Hughes Network Systems, Inc., Kenwood Corporation, GTE Spacenet Corporation or their respective affiliates; or (iii) any other person or entity making funds available to the Company on terms substantially similar to the lenders identified in (i) or (ii);

(f) the occurrence of an event having a material adverse effect on the financial position of Maker as of the date hereof, which has not been cured within 15 days of Maker's receipt of notice thereof.

then, and in any such event, the holder hereof may at any time thereafter at its option, by written notice to Maker at its offices, declare this Note to be due and payable, whereupon the same shall mature and become due and payable (unless all defaults shall have been remedied), together with interest accrued hereon. Upon the occurrence of an Event of Default, interest on this Note shall accrue at the maximum rate allowed by law from the date of such occurrence.

Maker and every endorser of this Note and every other person liable for payment of the debt evidenced by this Note hereby waives presentment, demand for payment, notice of dishonor, protest and notice of protest. In the event that any past due amounts on this Note are collected by or through an attorney for the holder, Maker and every endorser of this Note and every other person liable for payment of the debt evidenced by this Note shall reimburse holder for any reasonable attorney fees, court costs or other collection costs incurred by holder to collect such past due amounts.

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All rights and obligations hereunder shall be governed
by the laws of Delaware.

GEOSTAR CORPORATION

ATTEST: [Corporate Seal]

Patricia C. [Signature]
Assistant Corporate Secretary

By: Martin R. Snoey
Martin R. Snoey
President

PROMISSORY NOTE

\$300,000

November 17, 1989
Washington, D.C.

FOR VALUE RECEIVED, GEOSTAR CORPORATION, a Delaware corporation ("Maker"), promises to pay to the order of Communications Satellite Corporation at the offices of Maker, 1001 22nd Street, N.W., Washington, D.C. 20037, or at such other place as the holder hereof may direct, the principal sum of Three Hundred Thousand Dollars (\$300,000), together with interest from the date hereof on the unpaid principal amount at a fluctuating annual rate equal to one percent (1%) over the rate announced from time to time by Citibank N.A. at its principal office as its prime rate, such interest rate to be adjusted as of the date of announcement of any change in such prime rate. Interest shall be calculated on the basis of a 360 day year and the number of days actually elapsed. The principal amount of this Note, together with all unpaid interest accrued hereon, shall be due and payable on March 31, 1990. The due date for the payment of the principal amount hereof or interest hereon may be extended by the mutual written consent of the Maker and the holder. Maker may, without payment of penalty or premium, prepay the principal of this Note in whole or, from time to time, in part. Any payments made on this Note shall be first applied to interest accrued hereon and then to the principal amount hereof.

This Note is secured by a lien on, and a security interest in certain assets of Maker as more fully described and in accordance with the terms of that certain security agreement dated November 20, 1989.

If any of the following conditions or events shall occur and be continuing (hereinafter referred to as an "Event of Default"):

(a) Maker shall fail to pay the principal when such amount is due and payable, or shall fail to pay other amounts required to be paid pursuant to this Note when such amounts become due and payable and the failure to pay such other amounts continues for a period of 15 days after the due date; or

(b) Maker shall be unable to pay its debts as they mature or shall make an assignment for the benefit of its or any of its creditors; or

(c) proceedings in bankruptcy, or for reorganization of Maker, or for the readjustment of any of its debts, under the Bankruptcy Code, as amended, or any part thereof, or under any other laws, whether state or federal, for the relief of debtors, now or hereafter existing, shall be commenced against Maker and shall not be discharged within thirty (30) days of their commencement, or shall be commenced by Maker; or

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(d) a proceeding shall be instituted in which a receiver or trustee shall be appointed for Maker or for any substantial part of its assets, or for the dissolution or the full or partial liquidation of Maker, and such receiver or trustee shall not be discharged within thirty (30) days of his appointment, or such proceedings shall not be discharged within thirty (30) days of their commencement, or shall be commenced by Maker, or Maker shall discontinue business or materially change the nature of its business;

(e) the occurrence of any event of default under any promissory note (with a maturity date of March 31, 1990, December 31, 1990 or January 15, 1991) or other agreement relating to loans extended to the Company by, or under any arrangement or other agreement for the deferral until March 31, 1990 of payments owed by the Company to, any one or more of the following: (i) any member or members of the Company's Board of Directors or their affiliates; (ii) Sony Corporation of America, Hughes Network Systems, Inc., Kenwood Corporation, GTE Spacenet Corporation or their respective affiliates; or (iii) any other person or entity making funds available to the Company on terms substantially similar to the lenders identified in (i) or (ii);

(f) the occurrence of an event having a material adverse effect on the financial position of Maker as of the date hereof, which has not been cured within 15 days of Maker's receipt of notice thereof.

then, and in any such event, the holder hereof may at any time thereafter at its option, by written notice to Maker at its offices, declare this Note to be due and payable, whereupon the same shall mature and become due and payable (unless all defaults shall have been remedied), together with interest accrued hereon. Upon the occurrence of an Event of Default, interest on this Note shall accrue at the maximum rate allowed by law from the date of such occurrence.

Maker and every endorser of this Note and every other person liable for payment of the debt evidenced by this Note hereby waives presentment, demand for payment, notice of dishonor, protest and notice of protest. In the event that any past due amounts on this Note are collected by or through an attorney for the holder, Maker and every endorser of this Note and every other person liable for payment of the debt evidenced by this Note shall reimburse holder for any reasonable attorney fees, court costs or other collection costs incurred by holder to collect such past due amounts.

2369-89-6364j

All rights and obligations hereunder shall be governed
by the laws of Delaware.

GEOSTAR CORPORATION

ATTEST: [Corporate Seal]

Alicia C. Watson
Assistant Corporate Secretary

By: Martin R. Snoey
Martin R. Snoey
President

2369-89-6364g

PROMISSORY NOTE

\$500,000

November 1, 1989
Washington, D.C.

FOR VALUE RECEIVED, GEOSTAR CORPORATION, a Delaware corporation ("Maker"), promises to pay to the order of William R. Hewlett and Rosemary B. Hewlett at the offices of Maker, 1001 22nd Street, N.W., Washington, D.C. 20037, or at such other place as the holder hereof may direct, the principal sum of Five Hundred Thousand Dollars (\$500,000), together with interest from the date hereof on the unpaid principal amount at a fluctuating annual rate equal to one percent (1%) over the rate announced from time to time by Citibank N.A. at its principal office as its prime rate, such interest rate to be adjusted as of the date of announcement of any change in such prime rate. Interest shall be calculated on the basis of a 360 day year and the number of days actually elapsed and shall be paid semiannually commencing on May 1, 1990. The principal amount of this Note, together with all unpaid interest accrued hereon, shall be due and payable on January 15, 1991. The due date for the payment of the principal amount hereof or interest hereon may be extended by the mutual written consent of the Maker and the holder. Maker may, without payment of penalty or premium, prepay the principal of this Note in whole or, from time to time, in part. Any payments made on this Note shall be first applied to interest accrued hereon and then to the principal amount hereof.

Prior to the payment in full of this Note, the holder may, at its option, apply the outstanding principal amount of this Note and any accrued interest hereon to the purchase of Common Stock or any other equity securities offered by the Maker in any private or public offering of its securities (other than the sale of the Maker's Common Stock pursuant to warrants, options or other rights to acquire equity securities outstanding on the date hereof) during the period in which this Note is outstanding, subject to and on the same terms and conditions as in such offering. The Maker shall promptly notify the holder in writing at the holder's address of record set forth in the investment letter dated November 1989 of any such offering following its commencement. Maker shall also give holder at least 5 business days notice of any closing pursuant to any such offering. In order to exercise this right, the holder must surrender the Note at the offices of Maker accompanied by written notice of holder's election to so apply the principal amount and accrued interest on the Note or any portion thereof.

This Note is secured by a lien on, and a security interest in, certain assets of Maker as more fully described and in accordance with the terms of that certain security agreement dated November 20, 1989.

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If any of the following conditions or events shall occur and be continuing (hereinafter referred to as an "Event of Default"):

(a) Maker shall fail to pay the principal when such amount is due and payable, or shall fail to pay other amounts required to be paid pursuant to this Note when such amounts become due and payable and the failure to pay such other amounts continues for a period of 15 days after the due date; or

(b) Maker shall be unable to pay its debts as they mature or shall make an assignment for the benefit of its or any of its creditors; or

(c) proceedings in bankruptcy, or for reorganization of Maker, or for the readjustment of any of its debts, under the Bankruptcy Code, as amended, or any part thereof, or under any other laws, whether state or federal, for the relief of debtors, now or hereafter existing, shall be commenced against Maker and shall not be discharged within thirty (30) days of their commencement, or shall be commenced by Maker; or

(d) a proceeding shall be instituted in which a receiver or trustee shall be appointed for Maker or for any substantial part of its assets, or for the dissolution or the full or partial liquidation of Maker, and such receiver or trustee shall not be discharged within thirty (30) days of his appointment, or such proceedings shall not be discharged within thirty (30) days of their commencement, or shall be commenced by Maker, or Maker shall discontinue business or materially change the nature of its business;

(e) the occurrence of any event of default under any promissory note (with a maturity date of March 31, 1990, December 31, 1990 or January 15, 1991) or other agreement relating to loans extended to the Company by, or under any arrangement or other agreement for the deferral until March 31, 1990 of payments owed by the Company to, any one or more of the following: (i) any member or members of the Company's Board of Directors or their affiliates; (ii) Sony Corporation of America, Hughes Network Systems, Inc., Kenwood Corporation, GTE Spacenet Corporation or their respective affiliates; or (iii) any other person or entity making funds available to the Company on terms substantially similar to the lenders identified in (i) or (ii);

(f) the occurrence of an event having a material adverse affect on the financial position of Maker as of the date hereof, which has not been cured within 15 days of Maker's receipt of notice thereof.

then, and in any such event, the holder hereof may at any time thereafter at its option, by written notice to Maker at its offices, declare this Note to be due and payable, whereupon the

2369-89-6364g

same shall mature and become due and payable (unless all defaults shall have been remedied), together with interest accrued hereon. Upon the occurrence of an Event of Default, interest on this Note shall accrue at the maximum rate allowed by law from the date of such occurrence.

Maker and every endorser of this Note and every other person liable for payment of the debt evidenced by this Note hereby waives presentment, demand for payment, notice of dishonor, protest and notice of protest. In the event that any past due amounts on this Note are collected by or through an attorney for the holder, Maker and every endorser of this Note and every other person liable for payment of the debt evidenced by this Note shall reimburse holder for any reasonable attorney fees, court costs or other collection costs incurred by holder to collect such past due amounts.

Maker shall contemporaneously herewith issue to the holder named in the first paragraph of this Note a warrant, in the form of Exhibit A hereto, to purchase one (1) share of Maker's Common Stock for each Forty Dollars (\$40) principal amount of this Note.

All rights and obligations hereunder shall be governed by the laws of Delaware.

GEOSTAR CORPORATION

ATTEST: [Corporate Seal]

Patricia C. Watson
Assistant Corporate Secretary

By: Martin R. Snoey
Martin R. Snoey
President

2369-89-6364i

PROMISSORY NOTE

\$1,000,000

November 17, 1989
Washington, D.C.

FOR VALUE RECEIVED, GEOSTAR CORPORATION, a Delaware corporation ("Maker"), promises to pay to the order of Hillside Industries Incorporated at the offices of Maker, 1001 22nd Street, N.W., Washington, D.C. 20037, or at such other place as the holder hereof may direct, the principal sum of One Million Dollars (\$1,000,000), together with interest from the date hereof on the unpaid principal amount at a fluctuating annual rate equal to one percent (1%) over the rate announced from time to time by Citibank N.A. at its principal office as its prime rate, such interest rate to be adjusted as of the date of announcement of any change in such prime rate. Interest shall be calculated on the basis of a 360 day year and the number of days actually elapsed. The principal amount of this Note, together with all unpaid interest accrued hereon, shall be due and payable on March 31, 1990. The due date for the payment of the principal amount hereof or interest hereon may be extended by the mutual written consent of the Maker and the holder. Maker may, without payment of penalty or premium, prepay the principal of this Note in whole or, from time to time, in part. Any payments made on this Note shall be first applied to interest accrued hereon and then to the principal amount hereof.

This Note is secured by a lien on, and a security interest in certain assets of Maker as more fully described and in accordance with the terms of that certain security agreement dated November 20, 1989.

If any of the following conditions or events shall occur and be continuing (hereinafter referred to as an "Event of Default"):

(a) Maker shall fail to pay the principal when such amount is due and payable, or shall fail to pay other amounts required to be paid pursuant to this Note when such amounts become due and payable and the failure to pay such other amounts continues for a period of 15 days after the due date; or

(b) Maker shall be unable to pay its debts as they mature or shall make an assignment for the benefit of its or any of its creditors; or

(c) proceedings in bankruptcy, or for reorganization of Maker, or for the readjustment of any of its debts, under the Bankruptcy Code, as amended, or any part thereof, or under any other laws, whether state or federal, for the relief of debtors, now or hereafter existing, shall be commenced against Maker and shall not be discharged within thirty (30) days of their commencement, or shall be commenced by Maker; or

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(d) a proceeding shall be instituted in which a receiver or trustee shall be appointed for Maker or for any substantial part of its assets, or for the dissolution or the full or partial liquidation of Maker, and such receiver or trustee shall not be discharged within thirty (30) days of his appointment, or such proceedings shall not be discharged within thirty (30) days of their commencement, or shall be commenced by Maker, or Maker shall discontinue business or materially change the nature of its business;

(e) the occurrence of any event of default under any promissory note (with a maturity date of March 31, 1990, December 31, 1990 or January 15, 1991) or other agreement relating to loans extended to the Company by, or under any arrangement or other agreement for the deferral until March 31, 1990 of payments owed by the Company to, any one or more of the following: (i) any member or members of the Company's Board of Directors or their affiliates; (ii) Sony Corporation of America, Hughes Network Systems, Inc., Kenwood Corporation, GTE Spacenet Corporation or their respective affiliates; or (iii) any other person or entity making funds available to the Company on terms substantially similar to the lenders identified in (i) or (ii);

(f) the occurrence of an event having a material adverse effect on the financial position of Maker as of the date hereof, which has not been cured within 15 days of Maker's receipt of notice thereof.

then, and in any such event, the holder hereof may at any time thereafter at its option, by written notice to Maker at its offices, declare this Note to be due and payable, whereupon the same shall mature and become due and payable (unless all defaults shall have been remedied), together with interest accrued hereon. Upon the occurrence of an Event of Default, interest on this Note shall accrue at the maximum rate allowed by law from the date of such occurrence.

Maker and every endorser of this Note and every other person liable for payment of the debt evidenced by this Note hereby waives presentment, demand for payment, notice of dishonor, protest and notice of protest. In the event that any past due amounts on this Note are collected by or through an attorney for the holder, Maker and every endorser of this Note and every other person liable for payment of the debt evidenced by this Note shall reimburse holder for any reasonable attorney fees, court costs or other collection costs incurred by holder to collect such past due amounts.

2369-89-63641

All rights and obligations hereunder shall be governed
by the laws of Delaware.

GEOSTAR CORPORATION

ATTEST: [Corporate Seal]

J. C. Watson
Assistant Corporate Secretary

By: Martin R. Snoey
Martin R. Snoey
President

AMENDMENT NO. 1 TO AGREEMENT TO DEFER PAYMENTS

THIS AGREEMENT is entered into as of this 30th day of March, 1990 by and between Geostar Corporation, a Delaware corporation ("Company"); and GTE Spacenet Corporation ("Lender").

Background: Pursuant to that certain Agreement to Defer Payments dated November 20, 1989, between Lender and the Company, the Lender has agreed to defer \$3,178,890 of payments plus interest charges owed by the Company to the Lender (the "Deferred Payments"). In connection with the Lender's deferral of the Postponed Payments, the Company entered into an Agreement to Defer Payments with the Lender, a Security Agreement with the Lender, and a Pledge Agreement with the Lender and other lenders to the Company to secure the financing provided thereby. The Company and the Lender wish to amend only the Agreement to Defer Payments and only as provided herein.

NOW, THEREFORE, in consideration of the foregoing and intending to be legally bound hereby, the parties agree as follows:

1. In consideration of the Company's continued efforts to obtain financing, the Company's reliance on the Lender's agreement to amend the Agreement to Defer Payments while the Company is attempting to raise such financing, and the agreement of those other lenders whose notes become due and payable on March 31, 1990 to amend, consistent with this Agreement, such promissory notes issued to them, the Company and the Lender hereby agree to amend the Agreement to Defer Payments so that effective March 31, 1990, the principal amount of the Deferred Payments and all accrued interest thereon, or any portion of such principal or accrued interest, shall be due and payable upon the demand of the Lender. Demand for payment hereunder shall be made in writing to the Company and shall be effective upon delivery to the Company's offices. The Lender and the Company agree that, unless a prior demand for payment of the principal or interest has been made by the Lender, interest on the outstanding principal amount of the Deferred Payments shall be due and payable on January 15, 1991, and thereafter semiannually on July 15 and January 15 of each year until the principal amount of the Deferred Payments is paid in full.

2. The Lender and the Company agree that, to the extent not inconsistent with this Amendment, all other terms of the Agreement to Defer Payments, the Security Agreement and the Pledge Agreement shall remain unchanged and in full force and effect.

3. The Lender hereby represents that such Lender is presently the legal and beneficial owner of the rights to the Agreement to defer Payments and that no other party has been assigned any of the Lender's rights in that contract.

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4. Each party represents that it has the full power and authority to execute this Agreement. This Agreement shall inure to the benefit of and shall be binding upon the successors, transferees and assigns of the parties hereto. Each party agrees to notify such successors, transferees, and assigns of this Agreement amending the Agreement to Defer Payments.


5. This Agreement and the other agreements referred to herein constitute the entire agreement among the parties hereto with respect to the subject matter hereof and there are no other agreements, covenants, representations or warranties except as set forth herein or therein. This Amendment may be amended or modified only in writing signed by the Company and the Lender.

6. This Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto caused this Agreement to be signed as of the day and year first above written.

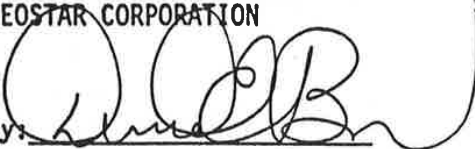
LENDER:

GTE SPACENET CORPORATION

By: 
Name: D. F. Piske
Title: Vice President

COMPANY:

GEOSTAR CORPORATION

By: 
Name: Donald A. Brown
Title: Sr Vice President

KENWOOD

KENWOOD CORPORATION

Shinogi Shibuya Bldg.
17-5, Shibuya 2-chome, Shibuya-ku,
Tokyo, 150 Japan
Telex : J22913 KENWOOD
Cable: KENWOOD TOKYO

Mr. Donald E. Brown
Senior Vice President and General Counsel
Geostar Corporation
1001 22nd Street,
N.W., Suite 840
Washington, D.C. 20037 U.S.A.

March 29, 1990

Re: Bridge Loan

Dear Mr. Brown :

We are replying to your proposal for the extension of the bridge loan payable date.

We will agree to extend the payable date from March 30, 1990 to June 30, 1990 on the following terms and conditions :

- (1) The Bridge Loan Amendment setting forth the extended payable date (June 30, 1990) shall be executed as soon as possible. Other terms and conditions of the Note, the Securities Agreement and the Pledge Agreement shall remain unchanged except such amendments as will be agreed upon by Geostar and Kenwood, provided, however, that Geostar agrees to issue a new promissory note to replace the present one if Kenwood so requests.
- (2) The following additional clauses shall be included in the Amendment or the new Note :
 - (a) Geostar represents that all Lenders have agreed either to the deferrals, or to amending their Notes to be "payable on demand" [instead of "in default"] following March 31, 1990.
 - (b) Geostar agrees to keep Kenwood informed of any development in financing.

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KENWOOD

KENWOOD CORPORATION

- (3) The accrued interest on Kenwood's existing loan shall be remitted to Kenwood in cash by March 30, 1990 (Tokyo time).
- (4) The principal amount of the loan and any interest thereon shall be repaid in full by cash on June 30, 1990. Such principal amount and/or interest shall not be converted to any stock or other equity securities or shall not be applied to the purchase of any stock or other equity securities.

If you agree to the above, please sign and return to us the duplicate copy of this letter.

Yours sincerely,

Kenwood Corporation



Kouki Hanada
Managing Director

Agreed to and Accepted:
Geostar Corporation

By: 

Date: March 30, 1990

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AGREEMENT

THIS AGREEMENT is entered into as of this 12th day of March, 1990 by and between Geostar Corporation, a Delaware corporation (the "Company"); and William Hewlett and Rosemary Hewlett (the "Lender").

Background. In November and December 1989, the Lender and other lenders provided funds (the "bridge financing"), aggregating \$12.1 million to the Company in the form of loans or deferrals of payments (the "postponed payments"), to help finance the Company's operations until the Company could obtain more permanent financing. In return for those funds provided by the Lender, the Company issued promissory note to the Lender, and the Company and the Lender and other lenders entered into a security agreement and a pledge agreement in connection with the bridge financing. The Company has not yet obtained the permanent financing referred to above and wishes to obtain additional time in which to obtain such financing by extending the maturity date of the promissory note. The Lender, aware of the necessity to extend the maturity date, wishes to assist the Company in its efforts to obtain more permanent financing by extending such maturity date.

NOW, THEREFORE, in consideration of the foregoing and intending to be legally bound hereby the parties agree as follows:

1. In consideration of the Company's continued efforts to obtain more permanent financing, the Company's reliance on the Lenders' agreement to extend the maturity date in attempting to raise such financing, and the agreement of other lenders to extend the maturity date of their promissory notes or the deferral period of the postponed payments, the Company and the Lender hereby agree to extend the maturity date of the promissory note issued to the Lender in connection with the bridge financing until December 31, 1991.

2. The Lender and the Company agree that Paragraph (e) of the Event of Default section of the promissory note of the Lender is amended to read in its entirety as follows:

(e) the occurrence of any event of default under any promissory note or agreement to defer payments originally issued to, or entered into, in November or December 1989 with Sony Corporation of America, Communications Satellite Corporation, Hughes Network Systems, Inc., Mobile Telecommunication Technologies Corp.,

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Kenwood Corporation, GTE Spacenet Corporation, Hillside Industries, Inc., WFS Financial Corp., William E. Simon, Christopher D. Koss, William Hewlett and Rosemary Hewlett, and David Packard;

3. The Lender and the Company agree that all other terms of the promissory note, the security agreement and the pledge agreement shall remain unchanged and in full force and effect.

4. The Lender hereby represents that such Lender is presently the legal and beneficial owner of the promissory note issued to it in connection with the bridge financing and that no other party has been assigned any of the Lender's rights in the instrument.

5. Each party represents that it has the full power and authority to execute this Agreement. This Agreement shall inure to the benefit of and shall be binding upon the heirs, legal representatives, successors, transferees and assigns of the parties hereto. Each party agrees to notify such heirs, legal representatives, successors, transferees and assigns of this Agreement extending the maturity date of the promissory note.

6. This Agreement and the other agreements referred to herein constitute the entire agreement among the parties hereto with respect to the subject matter hereof and there are no other agreements, covenants, representations or warranties except as set forth herein or therein. This Agreement may be amended or modified only in writing signed by the Company and the Lender.


7. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.


IN WITNESS WHEREOF, the parties hereto caused this Agreement to be signed as of the day and year first above written.

LENDER:

GEOSTAR CORPORATION

William Hewlett and Rosemary Hewlett

By: 
Name: William R. Hewlett
Title:

By: 
Name: Rosemary B. Hewlett by
Title: William R. Hewlett

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AGREEMENT

THIS AGREEMENT is entered into as of this 30th day of March, 1990 by and between Geostar Corporation, a Delaware corporation (the "Company"); and Communications Satellite Corporation (the "Lender").

Background. In return for funds provided by the Lender, the Company has issued a promissory note to the Lender (the "Note"), and the Company and the Lender and other lenders have entered into a security agreement and a pledge agreement to secure the financing provided thereby. The Company and the Lender wish to amend the Note.

NOW, THEREFORE, in consideration of the foregoing and intending to be legally bound hereby, the parties agree as follows:

1. In consideration of the Company's continued efforts to obtain financing, the Company's reliance on the Lender's agreement to amend the Note in attempting to raise such financing, and the agreement of other lenders to amend their promissory notes or the agreement to defer payments, the Company and the Lender hereby agree to amend the Note so that effective immediately prior to the maturity date of the Note, the principal amount of and accrued interest on the Note shall be due and payable upon the demand of the Lender. Demand for payment hereunder shall be made in writing to the Company and shall be effective upon delivery to the Company's offices. The Lender and the Company agree that, unless a prior demand for payment of principal or interest has been made by the Lender, interest on the outstanding principal amount of the Note shall be due and payable on January 15, 1991, and thereafter semiannually on July 15 and January 15 of each year until the principal amount of the Note is paid in full.

2. The Lender and the Company agree that Paragraph (a) of the Event of Default section of the Note of the Lender is amended to read in its entirety as follows:

- (a) Maker shall fail to pay the principal or interest thereon when such amounts are due and payable;
or

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3. The Lender and the Company agree that all other terms of the Note, the security agreement and the pledge agreement shall remain unchanged and in full force and effect.

4. The Lender hereby represents that such Lender is presently the legal and beneficial owner of the Note and that no other party has been assigned any of the Lender's rights in that instrument.

5. Each party represents that it has the full power and authority to execute this Agreement. This Agreement shall inure to the benefit of and shall be binding upon the heirs, legal representatives, successors, transferees and assigns of the parties hereto. Each party agrees to notify such heirs, legal representatives, successors, transferees and assigns of this Agreement amending the Note.

6. This Agreement and the other agreements referred to herein constitute the entire agreement among the parties hereto with respect to the subject matter hereof and there are no other agreements, covenants, representations or warranties except as set forth herein or therein. This Agreement may be amended or modified only in writing signed by the Company and the Lender.

7. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.


IN WITNESS WHEREOF, the parties hereto caused this Agreement to be signed as of the day and year first above written.

LENDER:


GEOSTAR CORPORATION

COMMUNICATIONS SATELLITE CORPORATION

By:


Name: Joe R. Alper
Title: PRESIDENT
COMSAT SYSTEMS DIVISION

By:


Name:
Title:

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AGREEMENT

THIS AGREEMENT is entered into as of this 29th day of March, 1990 by and between Gaostar Corporation, a Delaware corporation (the "Company"); and Sony Corporation of America (the "Lender").

Background. The Lender and other lenders (the "Other Lenders") provided to the Company in November and December 1989 an aggregate of \$12.4 million of financing through loans or deferrals of payments (the "Bridge Financing"). In return for two million dollars provided by the Lender as part of the Bridge Financing, the Company has issued a Promissory Note to the Lender (the "Note", dated November 21, 1989), and the Company and the Lender and Other Lenders have entered into a security agreement and a pledge agreement to secure the financing provided thereby. The Company and the Lender wish to amend the Note.

NOW, THEREFORE, in consideration of the foregoing and intending to be legally bound hereby, the parties agree as follows:

1. In consideration of the Company's continued efforts to obtain financing, the Company's reliance on the Lender's agreement to amend the Note in attempting to raise such financing, and the agreement of Other Lenders to amend their promissory notes or the agreement to defer payments, the Company and the Lender hereby agree to amend the Note so that effective immediately prior to the maturity date of the Note, the principal amount of and accrued interest on the Note shall be due and payable upon the demand of the Lender. Demand for payment hereunder shall be made in writing to the Company and shall be effective upon written notice to the Company at the Company's offices. The Lender and the Company agree that, unless a prior demand for payment of principal or interest has been made by the Lender, interest on the outstanding principal amount of the Note shall be due and payable on January 15, 1991, and thereafter semiannually on July 15 and January 15 of each year until the principal amount of the Note is paid in full.

2. The Lender and the Company agree that Paragraph (a) of the Event of Default section of the Note of the Lender is amended to read in its entirety as follows:

(a) Maker shall fail to pay the principal or interest thereon when such amounts are due and payable; or

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3. The Lender and the Company agree that all other terms of the Note, the security agreement and the pledge agreement shall remain unchanged and in full force and effect.

4. The Lender hereby represents that such Lender is presently the legal and beneficial owner of the Note and that no other party has been assigned any of the Lender's rights in that instrument.

5. Each party represents that it has the full power and authority to execute this Agreement. This Agreement shall inure to the benefit of and shall be binding upon the heirs, legal representatives, successors, transferees and assigns of the parties hereto. Each party agrees to notify such heirs, legal representatives, successors, transferees and assigns of this Agreement amending the Note.

6. This Agreement and the other agreements referred to herein constitute the entire agreement among the parties hereto with respect to the subject matter hereof and there are no other agreements, covenants, representations or warranties except as set forth herein or therein. This Agreement may be amended or modified only in writing signed by the Company and the Lender.


7. This Agreement shall not be effective until the Other Lenders have executed agreements providing that the principal amount of and accrued interest on the bridge financing will be payable on demand following its maturity date.

8. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.


IN WITNESS WHEREOF, the parties hereto caused this Agreement to be signed as of the day and year first above written.

LENDER:

SONY CORPORATION OF AMERICA

By: 
Name: MARK FRANKEL
Title: Vice President
Mobile Communications Division

GEOSTAR CORPORATION

By: 
Name: DONALD E. BROWN
Title: Senior Vice President
Corporate & International

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AGREEMENT

THIS AGREEMENT is entered into as of this _____ day of March, 1990 by and between Geostar Corporation, a Delaware corporation (the "Company"); and William E. Simon (the "Lender").

Background. In return for funds provided by the Lender, the Company has issued a promissory note to the Lender (the "Note"), and the Company and the Lender and other lenders have entered into a security agreement and a pledge agreement to secure the financing provided thereby. The Company and the Lender wish to amend the Note.

NOW, THEREFORE, in consideration of the foregoing and intending to be legally bound hereby, the parties agree as follows:

1. In consideration of the Company's continued efforts to obtain financing, the Company's reliance on the Lender's agreement to amend the Note in attempting to raise such financing, and the agreement of other lenders to amend their promissory notes or the agreement to defer payments; the Company and the Lender hereby agree to amend the Note so that effective immediately prior to the maturity date of the Note, the principal amount of and accrued interest on the Note shall be due and payable upon the demand of the Lender. Demand for payment hereunder shall be made in writing to the Company and shall be effective upon delivery to the Company's offices. The Lender and the Company agree that, unless a prior demand for payment of principal or interest has been made by the Lender, interest on the outstanding principal amount of the Note shall be due and payable on January 15, 1991, and thereafter semiannually on July 15 and January 15 of each year until the principal amount of the Note is paid in full.

2. The Lender and the Company agree that Paragraph (a) of the Event of Default section of the Note of the Lender is amended to read in its entirety as follows:

- (a) Maker shall fail to pay the principal or interest thereon when such amounts are due and payable;
or

3. The Lender and the Company agree that all other terms of the Note, the security agreement and the pledge agreement shall remain unchanged and in full force and effect.

4. The Lender hereby represents that such Lender is presently the legal and beneficial owner of the Note and that no other party has been assigned any of the Lender's rights in that instrument.

5. Each party represents that it has the full power and authority to execute this Agreement. This Agreement shall inure to the benefit of and shall be binding upon the heirs, legal representatives, successors, transferees and assigns of the parties hereto. Each party agrees to notify such heirs, legal representatives, successors, transferees and assigns of this Agreement amending the Note.

6. This Agreement and the other agreements referred to herein constitute the entire agreement among the parties hereto with respect to the subject matter hereof and there are no other agreements, covenants, representations or warranties except as set forth herein or therein. This Agreement may be amended or modified only in writing signed by the Company and the Lender.

7. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto caused this Agreement to be signed as of the day and year first above written.

LENDER:

GEOSTAR CORPORATION

William E. Simon

By: William E. Simon
Name: W. E. Simon
Title: President

By: [Signature]
Name:
Title:

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AGREEMENT

THIS AGREEMENT is entered into as of this 3/30/90 day of March, 1990 by and between Geostar Corporation, a Delaware corporation (the "Company"); and Hughes Network Systems, Inc. (the "Lender").

Background. In return for funds provided by the Lender, the Company has issued a promissory note to the Lender (the "Note"), and the Company and the Lender and other lenders have entered into a security agreement and a pledge agreement to secure the financing provided thereby. The Company and the Lender wish to amend the Note.

NOW, THEREFORE, in consideration of the foregoing and intending to be legally bound hereby, the parties agree as follows:

1. In consideration of the Company's continued efforts to obtain financing, the Company's reliance on the Lender's agreement to amend the Note in attempting to raise such financing, and the agreement of other lenders to amend their promissory notes or the agreement to defer payments, the Company and the Lender hereby agree to amend the Note so that effective immediately prior to the maturity date of the Note, the principal amount of and accrued interest on the Note shall be due and payable upon the demand of the Lender. Demand for payment hereunder shall be made in writing to the Company and shall be effective upon delivery to the Company's offices. The Lender and the Company agree that, unless a prior demand for payment of principal or interest has been made by the Lender, interest on the outstanding principal amount of the Note shall be due and payable on January 15, 1991, and thereafter semiannually on July 15 and January 15 of each year until the principal amount of the Note is paid in full.

2. The Lender and the Company agree that Paragraph (a) of the Event of Default section of the Note of the Lender is amended to read in its entirety as follows:

- (a) Maker shall fail to pay the principal or interest thereon when such amounts are due and payable;
or

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3. The Lender and the Company agree that all other terms of the Note, the security agreement and the pledge agreement shall remain unchanged and in full force and effect.

4. The Lender hereby represents that such Lender is presently the legal and beneficial owner of the Note and that no other party has been assigned any of the Lender's rights in that instrument.

5. Each party represents that it has the full power and authority to execute this Agreement. This Agreement shall inure to the benefit of and shall be binding upon the heirs, legal representatives, successors, transferees and assigns of the parties hereto. Each party agrees to notify such heirs, legal representatives, successors, transferees and assigns of this Agreement amending the Note.

6. This Agreement and the other agreements referred to herein constitute the entire agreement among the parties hereto with respect to the subject matter hereof and there are no other agreements, covenants, representations or warranties except as set forth herein or therein. This Agreement may be amended or modified only in writing signed by the Company and the Lender.

7. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto caused this Agreement to be signed as of the day and year first above written.

LENDER:

GEOSTAR CORPORATION

HUGHES NETWORK SYSTEMS, INC.

By: 

Name:
Title:

By: 

Name:
Title:

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AGREEMENT

THIS AGREEMENT is entered into as of this 30th day of March, 1990 by and between Geostar Corporation, a Delaware corporation (the "Company"); and Mobile Telecommunications Technologies Corp. (the "Lender").

Background. In return for funds provided by the Lender, the Company has issued a promissory note to the Lender (the "Note"), and the Company and the Lender and other lenders have entered into a security agreement and a pledge agreement to secure the financing provided thereby. The Company and the Lender wish to amend the Note.

NOW, THEREFORE, in consideration of the foregoing and intending to be legally bound hereby, the parties agree as follows:

1. In consideration of the Company's continued efforts to obtain financing, the Company's reliance on the Lender's agreement to amend the Note in attempting to raise such financing, and the agreement of other lenders to amend their promissory notes or the agreement to defer payments, the Company and the Lender hereby agree to amend the Note so that effective immediately prior to the maturity date of the Note, the principal amount of and accrued interest on the Note shall be due and payable upon the demand of the Lender. Demand for payment hereunder shall be made in writing to the Company and shall be effective upon delivery to the Company's offices. The Lender and the Company agree that, unless a prior demand for payment of principal or interest has been made by the Lender, interest on the outstanding principal amount of the Note shall be due and payable on January 15, 1991, and thereafter semiannually on July 15 and January 15 of each year until the principal amount of the Note is paid in full.

2. The Lender and the Company agree that Paragraph (a) of the Event of Default section of the Note of the Lender is amended to read in its entirety as follows:

- (a) Maker shall fail to pay the principal or interest thereon when such amounts are due and payable;
or

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3. The Lender and the Company agree that all other terms of the Note, the security agreement and the pledge agreement shall remain unchanged and in full force and effect.

4. The Lender hereby represents that such Lender is presently the legal and beneficial owner of the Note and that no other party has been assigned any of the Lender's rights in that instrument.

5. Each party represents that it has the full power and authority to execute this Agreement. This Agreement shall inure to the benefit of and shall be binding upon the heirs, legal representatives, successors, transferees and assigns of the parties hereto. Each party agrees to notify such heirs, legal representatives, successors, transferees and assigns of this Agreement amending the Note.

6. This Agreement and the other agreements referred to herein constitute the entire agreement among the parties hereto with respect to the subject matter hereof and there are no other agreements, covenants, representations or warranties except as set forth herein or therein. This Agreement may be amended or modified only in writing signed by the Company and the Lender.


7. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto caused this Agreement to be signed as of the day and year first above written.

LENDER:

GEOSTAR CORPORATION

MOBILE TELECOMMUNICATIONS TECHNOLOGIES CORP.

By: 
Name: John N. Palmer
Title: Chairman

By: 
Name: [Redacted Name]
Title: [Redacted Title]

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AGREEMENT

THIS AGREEMENT is entered into as of this 30 day of March, 1990 by and between Geostar Corporation, a Delaware corporation (the "Company"); and WFS Financial Corp. (the "Lender").

Background. In return for funds provided by the Lender, the Company has issued a promissory note to the Lender (the "Note"), and the Company and the Lender and other lenders have entered into a security agreement and a pledge agreement to secure the financing provided thereby. The Company and the Lender wish to amend the Note.

NOW, THEREFORE, in consideration of the foregoing and intending to be legally bound hereby, the parties agree as follows:

1. In consideration of the Company's continued efforts to obtain financing, the Company's reliance on the Lender's agreement to amend the Note in attempting to raise such financing, and the agreement of other lenders to amend their promissory notes or the agreement to defer payments, the Company and the Lender hereby agree to amend the Note so that effective immediately prior to the maturity date of the Note, the principal amount of and accrued interest on the Note shall be due and payable upon the demand of the Lender. Demand for payment hereunder shall be made in writing to the Company and shall be effective upon delivery to the Company's offices. The Lender and the Company agree that, unless a prior demand for payment of principal or interest has been made by the Lender, interest on the outstanding principal amount of the Note shall be due and payable on January 15, 1991, and thereafter semiannually on July 15 and January 15 of each year until the principal amount of the Note is paid in full.

2. The Lender and the Company agree that Paragraph (a) of the Event of Default section of the Note of the Lender is amended to read in its entirety as follows:

- (a) Maker shall fail to pay the principal or interest thereon when such amounts are due and payable;
or

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3. The Lender and the Company agree that all other terms of the Note, the security agreement and the pledge agreement shall remain unchanged and in full force and effect.

4. The Lender hereby represents that such Lender is presently the legal and beneficial owner of the Note and that no other party has been assigned any of the Lender's rights in that instrument.

5. Each party represents that it has the full power and authority to execute this Agreement. This Agreement shall inure to the benefit of and shall be binding upon the heirs, legal representatives, successors, transferees and assigns of the parties hereto. Each party agrees to notify such heirs, legal representatives, successors, transferees and assigns of this Agreement amending the Note.

6. This Agreement and the other agreements referred to herein constitute the entire agreement among the parties hereto with respect to the subject matter hereof and there are no other agreements, covenants, representations or warranties except as set forth herein or therein. This Agreement may be amended or modified only in writing signed by the Company and the Lender.

7. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto caused this Agreement to be signed as of the day and year first above written.

LENDER:

GEOSTAR CORPORATION

WFS FINANCIAL CORP.

By: John W. Elroy Jr.
Name:
Title: CEO

By: [Signature]
Name:
Title:

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AGREEMENT

THIS AGREEMENT is entered into as of this 23 day of March, 1990 by and between Geostar Corporation, a Delaware corporation (the "Company"); and Hillside Industries, Inc. (the "Lender").

Background. In return for funds provided by the Lender, the Company has issued a promissory note to the Lender (the "Note"), and the Company and the Lender and other lenders have entered into a security agreement and a pledge agreement to secure the financing provided thereby. The Company and the Lender wish to amend the Note.

NOW, THEREFORE, in consideration of the foregoing and intending to be legally bound hereby, the parties agree as follows:

1. In consideration of the Company's continued efforts to obtain financing, the Company's reliance on the Lender's agreement to amend the Note in attempting to raise such financing, and the agreement of other lenders to amend their promissory notes or the agreement to defer payments, the Company and the Lender hereby agree to amend the Note so that effective immediately prior to the maturity date of the Note, the principal amount of and accrued interest on the Note shall be due and payable upon the demand of the Lender. Demand for payment hereunder shall be made in writing to the Company and shall be effective upon delivery to the Company's office. The Lender and the Company agree that, unless a prior demand for payment of principal or interest has been made by the Lender, interest on the outstanding principal amount of the Note shall be due and payable on January 15, 1991, and thereafter semiannually on July 15 and January 15 of each year until the principal amount of the Note is paid in full.

2. The Lender and the Company agree that Paragraph (a) of the Event of Default section of the Note of the Lender is amended to read in its entirety as follows:

- (a) Maker shall fail to pay the principal or interest thereon when such amounts are due and payable;
or

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3. The Lender and the Company agree that all other terms of the Note, the security agreement and the pledge agreement shall remain unchanged and in full force and effect.

4. The Lender hereby represents that such Lender is presently the legal and beneficial owner of the Note and that no other party has been assigned any of the Lender's rights in that instrument.

5. Each party represents that it has the full power and authority to execute this Agreement. This Agreement shall inure to the benefit of and shall be binding upon the heirs, legal representatives, successors, transferees and assigns of the parties hereto. Each party agrees to notify such heirs, legal representatives, successors, transferees and assigns of this Agreement amending the Note.

6. This Agreement and the other agreements referred to herein constitute the entire agreement among the parties hereto with respect to the subject matter hereof and there are no other agreements, covenants, representations or warranties except as set forth herein or therein. This Agreement may be amended or modified only in writing signed by the Company and the Lender.

7. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

8. See bottom

IN WITNESS WHEREOF, the parties hereto caused this Agreement to be signed as of the day and year first above written.

LENDER:

GEOSTAR CORPORATION

HILLSIDE INDUSTRIES, INC.

By: John N. Irwin III
Name: John N. Irwin III
Title: Managing Director

By: [Signature]
Name:
Title:

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8. If any of the other bridge loan lenders, now demand note holders, demand repayment, the notes of all other lenders shall become immediately due & payable.

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AGREEMENT

THIS AGREEMENT is entered into as of this 26 day of March, 1990 by and between Geostar Corporation, a Delaware corporation (the "Company"); and David Packard (the "Lender").

Background. In return for funds provided by the Lender, the Company has issued a promissory note to the Lender (the "Note"), and the Company and the Lender and other lenders have entered into a security agreement and a pledge agreement to secure the financing provided thereby. The Company and the Lender wish to amend the Note.

NOW, THEREFORE, in consideration of the foregoing and intending to be legally bound hereby, the parties agree as follows:

1. In consideration of the Company's continued efforts to obtain financing, the Company's reliance on the Lender's agreement to amend the Note in attempting to raise such financing, and the agreement of other lenders to amend their promissory notes or the agreement to defer payments, the Company and the Lender hereby agree to amend the Note so that effective immediately prior to the maturity date of the Note, the principal amount of and accrued interest on the Note shall be due and payable upon the demand of the Lender. Demand for payment hereunder shall be made in writing to the Company and shall be effective upon delivery to the Company's offices. The Lender and the Company agree that, unless a prior demand for payment of principal or interest has been made by the Lender, interest on the outstanding principal amount of the Note shall be due and payable on January 15, 1991, and thereafter semiannually on July 15 and January 15 of each year until the principal amount of the Note is paid in full.

2. The Lender and the Company agree that Paragraph (a) of the Event of Default section of the Note of the Lender is amended to read in its entirety as follows:

- (a) Maker shall fail to pay the principal or interest thereon when such amounts are due and payable;
or

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3. The Lender and the Company agree that all other terms of the Note, the security agreement and the pledge agreement shall remain unchanged and in full force and effect.

4. The Lender hereby represents that such Lender is presently the legal and beneficial owner of the Note and that no other party has been assigned any of the Lender's rights in that instrument.

5. Each party represents that it has the full power and authority to execute this Agreement. This Agreement shall inure to the benefit of and shall be binding upon the heirs, legal representatives, successors, transferees and assigns of the parties hereto. Each party agrees to notify such heirs, legal representatives, successors, transferees and assigns of this Agreement amending the Note.

6. This Agreement and the other agreements referred to herein constitute the entire agreement among the parties hereto with respect to the subject matter hereof and there are no other agreements, covenants, representations or warranties except as set forth herein or therein. This Agreement may be amended or modified only in writing signed by the Company and the Lender.

7. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto caused this Agreement to be signed as of the day and year first above written.

LENDER:

GEOSTAR CORPORATION

David Packard

By: 
Name:
Title:

By: 
Name:
Title:

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Exhibit 22

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Subsidiaries

Geostar Positioning Corporation
State of Incorporation - Delaware

Geostar Messaging Corporation
State of Incorporation - Delaware

Geostar Europe, Inc.
State of Incorporation - Delaware

Exhibit 24

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CONSENT OF INDEPENDENT AUDITORS

The Board of Directors
Geostar Corporation

We consent to the incorporation by reference in the Registration Statement (No. 33-26132) on Form S-8 of Geostar Corporation of our report dated April 6, 1990, relating to the consolidated balance sheets of Geostar Corporation and subsidiaries as of December 31, 1989 and 1988, and the related consolidated statements of operations, changes in shareholders' equity (deficit), and cash flows for each of the years in the three year period ended December 31, 1989 which report appears in the December 31, 1989 annual report on Form 10-K of Geostar Corporation.

Our report contains an explanatory paragraph that states that the Company's recurring losses from operations, net working capital deficiency and the need for additional financing raise substantial doubt about the entity's ability to continue as a going concern. The consolidated financial statements and schedules do not include any adjustments relating to the recoverability and the classification of reported asset amounts or the amounts and classification of liabilities that might result from the outcome of this uncertainty.

Our report also contains an explanatory paragraph that indicates the Company is negotiating an agreement with the manufacturer of its dedicated satellites which would allow the Company to defer the construction of the satellites for at least 1 year. In the event the Company subsequently terminates the current contract, certain termination payments would be required and capitalized costs associated with this contract would be expensed.

Our report also refers to a change in the Company's method of accounting for internal costs associated with the Geostar System made in 1987.

KPMG Peat Marwick
KPMG PEAT MARWICK

Washington, D.C.
April 13, 1990

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Exhibit 25

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Exhibit 25

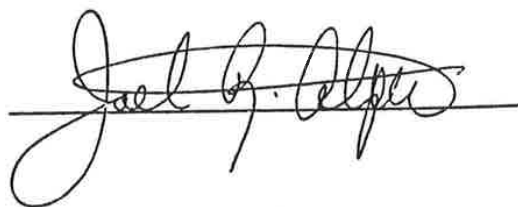
236

POWER OF ATTORNEY

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IN WITNESS WHEREOF, the undersigned has executed this document as of the 20th day of March, 1990.

A handwritten signature in cursive script, appearing to read "Joel G. Alper", is written over a horizontal line.

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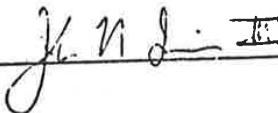
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IN WITNESS WHEREOF, the undersigned has executed this document as of the 22 day of March, 1990.



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POWER OF ATTORNEY

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IN WITNESS WHEREOF, the undersigned has executed this document as of the 19th day of March, 1990.

Gerald K. O'Neill

POWER OF ATTORNEY

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IN WITNESS WHEREOF, the undersigned has executed this document as of the 2nd day of March, 1990.

Donald E. Brown

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POWER OF ATTORNEY

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Donald E. Brown

POWER OF ATTORNEY

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IN WITNESS WHEREOF, the undersigned has executed this document as of the 10th day of March, 1990.

X Wm E. Simon B
W. E. Simon B
Attorney In Fact

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POWER OF ATTORNEY
Including Power to make Charitable and Other Gifts

Known All Men By These Presents:

That I, WILLIAM E. SIMON, residing at Sand Spring Road in New Vernon
New Jersey, do hereby constitute and appoint
WILLIAM E. SIMON JR., 12 Dellwood Parkway East, Madison, New Jersey; and
J. PETER SIMON, 248 Oak Ridge Avenue, Summit, New Jersey

my Attorneys-in-Fact, and each of them my Attorney-in-Fact, for me and in my name, place and stead, to make, sign, seal, endorse, accept, execute, acknowledge and deliver any and all contracts, agreements, specialties, acquittances, assignments, leases, transfers, deeds, instruments of conveyance, mortgages, bonds, notes, checks, drafts, bills of exchange, orders for the payment of money and other instruments and obligations of every kind, whether of a similar or a different nature; and generally to do all things which in the judgment of said Attorneys are necessary or advisable to be done for me or on my behalf, either within the State of New York or elsewhere in the world, in connection with my affairs and business or in connection with my property as hereinafter defined; and in particular, without in any way limiting the broad and general powers which it is my intention to confer upon said Attorneys, on my behalf and for my account, and either in my name or otherwise:

(1) to receive all dividends and interest which may be or become payable on any shares of stock, bonds, notes or other securities as hereinafter defined;

(2) to buy and sell stocks, bonds and other securities and commodities and other property through any firm or firms of brokers or otherwise, and to pay customary brokerage and other commissions and expenses in connection therewith;

(3) to vote as my proxy at any meeting of a corporation, association or other entity, or of securityholders of a corporation, association or other entity, in respect of any stock or other securities held by me and for that purpose to sign any proxy or other instrument;

(4) to commence and carry on, or to defend, all actions, suits or other proceedings which affect or may affect anything in which I or my property may be in any wise concerned, and to settle or discontinue the same;

(5) to demand, sue for, enforce payment of and receive and give discharges for all moneys, debts, rents and other claims of every kind belonging to me;

(6) to settle, compromise or submit to arbitration all accounts, claims and disputes between me and any other person as hereinafter defined;

(7) to deposit all income and other moneys becoming payable to me or realized from my property with any bank, trust company, partnership or other person, as said Attorneys shall deem advisable, and to withdraw, by check or otherwise, and invest the same in such investments, or to use the same for such other purposes, as said Attorneys shall deem advisable;

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(8) to make such arrangements for the custody or safekeeping of any or all of my property as said Attorneys shall deem advisable, and from time to time to change or terminate any arrangements for such custody or safekeeping which have heretofore been or shall hereafter be made;

(9) to consent to and participate in any reorganization, liquidation, merger, consolidation or readjustment of any corporation, association or other entity the stocks or other securities of which I may hold, and in connection therewith to exchange such securities for new securities and to make such payments or other commitments as said Attorneys shall deem advisable;

(10) to pay, out of my funds, any and all debts, taxes, expenses and amounts now or hereafter owing, or believed by said Attorneys to be owing, by me to any person:

(11) to borrow money in such amounts as said Attorneys shall deem advisable, and to execute therefor notes, bonds or other obligations on such terms as said Attorneys shall deem advisable;

(12) to give security for any money so borrowed by the mortgage or pledge of any of my property and to execute, acknowledge and deliver such instruments as said Attorneys shall deem appropriate to make such mortgage or pledge effective;

(13) to sell, convey, exchange or otherwise dispose of any or all of my real estate, leases, leaseholds or other property partaking of the nature of real estate, for such prices and upon such terms and conditions, and either with or without covenants and restrictions and either at private or public sale, all as said Attorneys shall deem advisable, and to sign, seal, execute, acknowledge and deliver contracts of sale or exchange, assignments and deeds or other instruments of conveyance, and to mortgage, develop, alter, repair, improve, insure, let or lease, manage and otherwise deal with any of such real estate or other property and each and every part thereof, in such manner and to such extent and for such length of time and upon such terms and conditions as said Attorneys shall deem advisable;

(14) to make, execute and file any and all declarations, returns, waivers, consents and other instruments or forms relating to Federal, State, municipal and other taxes or assessments, including income, property, excise and other taxes of whatever nature and whether imposed by any domestic or by any foreign authority, and in connection with any such taxes or assessments due or claimed or believed to be due from me or in respect of any property or rights which I may own or in which I may have any interest, to appear and represent me before the United States Treasury Department, or the Internal Revenue Service, or any representatives thereof, or the State Tax Commission of New York or any other governmental or municipal body or authority of whatever nature, domestic or foreign, or any representatives of any thereof, and to conduct and transact any case, claim or matter whatsoever before said Department, Service, Commission or other body or authority or the representatives of any thereof in respect of any and all things pertaining to any such taxes or assessments, and in connection therewith to exercise all such rights and privileges, and to have such access to all records and papers, as I might exercise or have;

(15) to have access to any and all safe deposit boxes or vaults held by me or in my name and to withdraw the contents thereof;

(16) on such terms as said Attorneys shall deem advisable, to appoint agents or hire employees or retain legal counsel or other advisers for the purpose of carrying out any action authorized by this instrument and to revoke any such appointment or hiring or retainer; and

(17) to execute in my name all instruments of any kind which said Attorneys shall deem advisable or convenient for the exercise of any of the powers conferred by this instrument.

Wherever used in this instrument, the term "securities" shall mean and include bonds, notes, debentures, mortgages, obligations, warrants and stocks of any kind or class, and such other evidences of indebtedness and certificates of interest as are usually referred to by the term "securities"; the term "property" shall mean and include real, personal and mixed property of every kind and wherever situate (including, without limiting the generality of the foregoing, securities as above defined) and shall include every kind of right, title and interest, legal or equitable and whether beneficial or otherwise, in or to any of the foregoing; and the term "person" shall mean and include any individual, corporation, association, partnership, government, bureau, agency or other entity, whether domestic or foreign, of any kind and whether acting on his, her or its own or in any fiduciary or other capacity or interest.

I hereby give and grant to said Attorneys full power and authority to make gifts on my behalf (i) to charitable organizations in the form of cash or property or interests in property provided that in the judgment of said Attorneys such gifts are deductible for tax purposes, and/or (ii) to individuals, to trustees or to custodians under the Uniform Gifts to Minors Act in the form of cash or property or interests in property, whether in amounts equal to the annual exclusion for gift tax purposes or in greater or lesser amounts.

I hereby give and grant to said Attorneys full power and authority to place all or any part of my assets in a revocable trust of which I shall be the sole beneficiary (but with power of withdrawal reserved to my said Attorneys for any purpose authorized or permitted under this power of attorney) with remainder payable to my estate, in such form as may be approved by Messrs. Cravath, Swaine & Moore or by my regular legal counsel, with any one or more individuals (including one or more of my said Attorneys) and/or a corporation as trustee or trustees thereof.

~~The authority granted by this instrument shall extend not only to all property which I now own or possess but also to all property which, while this power of attorney shall continue in force and effect, I or said Attorneys, acting hereunder, shall acquire by purchase, exchange, gift, devise, bequest or in any other manner.~~

Each of said Attorneys shall have full power to appoint a substitute or substitutes to exercise in his place and stead, and as my attorney-in-fact or attorneys-in-fact, any or all of the powers (including the powers granted by this paragraph) which by this instrument I have conferred upon said Attorneys, and at the pleasure of said Attorney to revoke any such appointment.

I hereby give and grant to said Attorneys full power and authority to do and perform every act or thing which said Attorneys shall deem necessary or advisable in and about the premises as fully to all intents and purposes as I could do if I were personally present and acting and I hereby ratify and confirm all that said Attorneys any substitute or substitutes appointed as above provided shall lawfully do or cause to be done by virtue hereof.

Each of said Attorneys and each substitute, if any, appointed as above provided shall have all the powers, including discretionary powers, which are granted to said Attorneys by any of the provisions of this instrument and, acting alone and without notice to anyone, may exercise any or all of said powers in the same manner and with the same effect as if appointed by this instrument as my sole Attorney-in-Fact.

THIS POWER OF ATTORNEY SHALL NOT BE AFFECTED BY MY SUBSEQUENT DISABILITY OR INCOMPETENCE.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 7th day of August 1989.

[Signature]
..... [L. S.]

In the presence of:

[Signature]
.....
Witness

STATE OF *New Jersey* ss.:
COUNTY OF *Essex*

On this 7 day of August 1989, before me personally came
, to me known to be the individual described in and who executed the foregoing
power of attorney, and acknowledged that executed said instrument.

[Signature]
.....
Notary Public

DOLORES M. MEHANI
Notary Public of New Jersey
My Commission Expires December 29, 1993.

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POWER OF ATTORNEY

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Martin R. Snoey

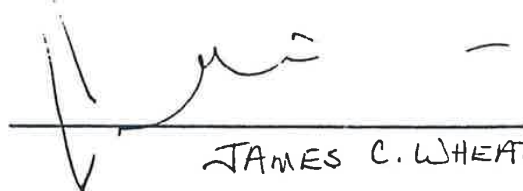
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JAMES C. WHEAT, JR.

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D. E. Brown

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SE Express
1-800-231-DATA

END

**FILMED
APRIL 1990**

BECHTEL
Information Services Inc

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