COMMUNICATIONS SATELLITE CORPORATION
3029 KLINGLE ROAD, N.W.
WASHINGTON 8, D. C.
TEL. 244-6000

June 2, 1964

American Telephone and Telegraph Company
195 Broadway
New York 7, New York

Dear Sirs:

The Registration Statement (No. 2-22400) relating to an aggregate of 10,000,000 shares of Common Stock, without par value, of Communications Satellite Corporation (the "Corporation") became effective today under the Securities Act of 1933. A copy of the final Prospectus constituting a part of such Registration Statement is enclosed.

The Corporation hereby at this time accepts, to the extent of 2,895,750 shares, your subscription for shares of Common Stock of the Corporation.

The Closing at which you are to make payment for the shares of Common Stock to be purchased by you, against delivery of such shares, is expected to be held at 10:00 A.M., New York City Time, on June 11, 1964, at the office of Manufacturers Hanover Trust Company, Room A, Fourth Floor, 40 Wall Street, New York City.

We are sending a duplicate of this letter, with another copy of the final Prospectus, by registered mail.

Very truly yours,

COMMUNICATIONS SATELLITE CORPORATION

By Leo D Welch
Chairman and Chief Executive Officer

Enclosure: Final Prospectus

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COMMUNICATIONS SATELLITE CORPORATION
3029 Klingle Road, N.W.
Washington, D. C. 20008

c/o MANUFACTURERS HANOVER TRUST COMPANY
40 Wall Street
New York, N. Y. 10015

June 3, 1964

Dear Sirs:

Notice is hereby given that the Closing at which Communications Satellite Corporation ("the Corporation") will deliver, against payment of the purchase price therefor, stock certificates representing shares of Common Stock of the Corporation for which subscriptions have been accepted, will be held on **June 11, 1964 at 10:00 A.M., New York City Time,** at Room A, Fourth Floor, Manufacturers Hanover Trust Company, 40 Wall Street, New York, N. Y.

As pointed out in our letter of May 6, 1964, the Corporation or the Underwriters who are purchasing the five million shares offered to the public may, under certain circumstances, postpone the Closing for 24 hours or, at the expiration of 24 hours, for an additional period of not exceeding seven days. The Corporation is not obligated to give you notice of any such postponement other than by announcement to persons present at the time and place fixed for the Closing or for any such postponed Closing.

Payment, in New York Clearing House funds, for the shares for which your subscription has been accepted is required at the Closing.

We remind you that, unless you have indicated in your subscription form that you will be represented at the Closing by one of your officers or by a bank or other representative (other than Manufacturers Hanover Trust), Manfacturers Hanover Trust Company will represent you. In that case, your certified check or bank check, or bank advice enabling Manufacturers Hanover Trust to make payment for your shares, should be in the hands of that bank by **10:00 A.M. on June 9, 1964,** and if such check or bank advice has not already been received by Manufacturers Hanover Trust there is enclosed an envelope addressed to Manufacturers Hanover Trust so that such check or bank advice may be transmitted immediately.

Very truly yours,

COMMUNICATIONS SATELLITE CORPORATION

By Leo D Welch

Chairman and Chief Executive Officer

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April 13, 1964

Federal Communications Commission
Washington, D. C. 20554

Attention: Ben F. Waple
Secretary

Dear Sirs:

Communications Satellite Corporation expects in the near future to make its initial offering of voting stock pursuant to Section 302 of the Communications Satellite Act of 1962 (the Act). In accordance with Section 304(b) of the Act, 50% of the number of shares offered will be reserved for subscription and purchase by communications common carriers authorized by the Federal Communications Commission to own shares of the Corporation.

Section 25.530(a) of the Commission's Rules and Regulations provides that each authorization issued to a communications common carrier to own shares of the Corporation "shall be so conditioned that in the event any voting stock authorized to be issued by the Corporation, which is reserved and available for purchase by authorized carriers, is oversubscribed, the Commission may specify the dollar amount or percentage of such stock which may be purchased pursuant to such authorization." It is understood that each authorization has included an express condition to the foregoing effect. In its Report and Order of December 17, 1962 (Docket No. 14863), adopting the provisions of which Section 25.530(a) is a part, the Commission referred to the argument made to the Commission that, in connection with the initial offering, such a condition might cause confusion and be in conflict with the allocation formula set forth in the Corporation's prospectus. The Commission then stated that it was to be expected that the Corporation would, in devising the terms of the initial offering, adopt a procedure of allocation consistent with the policies and objectives of the Act, and that the Commission would cooperate with the Corporation in achieving such a formula.

The time schedule for the Corporation's initial offering contemplates that the period during which subscriptions from authorized carriers will be accepted will extend for approximately three weeks. During that period, all authorized carriers will be able to make initial and supplemental subscriptions. It is also contemplated that there will be a "cut-off" date for carrier subscriptions a few days before the effective date of the public offering. The effective date will in turn be a few days before the closing date at which the subscribing carriers and the underwriters of the shares offered to the public will make payment in full for the total number of shares offered.

In order to assure consummation of the closing on the scheduled date, the number of shares to be issued to each subscribing carrier must be known several days in advance of the closing. For this and other reasons, the distribution of the carrier shares should be fixed or determinable at or shortly after the effective date of the public offering. Furthermore, it is important for the carriers, in determining the amount of their respective subscriptions, to know how carrier shares will be allocated in the event of oversubscription. It is thus essential that a formula be achieved and approved by the Commission in advance of the offering so that carriers may make, and the Corporation may accept, subscriptions that will be effective in specific amounts on the closing date.

The allocation formula set forth in Exhibit A to this letter is the formula the Corporation proposes to use in the event of oversubscription by authorized carriers. This formula has been discussed with the Commission's staff. We believe it is a workable formula, and that it is consistent with the relevant objectives and policies set forth in the Act.

Accordingly, it is requested that the Commission take appropriate action, applicable to the initial offering of Common Stock of the Corporation, to waive its reservation of authority to specify, in the event of oversubscription by carriers, the amount which may be purchased by each subscribing carrier. Such a waiver could, of course, be made specifically without prejudice to the Commission's continuing right, in the event of the filing of applications under Section 304(f) of the Act,

to require an authorized carrier to sell shares of the Corporation to another authorized carrier.

Yours very truly,

COMMUNICATIONS SATELLITE CORPORATION

By Allen E. Throop
Vice President and General Counsel

[COMMUNICATIONS SATELLITE CORPORATION]

PROPOSED FORMULA FOR ALLOCATION OF SHARES IN THE EVENT OF OVERSUBSCRIPTION BY CARRIERS

In the event that the total number of shares subscribed for by all authorized carriers in connection with the initial public offering of Common Stock of Communications Satellite Corporation exceeds the number of shares reserved by the Corporation for offering to such carriers, the reserved shares will be allocated among the subscribing authorized carriers on the following basis (with adjustment of odd amounts, as the Corporation may determine, to a multiple of 100 shares):

1. If there are two or more subscriptions each for more than 50% of the reserved shares, each such subscription shall be reduced to 50% of the reserved shares.

2. If there is a single subscription for more than 50% of the reserved shares, such subscription shall be reduced until it equals 50% of the reserved shares or until the excess is exhausted, whichever occurs first.

3. If any excess remains, all subscriptions for more than 5,000 shares (including the remainder of any subscription reduced to 50% of the reserved shares, as hereinabove provided) shall be reduced pro rata, on the basis of the amount by which each such subscription exceeds 5,000 shares, until the excess is exhausted.

4. In no event shall the above formula be applied to any subscription for 5,000 or less shares or to reduce any subscription

below 5,000 shares.

5. For the purpose of this formula, subscriptions of affiliated authorized carriers shall be treated as one combined subscription. An authorized carrier will be considered affiliated with another authorized carrier if it directly, or indirectly through one or more intermediaries, controls, or is controlled by, such other carrier or is under common control with such other carrier. In determining whether authorized carriers are affiliated, the Corporation will rely upon advice received from the Federal Communications Commission.

6. When a reduction is made in a combined subscription consisting of subscriptions of two or more affiliated carriers, the reduction shall be applied pro rata among the respective constituent subscriptions of such affiliated carriers, notwithstanding the fact that any such constituent subscription is for 5,000 or less shares or would be reduced below 5,000 shares, but subject to adjustment of odd amounts to a multiple of 100 shares.

The determinations of the Corporation made in the application of the foregoing formula, including determinations made with respect to the combining of subscriptions of affiliated authorized carriers, the pro rata reduction of subscriptions, and the adjustment of subscriptions to multiples of 100 shares, shall be conclusive and binding upon all persons having an interest in the allocation of shares among authorized carriers.

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WILMER, CUTLER & PICKERING
FARRAGUT BUILDING
900-17TH STREET, N. W.
WASHINGTON, D. C. 20006

TELEPHONE 296-6800

RICHARD H. WILMER
LLOYD N. CUTLER
JOHN H. PICKERING
HUGH R. H. SMITH
J. ROGER WOLLENBERG
CHARLES C. GLOVER, III
MARSHALL HORNBLOWER
HENRY T. RATHBUN
REUBEN CLARK
SAMUEL J. LANAHAN
WILLIAM R. PERLIK
SAMUEL A. STERN
ARNOLD M. LERMAN
ROBERT P. STRANAHAN, JR.

MAX O. TRUITT, JR.
THOMAS G. WATKINSON
ARTHUR Z. GARDINER, JR.
DANIEL K. MAYERS
DAVID R. ANDERSON
JOHN R. HELLER, III
ALLEN H. HARRISON, JR.

RECEIVED
APR 24 1964
FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

April 23, 1964

Federal Communications Commission
Washington, D. C. 20554

Attention: Ben F. Waple
Secretary

Dear Sirs:

This is to supplement the letter of April 13, 1964 in which Communications Satellite Corporation requested that the Commission take appropriate action, applicable to the initial offering of Common Stock of the Corporation, to waive its reservation of authority to specify, in the event of oversubscription by authorized carriers, as defined in Section 304(b)(1) of the Communications Satellite Act of 1962, the amount of shares which may be purchased by each subscribing carrier.

Please substitute for Exhibit A attached to the letter of April 13, 1964 the enclosed revised Exhibit A, setting forth the allocation formula which the Corporation proposes to use in the event of oversubscription by such authorized carriers. The revised text of the formula reflects discussions which we have had with the Staff of the Commission.

In the Prospectus which will be sent to authorized carriers, and/or in the documentation by which carriers will make subscriptions and the Corporation will accept them, the Corporation proposes to include a provision to the following effect:

"The determinations of the Corporation made in the application of the foregoing formula, including determinations made with respect to the combining of subscriptions of affiliated authorized carriers, the pro rata reduction of subscriptions, and the adjustment of subscriptions to multiples of 100 shares, shall be conclusive and binding upon subscribing authorized carriers."

We believe such a provision is necessary in view of the fact that, within the boundaries of the formula, the Corporation will have to make certain determinations which, in order to be sure that subscriptions are firm at the closing date, the subscribing carriers must be committed to accept.

Very truly yours,

WILMER, CUTLER & PICKERING
Special Counsel to
Communications Satellite Corporation

By _____

REVISED EXHIBIT A
(April 23, 1964)

COMMUNICATIONS SATELLITE CORPORATION

PROPOSED FORMULA FOR ALLOCATION OF SHARES IN THE EVENT OF OVERSUBSCRIPTION BY AUTHORIZED CARRIERS

In the event that the total number of shares subscribed for by all authorized carriers in connection with the initial public offering of Common Stock of Communications Satellite Corporation exceeds the number of shares reserved by the Corporation for offering to such carriers, the reserved shares will be allocated among the subscribing authorized carriers on the following basis (with adjustment of odd amounts, as the Corporation may determine, to a multiple of 100 shares):

1. If there are two or more subscriptions each for more than 50% of the reserved shares, each such subscription shall be reduced to 50% of the reserved shares.

2. If there is a single subscription for more than 50% of the reserved shares, such subscription shall be reduced until it equals 50% of the reserved shares or until the amount of oversubscription is eliminated, whichever occurs first.

3. If no subscription is for more than 50% of the reserved shares, or an oversubscription remains after reduction is made as provided for in Paragraph 1 or Paragraph 2 above, then all subscriptions for more than 5,000 shares (including the remainder of any subscription reduced to 50% of the reserved shares, as hereinabove

provided) shall be reduced pro rata, on the basis of the amount by which each such subscription exceeds 5,000 shares, until the amount of oversubscription is eliminated.

4. In no event shall the above formula be applied to any subscription for 5,000 or less shares or to reduce any subscription below 5,000 shares.

5. For the purpose of this formula, subscriptions of affiliated authorized carriers shall be treated as one combined subscription. An authorized carrier will be considered affiliated with another authorized carrier if it directly, or indirectly through one or more intermediaries, controls, or is controlled by, such other carrier or is under common control with such other carrier. In determining whether authorized carriers are affiliated, the Corporation will rely upon advice received from the Federal Communications Commission.

6. When a reduction is made in a combined subscription consisting of subscriptions of two or more affiliated carriers, the reduction shall be applied pro rata among the respective constituent subscriptions of such affiliated carriers, notwithstanding the fact that any such constituent subscription is for 5,000 or less shares or would be reduced below 5,000 shares, but subject to adjustment of odd amounts to a multiple of 100 shares.

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FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D. C.
20554

RECEIVED
APR 30 19[illegible]
ALLEN E. THROOP

April 30, 1964

IN REPLY REFER TO:
9120

Communications Satellite Corporation
3029 Klingle Road, N.W.
Washington, D. C. 20008

Attention: Mr. Allen E. Throop
Vice President and General Counsel

Gentlemen:

This is in reply to your letter of April 13, 1964, as supplemented by your letter of April 23, 1964, requesting the Commission to take appropriate action with regard to a formula for allocation of stock among authorized carriers in the event of an oversubscription of the stock reserved for sale to such carriers.

As you noted, the rules and regulations governing the issuance of authorizations specify that the authorizations would be issued with a condition that, in the event of an oversubscription of any voting stock available for purchase by authorized carriers, the Commission could specify the dollar amount or percentage of such stock which could be purchased pursuant to the authorization. This condition was inserted in the authorizations with the view of insuring the effectuation of the purpose of the Communications Satellite Act of 1962 of promoting the widest distribution of stock among authorized carriers.

In order to accomplish this stated purpose, the Commission in its Report and Order in Docket 14865 (December 17, 1962) also undertook to cooperate with the Corporation in achieving a suitable formula. The allocation formula submitted to us for consideration is a product of such cooperation between our respective staffs.

After review of the proposed allocation formula, and consideration of the Corporation's statements that adoption of an allocation formula at this time is necessary to avoid possible delay and to facilitate the making of the initial offering of voting stock, the Commission is of the opinion that the proposed allocation formula (as set forth in the attachment to this letter) will enable the Corporation to allocate stock in the event of an oversubscription of the stock reserved for sale to authorized carriers in a manner which will promote the widest distribution of such stock among such carriers.

FORMULA FOR ALLOCATION OF SHARES IN THE EVENT OF OVERSUBSCRIPTION BY AUTHORIZED CARRIERS

In the event that the total number of shares subscribed for by all authorized carriers in connection with the initial public offering of Common Stock of Communications Satellite Corporation exceeds the number of shares reserved by the Corporation for offering to such carriers, the reserved shares will be allocated among the subscribing authorized carriers on the following basis (with adjustment of odd amounts, as the Corporation may determine, to a multiple of 100 shares):

1. If there are two or more subscriptions each for more than 50% of the reserved shares, each such subscription shall be reduced to 50% of the reserved shares.

2. If there is a single subscription for more than 50% of the reserved shares, such subscription shall be reduced until it equals 50% of the reserved shares or until the amount of oversubscription is eliminated, whichever occurs first.

3. If no subscription is for more than 50% of the reserved shares, or if an oversubscription remains after reduction is made as provided for in paragraph one or two above, then all subscriptions for more than 5,000 shares (including the remainder of any subscriptions reduced to 50% of the reserved shares, as hereinabove provided) shall be reduced *pro rata*, on the basis of the amount by which each such subscription exceeds 5,000 shares, until the amount of oversubscription is eliminated.

4. In no event shall the above formula be applied to any subscription for 5,000 or less shares or to reduce any subscription below 5,000 shares.

5. For the purpose of this formula, subscriptions of affiliated authorized carriers shall be treated as one combined subscription. An authorized carrier will be considered affiliated with another authorized carrier if it directly, or indirectly through one or more intermediaries, controls, or is controlled by, such other carrier or is under common control with such other carrier. In determining whether authorized carriers are affiliated, the Corporation will rely upon advice received from the Federal Communications Commission.

6. When a reduction is made in a combined subscription consisting of subscriptions of two or more affiliated carriers, the reduction shall be applied *pro rata* among the respective constituent subscriptions of such affiliated carriers, notwithstanding the fact that any such constituent subscription is for 5,000 or less shares or would be reduced below 5,000 shares, but subject to adjustment of odd amounts to a multiple of 100 shares.

Accordingly, the Commission will not make any allocation of stock pursuant to the reservation set forth in the authorizations issued to carriers, providing:

(a) The allocation of stock in the event of an oversubscription of the stock reserved for sale to authorized carriers will be carried out in the manner and to the extent set forth in the attachment hereto; and

(b) A copy of this letter and attachment shall accompany any invitation to subscribe for shares of the initial offering of voting stock sent by, or on behalf of, the Communications Satellite Corporation to any communications common carrier.

You understand, of course, that the Commission is authorized, pursuant to Section 304(f) of the Communications Satellite Act of 1962, upon application by any authorized carrier and after notice and hearing, to compel any other authorized carrier which owns shares of stock in the Corporation to transfer to the applicant, for a fair and reasonable consideration, a number of such shares as the Commission determines will advance the public interest and purposes of the Communications Satellite Act of 1962. Therefore, we want to make it clear that nothing contained in the allocation formula should be construed to limit or restrict in any way the right of any authorized carrier to apply to the Commission for relief pursuant to the provisions of the aforementioned section, nor from obtaining relief pursuant to any action of the Commission instituted in accordance therewith.

This letter was adopted by the Commission on April 29, 1964.

BY DIRECTION OF THE COMMISSION

E. William Henry
Chairman

Attachment

FORMULA FOR ALLOCATION OF SHARES IN THE
EVENT OF OVERSUBSCRIPTION BY AUTHORIZED CARRIERS

In the event that the total number of shares subscribed for by all authorized carriers in connection with the initial public offering of Common Stock of Communications Satellite Corporation exceeds the number of shares reserved by the Corporation for offering to such carriers, the reserved shares will be allocated among the subscribing authorized carriers on the following basis (with adjustment of odd amounts, as the Corporation may determine, to a multiple of 100 shares):

1. If there are two or more subscriptions each for more than 50% of the reserved shares, each such subscription shall be reduced to 50% of the reserved shares.

2. If there is a single subscription for more than 50% of the reserved shares, such subscription shall be reduced until it equals 50% of the reserved shares or until the amount of over-subscription is eliminated, whichever occurs first.

3. If no subscription is for more than 50% of the reserved shares, or if an oversubscription remains after reduction is made as provided for in paragraph one or two above, then all subscriptions for more than 5,000 shares (including the remainder of any subscriptions reduced to 50% of the reserved shares, as hereinabove provided) shall be reduced pro rata, on the basis of the amount by which each such subscription exceeds 5,000 shares, until the amount of oversubscription is eliminated.

4. In no event shall the above formula be applied to any subscription for 5,000 or less shares or to reduce any subscription below 5,000 shares.

5. For the purpose of this formula, subscriptions of affiliated authorized carriers shall be treated as one combined subscription. An authorized carrier will be considered affiliated with another authorized carrier if it directly, or indirectly through one or more intermediaries, controls, or is controlled by, such other carrier or is under common control with such other carrier. In determining whether authorized carriers are affiliated, the Corporation will rely upon advice received from the Federal Communications Commission.

6. When a reduction is made in a combined subscription consisting of subscriptions of two or more affiliated carriers, the reduction shall be applied pro rata among the respective constituent subscriptions of such affiliated carriers, notwithstanding the fact that any such constituent subscription is for 5,000 or less shares or would be reduced below 5,000 shares, but subject to adjustment of odd amounts to a multiple of 100 shares.

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June 1, 1964

Mr. Asher H. Ende
Associate Chief
Common Carrier Bureau
Federal Communications Commission
414 - 11th St. N.W. Room 9120
Washington, D. C.

Dear Mr. Ende:

By separate letter I am today transmitting to the Commission a list of the Authorized Carriers whose subscriptions for shares of Common Stock of this Corporation had been received by Manufacturers Hanover Trust Company at 5:00 P.M. (EDT), May 26, 1964. As is stated in the letter transmitting the list to the Commission, the shares subscribed for by each Authorized Carrier are shown, without any adjustment as a result of application of the allocation formula.

As indicated on page 7 of the Preliminary Prospectus dated May 27, 1964, subscriptions were received for 6,354,250 shares, and accordingly it was necessary to apply the allocation formula. Since the subscription of American Telephone and Telegraph Company (AT&T) was for more than 50% of the carriers' reserved shares, the subscription of that company was reduced by the full amount of the excess of the total number of shares subscribed for over 5,000,000. This was appropriate, since such reduction did not reduce the subscription of AT&T below 50% of the reserved shares, namely, 2,500,000.

The subscriptions which were received included a subscription of Capital City Telephone Company for 1,000 shares, of Chillicothe Telephone Company for 50 shares, of Carolina Telephone and Telegraph Company for 12,500 shares, and of DeKalb-Ogle Telephone Company for 100 shares.

AT&T has direct or indirect interests in the stock of each of the above-mentioned companies. On the basis of the material previously received from the Commission showing certain

facts with respect to such interests, it seemed clear that Capital City Telephone Company and Chillicothe Telephone Company are not affiliates of AT&T, under the definition contained in Paragraph 5 of the allocation formula.

The question whether DeKalb-Ogle Telephone Company ("DeKalb") and Carolina Telephone and Telegraph Company ("Carolina") are affiliated with AT&T presents a more difficult question; and, as indicated in my letter to you of May 25, 1964, it may well be that those companies are affiliates of AT&T. However, it has not been necessary to make a determination of this question in either case, for the following reasons:

1. As to the DeKalb subscription, regardless of the reduction in the subscription of that company which would result from an application of the allocation formula, the application of Paragraph 5 of the formula would result in a subscription of 100 shares.

2. As to the Carolina subscription, we have communicated with both AT&T and Carolina. Each company has advised us that Carolina is not directly or indirectly controlled by AT&T, or under common control with AT&T, and that such companies therefore are not affiliated under the definition contained in Paragraph 5 of the allocation formula. If this is the case, no adjustment in the subscriptions of the companies is necessary. If these companies are affiliated companies, their subscriptions would be treated as a single subscription, with the result that the aggregate subscription of the two companies would be reduced in order to satisfy in full the subscriptions of all other Authorized Carriers, and the reduction would be applied pro rata as between them. However, it has not been necessary to determine the question of affiliation, since we have been advised by AT&T that if the Corporation makes the entire 12,500 shares subscribed for by Carolina available to it, AT&T will waive any right which it might have had, through operation of the allocation formula, to purchase any portion of the 12,500 shares subscribed for by Carolina. Accordingly, we have recognized the Carolina subscription for its full amount.

Yours very truly,

Allen E. Throop

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COMMUNICATIONS SATELLITE CORPORATION
3029 KLINGLE ROAD, N.W.
WASHINGTON 8, D. C.
TEL. 244-8000

May 5, 1964

Manufacturers Hanover Trust Company
40 Wall Street
New York, New York 10015

Attention: Mr. Frank W. Kaestner, Vice President

Dear Sirs:

Confirming our discussion, this letter represents our instructions to you for the mailing of subscription forms to "authorized carriers" in connection with the initial offering of shares of common stock by the Communications Satellite Corporation.

Upon receipt of advice from Mr. Allen E. Throop, Mr. David J. Melamed or Mr. Marshall Hornblower that the Registration Statement relating to such shares has been filed with the Securities and Exchange Commission and upon the delivery to you of copies of the Preliminary Prospectus filed as a part of the Registration Statement, we request that you immediately mail to each "authorized carrier" whose name appears on the lists of authorized carriers, hereinafter referred to, by registered first-class mail in the case of each authorized carrier whose address is within the continental United States east of the Mississippi River, and by registered airmail to each authorized carrier whose address is within the continental United States west of the Mississippi River or whose address is outside the continental United States, the following:

1. An addressed transmittal letter in the form of Exhibit A attached hereto.

2. Two copies of the form of subscription attached hereto as Exhibit B.

3. One copy of a letter to the Corporation from the Federal Communications Commission dated April 30, 1964, with attachment, attached hereto as Exhibit C.

4. One copy of the Preliminary Prospectus filed as part of the Registration Statement.

5. One return envelope in the form of Exhibit D attached hereto.

Two copies of each of the addressed transmittal letters should be retained, one of which is for your files and the other for the files of the Corporation.

Enclosed is a copy of a letter dated April 30, 1964, from Ben F. Waple, Secretary of the Federal Communications Commission, to the Corporation with a list of authorized carriers attached thereto. Also enclosed is a copy of a letter dated May 4, 1964, from Messrs. Wilmer, Cutler & Pickering to the Corporation setting forth the address of each carrier on the Commission's list. The mailing which we request you to carry out should be made to each carrier shown on the lists at the address shown on the list attached to the letter from Messrs. Wilmer, Cutler & Pickering.

Please refer any inquiries which you may receive from any of the authorized carriers to the undersigned. A carrier who desires to make inquiry by telephone should communicate with the undersigned or with Mr. Allen E. Throop, Vice President and General Counsel of the Corporation, telephone 244-6000, or with Mr. Marshall Hornblower, of Wilmer, Cutler & Pickering, telephone 296-8800.

Sincerely yours,

/s/ David J. Melamed

David J. Melamed
Secretary

Enclosures

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MANUFACTURERS HANOVER TRUST COMPANY

40 WALL STREET. NEW YORK 15, N.Y.

May 28, 1964
Area Code - 212
Telephone Number
350 - 1148

Mr. David J. Melamed, Secretary
Communications Satellite Corporation
3029 Klingle Road, N.W.
Washington, D.C. 20008

Dear Mr. Melamed:

In accordance with Section B (6) of the draft of procedures with respect to subscriptions by Authorized Carriers for shares of common stock of your Corporation, I am enclosing an affidavit, in duplicate, to which is annexed the schedule setting forth the subscriptions which were received by us by 5 P.M. on May 26, 1964.

As the result of the invitation to subscribe for the 5,000,000 shares reserved for communication common carriers authorized by the FCC to own stock of the Corporation, we received 163 subscriptions aggregating 6,354,250 shares of your Corporation's common stock.

The following is a list of those Authorized Carriers who entered a subscription for 5% or more of the available stock:

American Telephone & Telegraph Company	4,250,000 shs.
International Telephone & Telegraph Corp.	1,050,000 "
General Telephone & Electronics Corporation	350,000 "
RCA Communications, Inc.	250,000 "

The aggregate subscriptions created an oversubscription of 1,354,250 shares. Based on the allocation formula contained in your Corporation's preliminary Prospectus and based, also, on the assumption that American Telephone & Telegraph Company and Carolina Telephone & Telegraph Company are not affiliated, the oversubscription would be eliminated by reducing the subscription of American Telephone & Telegraph Company to 2,895,750 shares.

However, if American Telephone & Telegraph Company and Carolina Telephone & Telegraph Company are considered affiliated, the allocation formula in the Prospectus requires that

the reduction of 1,354,250 shares be applied pro rata between the subscriptions of the two carriers. This would result in the subscription of American Telephone & Telegraph Company being reduced by 1,350,279 shares to 2,899,721 shares, and the subscription of Carolina Telephone & Telegraph Company being reduced by 3,971 shares to 8,529 shares, as set out in the following schedule:

Original Amer. Tel & Tel. Subscription	4,250,000	shs.or	99.70674%
" Car. " " "	12,500	" "	.29326%
	4,262,500		

Based on an Oversubscription of 1,354,250 shares and applying the above percentages, the subscriptions would be reduced pro rata as follows:

Amer.Tel.& Tel.	1,354,250	x 99.70674	=	1,350,278.52 or	1,350,279
Car. " "	1,354,250	x .29326	=	3,971.33 "	3,971
				1,354,249.85	1,354,250

Thus, each carrier subscription would be reduced as follows:

Amer. Tel.& Tel.	4,250,000	Car. Tel.& Tel.	12,500
Less	1,350,279	Less	3,971
Pro rated subscription	2,899,721	Pro rated sub.	8,529

The subscriptions, as so reduced, would be further subject to adjustment of odd amounts to a multiple of 100 shares.

Very truly yours,

R A Byrne

Robert A. Byrne
Assistant Vice President

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COMMUNICATIONS SATELLITE CORPORATION
3029 KLINGLE ROAD, N.W.
WASHINGTON 8, D. C.

ALLEN E. THROOP
VICE PRESIDENT
AND
GENERAL COUNSEL

June 3, 1964

Manufacturers Hanover Trust Company
40 Wall Street
New York, New York 10015

Dear Sirs: Attention: Mr. Robert A. Byrne, Asst. Vice President

It is understood that you have received, from communications common carriers whose subscriptions for shares of Common Stock of Communications Satellite Corporation have been accepted by us, checks to the order of the Corporation for payment of the purchase price for such shares, and that you may receive further such checks before the Closing at which payment is required to be made for such shares, and that you propose to deposit such funds in a special account designated Communications Satellite Corporation Subscription Account. We regard these funds as under the control of the respective subscribers until the time of Closing. However, we have no objection to your proposal, provided that at the Closing you tender the funds represented by such checks to the Corporation against delivery of the certificates for the shares represented thereby, and that, if we instruct you to make refunds to any such subscriber, you will be in a position to do so. We also have no objection to the deposit in the same account of (a) funds represented by checks and other forms of remittance payable to you, and (b) funds received pursuant to bank advice given to you, to enable you, as agent for subscribers, to make payment to the Corporation at the Closing.

You are also authorized to open all mail, including registered mail, addressed to the Corporation in your care, with the understanding that you will advise us immediately of the substance of any such mail, other than mail containing checks or other forms of payment for shares for which subscriptions have been accepted by us.

Very truly yours,

Allen E. Throop

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State of New York)
:
County of New York)

Frank R. Cavanagh, being duly sworn, deposes and says:

That I am an American Citizen, over Twenty-one years of age and reside at 41 72nd Street, Brooklyn, New York 10009, and that I am an Assistant Trust Officer of Manufacturers Hanover Trust Company, 40 Wall Street, New York, New York.

That on May 6, 1964. I caused to be mailed by registered mail to those authorized carriers, as approved by the Federal Communications Commission, whose addresses of record were east of the Mississippi River, and by registered airmail to those carriers whose addresses of record were west of the Mississippi River, a list of whom are attached, the following documents (a specimen of each of which is attached hereto) with respect to the offering of 10,000,000 shares of Common Stock, without par value, of Communications Satellite Corporation:

1. Preliminary Prospectus dated May 6, 1964 covering the offering of 10,000,000 shares of Common Stock, without par value, of Communications Satellite Corporation.

2. Letter dated April 30, 1964 from the Federal Communications Commission to the Corporation with respect to a formula for allocation of stock among authorized carriers in the event of an over subscription of the stock reserved for sale to such carriers.

3. An addressed letter of transmittal from the Corporation dated May 6, 1964.

4. Two forms to be used by the authorized carriers for subscribing to shares of Common Stock of Communications Satellite Corporation.

5. A return, self-addressed registered mail envelope addressed to the Corporation c/o Manufacturers Hanover Trust Company, 40 Wall Street, New York, N.Y. 10015

6. A sticker which was attached to the face of the Preliminary Prospectus sent to those authorized carriers whose addresses of record were in the State of Texas.

by depositing same in securely sealed postage prepaid envelopes, addressed to such authorized carriers at their respective addresses, in the Church Street Annex, United States Post Office at Church and Vesey Streets in New York City.

Frank R. Conway

Subscribed and sworn to before me this 7th day of May, 1964.

L. MATT. MASTERSON

L. MATT. MASTERSON
Notary Public, State of New York
Qualified in Orange County
Certificate filed in New York County
Commission Expires March 30, 1966

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State of New York)
:
County of New York)

Robert A. Byrne, being duly sworn, deposes and says:

That I am an American Citizen, over twenty-one years of age and reside at 35 Elliott Road, Great Neck, New York, and that I am an Assistant Vice President of Manufacturers Hanover Trust Company, 40 Wall Street, New York, New York.

That on May 15, 1964, I caused to be mailed by registered mail to those authorized carriers, as approved by the Federal Communications Commission on May 14, 1964, whose addresses of record were east of the Mississippi River, and by registered airmail to those carriers whose addresses of record were west of the Mississippi River, a list of whom are attached, the following documents (a specimen of each of which is attached hereto) with respect to the offering of 10,000,000 shares of Common Stock, without par value, of Communications Satellite Corporation:

1. Preliminary Prospectus dated May 6, 1964 covering the offering of 10,000,000 shares of Common Stock, without par value, of Communications Satellite Corporation.

2. Letter dated April 30, 1964 from the Federal Communications Commission to the Corporation with respect to a formula for allocation of stock among authorized carriers in the event of an over subscription of the stock reserved for sale to such carriers.

3. An addressed letter of transmittal from the Corporation dated May 6, 1964.

4. Two forms to be used by the authorized carriers for subscribing to shares of Common Stock of Communications Satellite Corporation.

5. A return, self-addressed registered mail envelope addressed to the Corporation c/o Manufacturers Hanover Trust Company, 40 Wall Street, New York, N.Y. 10015.

6. A sticker which was attached to the face of the Preliminary Prospectus sent to those authorized carriers whose addresses of record were in the State of Texas.

by depositing same in securely sealed postage prepaid envelopes, addressed to such authorized carriers at their respective addresses, in the Church Street Annex, United States Post Office at Church and Vesey Streets in New York City.

Frank R. Cavanagh

Subscribed and sworn to before me this 7th day of May, 1964.

L. MATT. MASTERSON

L. MATT. MASTERSON
Notary Public, State of New York
Qualified in Orange County
Certificate filed in New York County
Commission Expires March 30, 1966

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State of New York)
:
County of New York)

F. R. Cavanagh, being duly sworn, deposes and says:

That I am an American Citizen, over twenty-one years of age and reside at 41 72nd Street, Brooklyn, New York 10009, and that I am an Assistant Trust Officer of Manufacturers Hanover Trust Company, 40 Wall Street, New York, New York.

That on May 27, 1964, I caused to be mailed by registered mail to those authorized carriers, as approved by the Federal Communications Commission, whose addresses of record were east of the Mississippi River, and by registered airmail to those carriers whose addresses of record were west of the Mississippi River, a list of whom are attached, the following documents (a specimen of each of which is attached hereto) with respect to the offering of 10,000,000 shares of Common Stock, without par value, of Communications Satellite Corporation:

1. Preliminary Prospectus dated May 6, 1964 amended in context to include certain information which became available after the opening at 5 P.M. on May 26, 1964,of the subscriptions received from authorized carriers.

2. An addressed letter of transmittal from the Corporation dated May 27, 1964.

3. A sticker which was attached to the face of the Preliminary Prospectus sent to those authorized carriers whose addresses of record were in the State of Texas.

by depositing same in securely sealed postage prepaid envelopes, addressed to such authorized carriers at their prospective addresses, in the Church Street Annex, United States Post Office at Church and Vesey Streets in New York City.

F. R. Cavanagh

Subscribed and sworn to before me this 27th day of May, 1964.

L. MATT. MASTERSON
Notary Public, State of New York
Qualified in Orange County
Certificate filed in New York County
Commission Expires March 30, 1966

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State of New York)
)ss:
County of New York)

R. A. Byrne, being duly sworn, deposes and says:

That I am an American citizen, over twenty-one years of age and reside at 35 Elliott Road, Great Neck, New York and that I am an Assistant Vice President of Manufacturers Hanover Trust Company, 40 Wall Street, New York, New York.

Annexed hereto is a schedule which constitutes a correct and complete list of the names of the 163 Authorized Carriers whose subscriptions for shares of Communications Satellite Corporation were received by Manufacturers Hanover Trust Company by 5:00 p.m. on May 26, 1964, together with the number of shares aggregating 6,345,250 subscribed for by each of such Carriers. Each subscription was made on and pursuant to the terms of the subscription form, except as noted below.

Included in the schedule is a telephone subscription made on May 26th by E. Ritter Telephone Company for 25 shares, confirmed by the following wire received by us at 4:24 p.m. on May 26th:

"CONFIRM TELEPHONE CONVERSATION AUTHORIZING PURCHASE OF 25 SHARES COMMUNICATIONS SATELLITE CORPORATION AT $20. PER SHARE FOR ACCOUNT E. RITTER TELEPHONE COMPANY MARKED TREE ARKANSAS. TAXPAYERS IDENTIFICATION NO. 71-0309900. THANKS.
EDWARD F. THOMPSON, VICE PRESIDENT
UNION PLANTERS NATIONAL BANK OF MEMPHIS"

On May 27th at 9:03 a.m. we received a telegram dated May 26th, 1:35 p.m. CST, reading as follows:

"WE HAVE DEPOSITED COMMUNICATIONS SATELLITE CORPN. SUBSCRIPTION FORM FOR 25 SHARES OF STOCK WITH MARKED TREE BANK MARKED TREE ARKANSAS WE HEREBY APPOINT MR. FRANK KAESTNER OR MR. FRANK CAVANAUGH OF MANUFACTURERS HANOVER TRUST CO. AS ATTORNEY-IN-FACT FOR E. RITTER TELEPHONE COMPANY TO SIGN SUBSCRIPTION FOR 25 SHARES OF COMMUNICATIONS SATELLITE STOCK AND DELIVER TO COMMUNICATIONS SATELLITE CORPN BEFORE CLOSE OF BUSINESS THIS DATE.
E. RITTER TELEPHONE CO. L.V.RITTER, JR. V P"

On May 27th at 9:04 a.m. we received another telegram

dated May 26th at 2:25 p.m. CST reading as follows:

"WE ARE TODAY MAILING SUBSCRIPTION FORMS FOR 25
SHARES OF COMMUNICATIONS SATELLITE STOCK
EXECUTED BY T.V. RITTER, JR. V P OF E. RITTER
TELEPHONE CO.
LOUIS GOAD CASHIER MARKED TREE BANK"

On May 27th F. R. Cavanagh, Assistant Trust Officer of the bank, signed, as Attorney-in-Fact for E. Ritter Telephone Company, a subscription, dated May 26th, for 25 shares.

A subscription form was timely received from Crockett Telephone Company, Inc., Friendship, Tennessee, for 500 shares of common stock of Communications Satellite Corporation. No corporation of that name was included on the lists of Authorized Carriers approved by the FCC as furnished to us. The subcription is therefore not included in the attached schedule.

R. A. Byrne

Subscribed and sworn to before
me this 27th day of May, 1964.

L. MATT. MASTERSON
Notary Public, State of New York
Qualified in Orange County
Certificate filed in New York County
Commission Expires March 30, 1966

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State of New York)
)
County of New York)

F. R. Cavanagh, being duly sworn, deposes and says:

That I am an American citizen, over twenty-one years of age, and reside at 41 - 72nd Street, Brooklyn, New York, and that I am an Assistant Trust Officer of Manufacturers Hanover Trust Company, 40 Wall Street, New York, New York.

That on June 2, 1964 at 10:04 A.M., I deposited in the United States mails, at the United States Post Office, Wall Street Station, New York, N. Y., soundly sealed envelopes addressed to each of the persons (being communications common carriers whose subscriptions for Common Stock of Communications Satellite Corporation were received by 5:00 P.M. on May 26, 1964) listed on the attached list, at the addresses shown on such list, postage prepaid for first class mail, airmail to those whose addresses are west of the Mississippi River. Each envelope contained the following documents (a specimen of each of which is attached hereto) with respect to the offering by Communications Satellite Corporation of 10,000,000 shares of its Common Stock:

1. Prospectus dated June 2, 1964.
2. Transmittal letter dated June 2, 1964 signed by Leo D. Welch relating to acceptance of subscriptions of communications common carriers;

except that, in the envelope addressed to American Telephone and Telegraph Company, a special transmittal letter was inserted, a copy of which is attached hereto.

In the envelopes addressed to communications common carriers from whom checks had been received for the purchase price of the shares subscribed for, there was also inserted

a slip, of which a specimen is attached, acknowledging receipt of the check. The carriers to whom such slips were sent are indicated on the attached list by an asterisk.

In addition, at approximately 10:15 A.M., I caused to be mailed at the United States Post Office, Church Street Station, New York, N.Y., soundly sealed envelopes, to each person listed on the attached list at their addresses shown on the list, by registered mail postage prepaid, airmail to those whose addresses are west of the Mississippi River, a duplicate of the transmittal letter dated June 2, 1964 (in the case of American Telephone and Telegraph Company, a duplicate of the special transmittal letter) and a copy of the Prospectus dated June 2, 1964.

J. C. Cavanagh

Subscribed and sworn to before me this 2nd day of June 1964.

L. Matt Masterson

L. MATT. MASTERSON
Notary Public, State of New York
Qualified in Orange County
Certificate filed in New York County
Commission Expires March 30, 1966

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FEDERAL COMMUNICATIONS COMMISSION

WASHINGTON, D. C. 20554

FCC 64-151
47268

PUBLIC NOTICE - C
February 26, 1964

CARRIERS DESIRING AUTHORIZATION TO PURCHASE STOCK IN
THE INITIAL ISSUE OF THE COMMUNICATIONS SATELLITE CORPORATION
MUST FILE APPLICATION WITH FCC NOT LATER THAN MARCH 23, 1964

By the Commission: Commissioners Bartley and Loevinger absent.

The Federal Communications Commission announced today that any communications common carrier planning to purchase shares of the initial offering of voting stock of the Communications Satellite Corporation must file application with the Commission for authorization to purchase such stock not later than March 23, 1964.

This notice is being given after consultation with the Communications Satellite Corporation. The Corporation has stated that it expects to make the initial offering within the next few months. The Commission believes that in order to effect the orderly distribution of the stock of the initial offering in the manner contemplated by Section 304 of the Communications Satellite Act of 1962, the Corporation must have knowledge of who the authorized carriers are at a reasonable time before the offering date.

On December 17, 1962, the Commission adopted a Report and Order in Docket No. 14865 setting forth rules designed to establish the procedure by which communications common carriers could obtain authorizations to own stock of the Communications Satellite Corporation. The underlying policy, as the Commission stated in its original Notice of Proposed Rule Making, was the effectuation of the statutory objective of promoting the widest possible ownership of shares of stock of the Corporation consistent with the public interest. Accordingly, the Commission proposed to entertain applications from all communications common carriers furnishing interstate or foreign communications by wire or radio including the some 3000 telephone companies in the United States who participate in providing such service only as connecting carriers. Since that date 149 applications have been filed with the Commission.

The date of March 23, 1964, was selected in order to afford the large number of communications common carriers, which have not sought authorization in the past 14 months but may desire to do so, maximum additional time consistent with our procedural requirements and the proposed schedule of the Corporation. Therefore, Public Notice is hereby given to all of these carriers desiring to secure authorization to purchase shares of the initial offering of voting stock to file their

(Over)

applications on or before March 23, 1964. If these applications are in accordance with the rules, they will be processed and authorizations will be issued to qualified applicants in time for participation in the initial offering. Applications received after March 23, 1964, will be processed, but authorizations will be issued to qualified applicants at a date subsequent to the date of the initial offering. Thus, such applicants, while authorized to own stock, will not be able to participate in the initial offering.

Finally, notice is given that if there should be any substantial alteration in the present schedule of the Corporation for the issuance of its stock which would permit an extension of the March 23, 1964, cut off date, appropriate public notice will be given of the new later date.

The Commission has ordered this notice to be published in the Federal Register.

- FCC -

Adopted: February 26, 1964

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May 11, 1964

Mr. Ben F. Waple, Secretary
Federal Communications Commission
Washington, D. C. 20054

Dear Mr. Waple:

We would very much appreciate your advice on a matter presented in the application of Section 304(b) of the Communications Satellite Act of 1962, and in the interpretation of the orders issued by the Federal Communications Commission, pursuant to that Section, under Part 25 of the Commission's Rules and Regulations, which have authorized certain communications common carriers to own shares of stock in Communications Satellite Corporation.

Section 304(b)(2) of the Communications Satellite Act states that:

> "Only those communications common carriers which are authorized carriers shall own shares of stock in the corporation at any time, and no other communications common carrier shall own shares either directly or indirectly through subsidiaries or affiliated companies, nominees, or any persons subject to its direction or control." [Emphasis supplied]

Section 304(b)(1) of that Act defines an "authorized carrier", for the purpose of Section 304, to mean a communications common carrier (as defined in that Act) which, pursuant to Section 304(b)(2) of that Act, has been authorized by the Commission to own shares of stock in the Corporation. To date, the Commission has issued numerous orders granting applications filed by common carriers, as defined in the Communications Act of 1934, or by persons or entities which directly or indirectly own substantial interests in such common carriers and which therefore are also "communications common carriers", as

defined in the Communications Satellite Act. However, we are advised that in some cases a person or entity which owns such an interest in an "authorized carrier" as would cause such person or entity itself to be deemed a "communications common carrier" under the definition contained in Section 103(7) of the Communications Satellite Act, has not itself filed an application for authority to own, directly or indirectly, the shares to be purchased by such "authorized carrier".

The question presented is whether, under the provisions of the Act and such orders of the Commission, the authorization issued by the Commission to a "communications common carrier" not merely authorizes such "authorized carrier" to make direct purchases of and own the Corporation's stock, but also grants to any other person or entity which directly or indirectly owns a controlling interest in such "authorized carrier" the authority to acquire and own such stock indirectly, to the extent of the purchase made by such "authorized carrier". In our opinion, under the provisions of Section 304(b) of the Act, the Commission's orders referred to above are properly to be interpreted so as to grant such authorization.

Since it will shortly be necessary for the Corporation to act in accepting subscriptions by "authorized carriers" (and in allocating shares to "authorized carriers" in the event of an oversubscription), and since the interpretation to be given to Section 304(b) of the Communications Satellite Act and to the Commission's orders thereunder is of great importance both to those who have filed applications with the Commission and to the Corporation, we would very much appreciate receiving early confirmation from you that the Commission concurs in our interpretation of that Section and of such orders.

With your permission, we would like to circulate copies of this letter and your reply to all "authorized carriers" who have been invited to subscribe to the Corporation's Common Stock.

Sincerely yours,

Allen E. Throop
Vice President and
General Counsel

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FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON 25, D. C.
20554

MAY 13 1964

RECEIVED
MAY 13 1964
ALLEN E. THROOP

IN REPLY REFER TO:
9120

Mr. Allen E. Throop
Vice President and General Counsel
Communications Satellite Corporation
3029 Klingle Road, N.W.
Washington, D. C. 20008

Dear Mr. Throop:

This is in response to your letter of May 11, 1964, requesting the advice of the Commission as to a certain interpretation you have placed on Section 304(b)(2) of the Communications Satellite Act of 1962 and of the orders issued pursuant to Part 25 of the Commission's Rules and Regulations authorizing communications common carriers to own or hold stock of the Communications Satellite Corporation.

You state that the question presented is whether, under the provisions of the Act and such orders of the Commission, the authorization issued by the Commission to a "communications common carrier" not merely authorizes such "authorized carrier" to make direct purchases of and own stock of the Corporation, but also grants to any other person or entity which directly or indirectly owns a controlling interest in such "authorized carrier" the authority to acquire and own such stock indirectly, to the extent of the purchase made by such "authorized carrier". You further state that in your opinion, under the provisions of Section 304(b) of the Act, the Commission orders are properly to be interpreted so as to grant such authorization.

It is the opinion of the Commission that the granting of authorizations pursuant to Part 25 of the Commission's Rules and Regulations to communications common carriers, as that term is defined in Section 103(7) of the Communications Satellite Act of 1962, does not prohibit the indirect ownership of stock in the Corporation by another entity which owns or controls, directly or indirectly, an authorized carrier, even though such other entity is not itself authorized to acquire, own or hold such shares of stock.

Section 25.505 of the Commission's Rules and Regulations does not prohibit this indirect ownership but does prohibit the non-authorized entity from acquiring, owning or holding any shares of the Corporation in its own name or right. All communications common carriers, regardless of whether they own or control, directly or indirectly, or are under direct or indirect common control with another carrier, must obtain authorization from this Commission to acquire, own or hold shares of stock in the Communications

Satellite Corporation in their own name or right. In this respect it should be noted that such authorizations issued by this Commission are non-transferable and are so conditioned that stock owned or held by an authorized carrier may not be sold or transferred to a non-authorized carrier.

The Commission believes circulation of this letter to all authorized carriers as you suggested in your letter would be appropriate.

This letter was adopted by the Commission on May 13, 1964.

BY DIRECTION OF THE COMMISSION

E. William Henry
Chairman

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FEDERAL COMMUNICATIONS COMMISSION

WASHINGTON 25, D. C. 20554

52211
PUBLIC NOTICE - C
May 28, 1964

CARRIERS WARNED AGAINST SPECULATION ON STOCK OF COMMUNICATIONS SATELLITE CORPORATION

The Commission has recently been informed that certain communications common carriers, who have been authorized by the Commission to acquire shares of stock of the Communications Satellite Corporation, may intend to use their authorizations in a manner which is incompatible and inconsistent with the purposes and objectives of the Communications Satellite Act of 1962.

Specifically, inquiry has been made whether carriers may purchase stock with their own funds or with borrowed funds for the purpose of reselling it after the sixty (60) day holding period required by the terms of the Corporation's offering to the Common Carriers. Such action would not only be contrary to the purposes for which the authorizations were originally given but also would give carriers an unfair advantage over members of the general public in the acquisition of stock. Each common carrier authorization was granted upon a finding by the Commission that ownership of stock by that particular carrier ". . . will be consistent with the public interest, convenience, and necessity." This statutory finding clearly presupposes the acquisition of stock by a carrier for legitimate investment purposes and not for speculation.

The carriers have been accorded a privileged position in the acquisition of Corporation stock. The allocation formula (approved by the Commission on April 29, 1963), provides that, in the event of an oversubscription of stock among such carriers, each carrier have the opportunity to subscribe for 5,000 shares or $100,000 of stock. If any carrier should take advantage of this privilege to buy shares with the intent to sell them at the earliest possible time, it would be acting clearly in a manner which is both incompatible and inconsistent with the purposes and objectives of the Act.

Furthermore, to the extent that any authorized carrier may make an agreement express or implied with another entity giving such entity an interest in or voice with respect to the disposition of the stock or a share in any profits of a resale, such carrier would violate the provisions in our authorizations requiring the disclosure of all real parties in interest.

Nothing, of course, requires the carriers to hold such stock indefinitely. But authorized carriers should conduct themselves in such fashion as to demonstrate that they did not acquire the stock for speculative purposes. Any hasty disposition of the stock would raise serious questions as to the purposes for which the purchase was made.

The Commission is therefore considering whether appropriate action should be taken to deal with this matter, including the desirability of revising its rules concerning authorized carrier stock during the next 60-day period. The purpose of this Notice is to inform all interested persons so that they are made aware at this time of the Commission's construction of its present rules and the possibility of further appropriate action in this respect.

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C

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D. C.

FCC 64-488
51794

In the Matter of)
)
Amendment of Subpart H of Part 25)
(Satellite Communications) of the)
Commission's Rules and Regulations)
with respect to necessity of approval) Docket No. 15495
by the Commission for transfer of)
stock by authorized carriers prior)
to June 1, 1965, and related matters.)

NOTICE OF PROPOSED RULE MAKING

By the Commission:

1. Notice is hereby given of proposed rule making in the above entitled matter.

2. It is proposed to amend Subpart H of Part 25 of the Commission's rules and regulations by amending Section 25.510 and adding Section 25.511 to

(a) prohibit prior to June 1, 1965, the sale, pledge, transfer, or other disposition of shares of stock of the Communications Satellite Corporation by any communications common carrier authorized by this Commission to acquire such stock to any entity other than another authorized carrier except pursuant to an order of the Commission authorizing such sale, pledge, transfer or other disposition; and

(b) prohibit the Communications Satellite Corporation from transferring any such shares on its books without being in receipt of an order of the Commission authorizing the transaction.

3. Under Section 304 of the Communications Satellite Act of 1962, no communications common carrier may acquire stock in the Corporation unless authorized by the Commission that such ownership "...will be consistent with the public interest, convenience, and necessity." A similar requirement also applies to any individual, partnership, association, joint stock company, trust, corporation or other entity which owns or controls, directly or indirectly, or is under direct or indirect common control with any such carrier. The Commission on December 17, 1962, issued Subpart H of Part 25 of the Commission's rules and regulations implementing this section of the Satellite Act. Since that date, 215 carriers have been authorized to acquire stock of the Corporation.

4. Last week information came to the attention of the Commission indicating that certain communications common carriers authorized by the Commission to acquire shares of stock of the Corporation might use their authorizations in a manner which is incompatible and inconsistent with the purposes and objectives of the Satellite Act.

5. Specifically, inquiry had been made whether carriers may purchase stock with their own funds or with borrowed funds for the purpose of reselling it after the 60-day holding period required by the terms of the Corporation's offering to common carriers. The Commission, on May 28, 1964, issued a Public Notice which stated that:

> "Such action would not only be contrary to the purposes for which the authorizations were originally given but also would give carriers an unfair advantage over members of the general public in the acquisition of stock. Each common carrier authorization was granted upon a finding by the Commission that ownership of stock by that particular carrier '...will be consistent with the public interest, convenience, and necessity.' This statutory finding clearly presupposes the acquisition of stock by a carrier for legitimate investment purposes and not for speculation."

6. The Public Notice also stated that the Commission was "...therefore considering whether appropriate action should be taken to deal with this matter, including the desirability of revising its rules concerning authorized carrier stock during the next 60-day period." At the same time the Commission stated the purpose of the Notice was "...to inform all interested persons so that they are made aware at this time...of the possibility of further appropriate action in this respect."

7. After further consideration of this matter, the Commission has determined to initiate procedures looking toward the possible implementation of its Public Notice of May 28, 1964, by rule making. Specifically, the Commission desires to ascertain whether it would be appropriate to require the approval of the Commission for the sale, pledge or transfer of stock by an authorized carrier to an entity other than another authorized carrier within a relatively short period of time (e.g., until June 1, 1965). Such rules would be aimed solely at speculation by authorized carriers which might take advantage of the privileged position they enjoy in the acquisition of stock to purchase such stock for the specific purpose of resale to members of the general public. As noted above, the Commission has determined that such action would be contrary to the purpose and intent of the Communications Satellite Act as well as against the public interest.

8. The Commission emphasizes that the proposed rules if adopted would be applied only to prevent speculative activities. Prompt consideration would be given to all requests for authorization to sell. The proposed rules would not in any way inhibit or delay proper transactions which are in the public interest. Carriers which purchase stock for legitimate investment purposes and which find it necessary to dispose of such stock in furtherance of their activities as common carriers and not for speculative gain, will not be affected adversely by the changes we are proposing.

9. The Commission is desirous of obtaining the views of all interested parties including the authorized carriers, the Corporation, and the public in this matter. Any such carriers, or other interested party, may file comments on or before the 23rd of June, 1964. Reply comments are not provided for. The Commission will consider all such comments, as well as other relevant information before it, prior to taking final action in this matter.

10. Authority for the amendments proposed herein is contained in Sections 304(b)(1) and 201(c)(11) of the Communications Satellite Act of 1962 and 4(i) of the Communications Act of 1934, as amended.

11. An original and 14 copies of all statements, briefs, or comments shall be furnished the Commission.

FEDERAL COMMUNICATIONS COMMISSION

Ben F. Waple
Secretary

Adopted: June 3, 1964

Released: June 3, 1964

APPENDIX

1. Section 25.510 is amended to read as follows:

25.510. Transfer of stock by authorized carriers.

(a) No authorized carrier prior to June 1, 1965, may sell, pledge, transfer or make any other disposition of shares of stock of the Corporation to any person or entity other than another authorized carrier except pursuant to an order of the Commission authorizing such sale, pledge, transfer, or other disposition based upon a finding that the transaction is compatible with the purposes and objectives of the Communications Satellite Act of 1962 and is consistent with the public interest, convenience, and necessity.

(b) Applications under this section shall be submitted not later than 15 days prior to the proposed date of the transaction and shall contain or incoporate the following information:

(1) Name and address of the applicant authorized carrier.

(2) Any material change to the date of the instant application in the information required by Section 25.520(a) 3, 4, 5, and 8 filed at the time of application for authorization to purchase stock of the Communications Satellite Corporation.

(3) Copy of applicant's current financial statement, annual report, or such other financial information to support the application.

(4) Copy of any existing or proposed agreement relating to the transaction or the substance of any oral arrangements made.

(5) Statement containing full and complete disclosure with regard to the real party or parties in interest in the stock sought to be sold, pledged, transferred or otherwise disposed of.

(6) Statement of the reasons for the transaction and for the applicant's belief that the proposed transaction is compatible with the purposes and objectives of the Satellite Act, is consistent with the public interest, convenience, and necessity, and is in furtherance of legitimate business purposes and not for speculation.

2. Section 25.511 is hereby added to read as follows:

25.511. Transfer of stock by the Corporation.

The Corporation, prior to June 1, 1965, shall not transfer nor cause to be transferred on its books any shares of stock issued to an authorized carrier or for which a series II stock certificate was issued, nor shall the Corporation issue, or cause to be issued, any stock certificates reflecting the transfer of shares from an authorized carrier to any entity other than another authorized carrier, unless the Corporation is in receipt of an order of the Commission authorizing the transaction.

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Before the

FEDERAL COMMUNICATIONS COMMISSION
Washington, D. C.

In the Matter of	)	
	)	
Amendment of Subpart H of Part 25	)	
(Satellite Communications) of the	)	
Commission's Rules and Regulations	)	Docket No. 15495
with respect to necessity of approval	)	
by the Commission for transfer of	)	
stock by authorized carriers prior to	)	
June 1, 1965, and related matters.	)	

Statement of Comments of

Communications Satellite Corporation
3029 Klingle Road, N.W.
Washington 8, D. C.

June 23, 1964

Statement of Comments of Communications Satellite Corporation

June 23, 1964

To the Federal Communications Commission
Washington, D. C.:

Docket No. 15495

Communications Satellite Corporation (the "Corporation"), a corporation incorporated under the District of Columbia Business Corporation Act pursuant to Section 301 of the Communications Satellite Act of 1962 (the "Act"), submits this Statement of Comments on the proposed amendment of Subpart H of Part 25 of the Rules and Regulations of the Commission by the amendment of Section 25.510 thereof and the addition thereto of Section 25.511, as set forth in the Commission's Notice of Proposed Rule Making (Docket No. 15495), adopted June 3, 1964.

Subpart H of Part 25 of the Commission's Rules and Regulations, provides for the granting by the Commission to communications common carriers ("carriers"), upon application, of authorizations to own shares of stock of the Corporation. Pursuant to Subpart H, the Commission has granted such authorizations to 215 carriers; and on June 11, 1964, as part of the initial offering of shares of Common Stock, without par value, of the Corporation ("Common Stock"), provided for by Section 304(a) of the Act, the Corporation issued and sold to the 163 of such authorized carriers which had subscribed therefor, an aggregate of 5,000,000 shares of Common Stock, at a price of $20 per share. In order to facilitate the orderly distribution of the 5,000,000 shares of Common Stock of the Corporation which were recently offered to the public, the Corporation required that each subscribing authorized carrier agree that for a period of 60 days it would not dispose of its shares except to an affiliated authorized carrier which would enter into a similar agreement.

Section 25.110 in Subpart H, as now in effect, sets forth a provision of the Act which prohibits an authorized carrier from transferring shares of stock of the Corporation to another carrier unless such other carrier is an authorized carrier; but neither the Act nor the Commission's Rules now includes any provision restricting transfers by authorized carriers of shares of stock of the Corporation to members of the public who are eligible to own the shares.

The amendments to Subpart H proposed by the Commission ("the Proposed Regulations") would, in substance, (a) prohibit any authorized carrier, prior to June 1, 1965, from transferring shares of stock of the Corporation to any person other than an authorized carrier except pursuant to an order of the Commission, and (b) prohibit the Corporation, prior to June 1, 1965, from registering on its books any transfer of shares by an authorized carrier to a person other than another authorized carrier, unless the Corporation had received an order of the Commission authorizing the transaction. In its Notice of Proposed Rule Making, the Commission has stated its intention that the proposed regulations are aimed solely at "speculation" by authorized carriers and would not inhibit or delay "proper transactions which are in the public interest".

The Corporation believes that the Commission should not adopt any regulations such as the Proposed Regulations, which would restrict generally the transferability of shares of the Corporation's Common Stock owned by authorized carriers. This is not because we favor "speculation" by authorized carriers in the Common Stock of the Corporation. It is because of the fact that the Proposed Regulations would not only go beyond any statutory authority granted to the Commission but would also, contrary to the clear policy of the Act and the corporate laws of the District of Columbia, tend to impair the marketability of the Common Stock of the Corporation, to its detriment and the detriment of its stockholders.

I

The Statutory Authority of the Commission
To Adopt the Proposed Regulations

The Proposed Regulations would impose restrictions, lasting for nearly a year, on the transfer of half of the Corporation's Common Stock, for which the authorized carriers owning those shares have paid the Corporation $100,000,000, even though no such restrictions were in effect at the time when such carriers subscribed for their shares. Every other consideration aside, it is evident that the Commission should not take such a drastic step, affecting shares of the Corporation already issued and outstanding, unless the action is clearly within its statutory authority. For the purpose of the consideration of the question whether the Commission has such authority, we shall assume, as the Commission's Notice of Rule Making assumes, that certain of the authorized carriers "might use their authorizations" for speculative purposes. Obviously, if the Commission is to adopt regulations, such as those proposed, which would drastically and retroactively fetter the normal incidents of stock ownership, it will need to rely on facts which are more significant than those stated in the Notice; and we assume that any adoption of rules similar to those proposed would be predicated on a more adequate finding than is reflected in the Notice as to the imminence of envisaged "speculative" abuses.

In considering the authority of the Commission, it is to be borne in mind that the Congress considered and rejected proposals that the communications satellite system be established and owned by the Government. Instead, the Congress determined that such a system should be established and owned by a private corporation, subject however, to such governmental regulation as was provided for in the Act.

Accordingly, the Congress provided that the Corporation should be a private corporation, not an agency or establishment of the Government, which would be incorporated under the laws of the District of Columbia. Hence, the shareholders are the owners of the Corporation and, except as otherwise specified in the Act, their rights are governed by the corporate laws of the District of Columbia. A basic incident of ownership of shares of a District of Columbia corporation is the right of disposition of such shares. To the extent that the Commission endeavors, by regulations, to control the normal incidents of stock ownership beyond the scope specified in the Act, the Commission itself is depriving the shareholders of rights which it was anticipated by the Congress would be theirs, and its action would be inconsistent with the basic premise of the Act that the Corporation is not an agency or establishment of the Government. Accordingly, it is essential to inquire as to the statutory provisions of the

Act relevant to control by the Commission of rights incident to the ownership of shares of the Corporation.

One provision of the Act does expressly grant to the Commission authority to control the exercise by shareholders of the Corporation of the rights incident to the ownership of shares. That provision is Section 304(f) of the Act, which specifically authorizes the Commission, upon application by an authorized carrier and on compliance with the standards and procedures therein specified, to compel any other authorized carrier owning shares of Common Stock of the Corporation to transfer shares of such Common Stock to the applicant for a fair consideration. That provision of course cuts into the ordinary right of a shareholder to refuse to sell his shares unless he so desires; but it is a specific grant of authority to the Commission to compel disposition of stock by one authorized carrier to another authorized carrier, obviously with a view to granting the Commission some authority which would enable it to prevent excessive concentration of ownership in relatively few communications common carriers. To find in this provision an implied authority of the Commission to compel retention by an authorized carrier of Common Stock the acquisition of which has already been permitted by the Commission is a distortion of the Congressional intent.

The substantive provision of the Act specifically relied on by the Commission for authority to adopt the Proposed Regulations--Section 304(b)(1) of the Act--is the very provision under which the Commission has heretofore acted in granting to the communications common carriers who now own shares of Common Stock of the Corporation the authority to acquire the same. The power thus granted by the Congress to the Commission to grant an authorization to a communications carrier "to own shares" does not include the power to direct that such shares be retained or otherwise to specify how the owner is to act with respect to his share ownership.

The Congressional purpose in requiring that carriers obtain Commission authorization "to own shares of stock in the Corporation" was explained by Senator Pastore in the course of the debate on the legislation, in response to a question raised by Senator Kefauver. The passage in which Senator Pastore stated the question and gave his answer is as follows:

> "Senator Kefauver questions the provisions of section 304(b) (p. 33, l.12) which permits only those carriers 'authorized' by the FCC to buy voting stock in the corporation. He urges in effect that there is no reason why authorization by a Government agency should be necessary in order for any carrier to participate in ownership of the stock reserved for carrier purchase.
>
> "The ownership structure of the corporation was designed to reflect a dichotomy between the carriers, on the one hand, who have extensive experience in communication operations to contribute to the corporation and will be the principal customers of the corporation;

and, on the other hand, the general public whose interests will be principally investment for profit. Inasmuch as there are some 3,500 carriers in the United States with varying degrees of interest in the satellite system as a communication facility, the draftsmen of this legislative structure believed it desirable to establish a procedure with respect to the carriers that may participate in ownership in order to preserve this dichotomy. In other words, it is the objective of our bill to allow those carriers to participate in voting stock ownership, where such ownership will not defeat the structural balance between the carriers who have a special expertise to contribute and those investors whose principal motivation is corporate profits rather than service." (107 Cong. Rec. 15821)

Senator Pastore's explanation makes clear that the power granted to the Commission under Section 304(b)(1) is a power to determine the eligibility of carriers to own shares of stock of the Corporation. The testimony before the Senate Commerce Committee of the then Chairman of the Commission shows that the Commission also understood that its power to grant to carriers authorization "to own shares of stock in the Corporation" was a power to determine the eligibility of the carriers to own the shares. The bill before the Senate Commerce Committee was S.2814, as reported by the Senate Space Committee. Section 407(b)(1) of the bill was the antecedent of Section 304(b)(1) of the Act, and provided as follows:

> "For the purposes of this section the term 'authorized carrier' shall mean a communications common carrier authorized by the Federal Communications Commission to own shares of stock in the Corporation."

Referring to Section 407(b)(1) of the bill, the then Chairman of the Commission testified as follows:

"Mr. Minow. We assume that the bill leaves the authorization of stock participation by a carrier to the Commission's judgment, under the broad standard of the public interest.

"We think such flexibility is desirable, and suggest that the language of section 407(b)(1) be revised to explicitly so state.

"Senator Pastore. Why?

"Mr. Minow. Well, there is no standard at all.

"We think if the standard is the public interest, which are the general standards of the Communications Act, it should be put into this section as well, so we will know that is the criteria that Congress meant.

"Senator Pastore. So there will be no question about it?

"Mr. Minow. Right.

"Senator Lausche. May I ask a question, Mr. Chairman?

"Senator Pastore. Yes.

"Senator Lausche. There would be included a provision that would allow you to determine what part of the 50 percent in stock may be bought by any one common carrier?

"Mr. Minow. Not the part, but rather which carriers are eligible to buy any stock."

(Senate Commerce Committee Hearings on S.2814, etc., p. 77. Emphasis supplied.)

It is, we think, noteworthy, that the then Chairman of the Commission, by the remarks quoted above and by other testimony at the same hearing, stated the view that the Commission's power under the relevant language of Section 304(b)(1) would not extend beyond the determination of eligibility to own shares.

In questioning the statutory authority of the Commission to adopt the Proposed Regulations, we are not in any way questioning the authority of the Commission to determine in specific cases whether particular carriers should be authorized to acquire shares of stock, or its authority to determine, upon appropriate procedures and for good cause (such as the fact that an "authorized carrier" has ceased to meet the requisite statutory tests or is in fact not the bona fide owner of such shares) that authorizations previously granted to a particular carrier should be revoked. But such a finding would at most result in a determination either (1) that the holder is a "communications common carrier" but fails to meet the requirements specified for an "authorized carrier", in which event compulsory disposition by such holder of his stock would be in order, or (2) that the beneficial owner of such stock is not in fact a "communications common carrier", in which case the holder might be required to convert such shares into Series I shares or, if such shares were acquired as a part of an offering to

authorized carriers of "reserved shares", the holder might be required to dispose of such shares. In neither event, however, would it be appropriate to require the continued retention of such shares.

For the reasons stated above, any interpretation of the Act which would recognize the authority of the Commission to adopt the Proposed Regulations could well jeopardize the prospects for continued full support by the communications carriers as stockholders of the Corporation, because of the wide implications involved with respect to the scope of the Commission's authority to affect the normal incidents of stock ownership.

II

Effect of Proposed Regulations on Marketability of Common Stock of the Corporation

We urge that, before adopting regulations such as the Proposed Regulations, the Commission give consideration to the practical effect of such regulations and to the extent to which any such regulations would affect the marketability of the Corporation's Common Stock. For the reasons set forth below we believe that the proposed regulations are of such a nature that their administration would be likely to impair the marketability of the Corporation's Common Stock and could adversely affect future equity financing of the Corporation.

1. The Proposed Regulations are premised on the assumption that the Commission, by regulation, may fetter the exercise of the normal incidents of ownership with respect to shares, the acquisition of which it has already authorized. A recognition of the basic implications of this assumed authority would justifiably create concern on the part of present or prospective common-carrier holders of the Corporation's stock. It is one thing for the Commission, in authorizing a communications common carrier to acquire stock of the Corporation, to require (as authorizations heretofore granted do require) that the carriers report

to the Commission purchases of shares made pursuant to such authorization and dispositions of shares so purchased. Such a requirement does not involve any question of control over the exercise by carrier shareholders of the rights incident to the ownership of the shares. It is quite another thing to impose a requirement of Commission approval of dispositions of shares. If the Commission may thus impede one of the normal incidents of ownership of shares, the limits of such further restrictions as it may impose at some future time, on transfer rights or on other shareholders' rights, are difficult to define.

2. The proposed standard for Commission review of proposed dispositions of shares is uncertain, and its application to particular transactions would involve evaluation of considerations different from those ordinarily taken into account by the Commission in applying the familiar criterion of "public interest, convenience and necessity" in other contexts. It is no answer to say, as the Commission has said in its Notice, that it will move with dispatch in applying the vague standard which distinguishes a "speculative" from a "non-speculative" transaction, for the risk of inability to complete a desired disposition of shares is inherent under a procedure such as that called for by the proposed Regulations.

3. The paradoxical effect of the Proposed Regulations is disturbing, involving, as it does the mandatory retention of shares by a stockholder whose acquisition of shares the Commission finds not to have been within the scope of its previous authorization.

4. Compliance with the Proposed Regulations by an authorized carrier which desires to sell a substantial number of shares may work to its disadvantage, and to the disadvantage of the Corporation's shareholders generally. Control of the timing of the sale, which may be important, is transferred from the shareholder to the Commission, and knowledge in public securities markets that a substantial number of shares may soon come on the market may depress the market price of the stock, to the detriment of all shareholders.

5. The Proposed Regulations do not reflect consideration of the many practical problems that necessarily would arise in administering the requirement for Commission approval of proposed dispositions of shares by carriers. Would the Commission's authorization to dispose of shares relate to a fixed, or to an indeterminate, number of shares? For how long after its granting would the Commission's authorization be good? Would authorizations to sell be

granted in terms that permitted a sale to a single purchaser, or in terms that permitted a series of sales to a number of different purchasers? Would the continued effectiveness of an authorization to sell be affected by changes in the market price of the Corporation's shares? Would the requirement that Commission approval be obtained apply to a proposed sale of shares purchased, not from the Corporation under a reservation of shares for authorized carriers generally, but to shares purchased on the market? Many other questions of practical importance are inherent in the proposed requirement that carriers obtain Commission approval before selling shares to the public. The Proposed Regulations do not suggest even the outlines of answers to such questions.

Respectfully submitted,

COMMUNICATIONS SATELLITE CORPORATION

By Allen E. Throop
Allen E. Throop
Vice President and
General Counsel

David J. Melamed
David J. Melamed
Secretary and Counsel

June 23, 1964

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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D. C. 20554

In the Matter of	)	
	)	
Amendment of Subpart H of Part 25	)	
(Satellite Communications) of the	)	
Commission's Rules and Regulations	)	
with respect to necessity of approval	)	Docket No. 15495
by the Commission for transfer of	)	
stock by authorized carriers prior	)	
to June 1, 1965, and related matters.	)	

REPORT AND ORDER

By the Commission:

1. On June 3, 1964, the Commission adopted a Notice of Proposed Rulemaking which would amend Subpart H of Part 25 of the Commission's Rules and Regulations by amending Section 25.510 and adding Section 25.511 to

(a) prohibit prior to June 1, 1965, the sale, pledge, transfer, or other disposition of shares of stock of the Communications Satellite Corporation by any communications common carrier authorized by this Commission to acquire such stock to any entity other than another authorized carrier except pursuant to an order of the Commission authorizing such sale, pledge, transfer or other disposition; and

(b) prohibit the Communications Satellite Corporation from transferring such shares on its books without being in receipt of an order of the Commission authorizing the transaction.

Sections 25.510 and 25.511 are set forth in the Appendix hereto.

2. The Notice of Proposed Rulemaking stated that the Commission desired "...to ascertain whether it would be appropriate to require the approval of the Commission for sale, pledge, or transfer of stock by an authorized carrier to an entity other than another authorized carrier within a relatively short period of time (e.g. until June 1, 1965)." This Notice was occasioned by reports which indicated that certain communications common carriers authorized by the Commission to acquire stock of the Communications Satellite Corporation might use their authorization for speculative purposes instead of legitimate investment purposes as contemplated by the Communications Satellite Act of 1962.

3. Two comments were received in response to this Notice. Communications Industries, Inc., a communications common carrier authorized by the Commission to acquire stock of the Communications Satellite Corporation, filed comments

supporting the adoption of the proposed rules while the comments of the Communications Satellite Corporation opposed their adoption. No other comments were submitted. The objections of the Communications Satellite Corporation are considered below.

4. The Commission has taken into consideration the comments filed in this docket and believes that the proposed rules should be adopted as proposed.

5. The Corporation argues that (a) the Commission does not have the authority to adopt the proposed rules, and (b) if the rules would be adopted as proposed, they would "...tend to impair the marketability of the Common Stock of the Corporation to its detriment and the detriment of its stockholders."

6. The Commission believes that its proposed rules are clearly within the authority entrusted to the Commission to promulgate rules to carry out the provisions of the Communications Satellite Act of 1962. The Act, by its terms, permits only those carriers authorized by the Commission to own shares of stock in the Corporation and requires that 50 percent of all stock authorized for issuance at any time by the Corporation shall be reserved for purchase by such authorized carriers. (Section 304(b)(2).) The Act further requires that six of the fifteen members of the Board of Directors of the Corporation shall be elected annually by the carrier stockholders. (Section 303(a).) Also, in authorizing any carrier (or group of carriers) to own shares of stock in the Corporation, the Commission is required to find "that such ownership will be consistent with the public interest, convenience, and necessity." (Section 304(b)(1).)

7. Thus, Congress so structured the Corporation as to establish a dichotomy between the carrier stockholders, on the one hand, and the stock-owning members of the public, on the other hand. In so doing, it placed the carriers in a preferred position within the Corporation vis-a-vis the members of the general investing public. Its purpose in doing so was to induce the carriers to invest in the Corporation, and by actively participating in its affairs, to facilitate realization and success of its vital mission. The scheme and intent of Congress in this respect is best presented by the following comments by Senator Pastore during the debates on the legislation;

> "The ownership structure of the Corporation was designed to reflect a dichotomy between the carriers, on the one hand, who have extensive experience in communications operations to contribute to the Corporation and who will be the principal customers of the Corporation; and, on the other hand, the general public whose interest will be principally investment for profit. Inasmuch as there are some 3,500 carriers in the United States with varying degrees of interest in the satellite

system as a communication facility, the draftsmen of this legislative structure believed it desirable to establish a procedure with respect to the carriers that may participate in ownership in order to preserve this dichotomy. In other words, it is the objective of our bill to allow those carriers to participate in voting stock ownership, where such ownership will not defeat the structural balance between the carriers who have a special expertise to contribute and those investors whose principal motivation is corporate profits rather than service." (107 Cong. Rec. 15821) (Emphasis added.)1/

8. It is, therefore, abundantly clear that the preferential position accorded to carriers was not intended by the Congress to be employed as a device by a carrier to acquire stock which may be (and has, in fact been) in short supply to the public, for the purpose of reselling to the public for speculative gain within a short period of time. Such an action by a carrier would clearly be an abuse of the preferential position accorded it and a derogation of the authorization obtained from the Commission to purchase its stock.

9. The proposed rules are designed to further and preserve this essential dichotomy between the carriers and the public and are fully in accord with the legislative intent in requiring Commission authorization for the ownership of shares. The incidents of ownership inherent in the acquisition of stock by carriers pursuant to an authorization issued by this Commission include the requirement that the stock be owned by the carriers for purposes and objectives in furtherance of the policy of the Act. The proposed rules will insure that the carriers do not use the stock they are authorized to own for other than statutory purposes. We therefore conclude that the Commission has ample authority to promulgate such rules.

10. The Corporation points out that the Commission may in specific cases determine that an authorized carrier "...has ceased to meet the requisite statutory tests..." and order the revocation of the authorization of such a carrier. This administrative remedy, however, in the case of a carrier which did acquire the stock for speculative purposes, would achieve the very purpose desired by the speculating carrier, that of disposing of its stock to the public. This procedure, therefore, is inappropriate.

11. The Corporation makes a further point with regard to the "retroactive" effect this rule will have on the stockholders. The Corporation argues that the Commission should not adopt rules which affect or change the rights of the stockholders from those pertaining at the time they purchased

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1/ This passage was cited by the Corporation in its comments as supporting the position that the Commission's authority does not extend to the adoption of the proposed rules. We, however, believe that this legislative history not only indicates that the proposed rules are within the authority of the Commission but that it may even be construed to require the Commission to issue such rules.

the stock. The Corporation overlooks the fact that the Commission gave the carrier-stockholders notice prior to the purchase of stock that such rules might be adopted. On May 28, 1964, the Commission issued a public notice warning all authorized carriers as to the possible consequences of purchasing Corporation stock with the intent to use it for speculative purposes. The Commission stated that it "...is therefore considering whether appropriate action should be taken to deal with this matter, including the desirability of revising its rules concerning authorized carrier stock during the next 60-day period." This argument, therefore, is totally without merit. 2/

12. The second major point made by the Corporation goes to the possible effect the proposed rules may have on the future marketability of the Corporation's stock. The argument is made that compliance with the Proposed Regulations by an authorized carrier "...may work to its disadvantage, and to the disadvantage of the Corporation's stockholders generally." Further argument is made that the proposed rules would "...justifiably create concern on the part of present or prospective common carrier holders of the Corporation's stock."

13. The Commission, it will be recalled, solicited comments from all interested parties including all the communications common carriers. It is significant that not one of the present and prospective carrier stockholders filed a comment opposing the proposed rules. To the contrary, the only carrier filing a comment (Communications Industries, Inc.), strongly endorsed the proposed rules. The Commission cannot accept the arguments of the Corporation that the interests of the carrier-stockholders will be deleteriously affected in face of the silence of the affected parties themselves and in view of the favorable comment by one of the parties.

14. In addition, the Commission wishes to point out that the only transactions affected by the proposed rules are those which involve a transfer (etc.) of stock by an authorized carrier to an entity other than another authorized carrier. (Authorized carriers may freely transfer, sell, pledge, or dispose of stock to other authorized carriers.) Applications for transfers of stock within the purview of the rules herein adopted will be handled expeditiously. No transaction within the public interest would be in any way inhibited or delayed. We repeat the statement set forth in the Notice of Proposed Rulemaking that

> "Carriers which purchase stock for legitimate investment purposes and which find it necessary to dispose of such stock in furtherance of their activities as common carriers and not for speculative gain, will not be affected adversely by the changes..."

2/ In fact, the Commission postponed issuance of the rules at the request of the Corporation, representatives of which told the Commission that the issuance of such rules prior to the actual offering might seriously affect its success.

15. The Corporation also points out that many questions raised by the proposed rules are left unanswered. Such matters which relate to specific transactions must of necessity be determined at the time of such transactions. The Commission will, however, discharge its responsibilities in these matters so as to further the purposes and objectives of the Communications Satellite Act of 1962.

16. After consideration of the foregoing, the Commission is of the opinion that the proposed rules should be adopted as set forth in the Appendix hereto.

17. IT APPEARING, That authorization for the adoption and amendment of the rules is contained in Sections 304(b)(1), 201(c)(11) of the Communications Satellite Act of 1962, and Section 4(i) of the Communications Act of 1934, as amended.

18. IT FURTHER APPEARING, That rules adopted herein should become effective prior to the 60-day holding period required by the terms of the Corporation's offering to common carriers, namely August 10, 1964.

19. IT IS, THEREFORE, ORDERED, this 15th day of July 1964, That

1. Section 25.510 be amended and Section 25.511 be added to the Commission's Rules and Regulations effective August 5, 1964, as set forth in the Appendix hereto; and

2. The proceedings in Docket 15495 BE TERMINATED.

FEDERAL COMMUNICATIONS COMMISSION

Ben F. Waple
Secretary

Released: July 17, 1964

NOTE: Rules changes herein will be covered in T.S. VII(64)-1.

APPENDIX

1. Section 25.510 is amended to read as follows:

25.510. Transfer of stock by authorized carriers.

(a) No authorized carrier prior to June 1, 1965, may sell, pledge, transfer or make any other disposition of shares of stock of the Corporation to any person or entity other than another authorized carrier except pursuant to an order of the Commission authorizing such sale, pledge, transfer, or other disposition based upon a finding that the transaction is compatible with the purposes and objectives of the Communications Satellite Act of 1962 and is consistent with the public interest, convenience, and necessity.

(b) Applications under this section shall be submitted not later than 15 days prior to the proposed date of the transaction and shall contain or incorporate the following information:

(1) Name and address of the applicant authorized carrier.

(2) Any material change to the date of the instant application in the information required by Section 25.520(a) 3, 4, 5, and 8 filed at the time of application for authorization to purchase stock of the Communications Satellite Corporation.

(3) Copy of applicant's current financial statement, annual report, or such other financial information to support the application.

(4) Copy of any existing or proposed agreement relating to the transaction or the substance of any oral arrangements made.

(5) Statement containing full and complete disclosure with regard to the real party or parties in interest in the stock sought to be sold, pledged, transferred or otherwise disposed of.

(6) Statement of the reasons for the transaction and for the applicant's belief that the proposed transaction is compatible with the purposes and objectives of the Satellite Act, is consistent with the public interest, convenience, and necessity, and is in furtherance of legitimate business purposes and not for speculation.

2. Section 25.511 is hereby added to read as follows:

25.511. Transfer of stock by the Corporation.

The Corporation, prior to June 1, 1965, shall not transfer or cause to be transferred on its books, any shares of stock issued to an authorized

carrier or for which a Series II stock certificate was issued, nor shall the Corporation issue, or cause to be issued, any stock certificates reflecting the transfer of shares from an authorized carrier to any entity other than another authorized carrier, unless the Corporation is in receipt of an order of the Commission authorizing the transaction.

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C. Sale and Public Distribution of Shares

MERRILL LYNCH, PIERCE, FENNER & SMITH
Incorporated
BLYTH & CO., INC.
THE FIRST BOSTON CORPORATION
KIDDER, PEABODY & CO. INCORPORATED
KUHN, LOEB & CO. INCORPORATED
LAZARD FRÈRES & CO.
LEHMAN BROTHERS
CARL M. LOEB, RHOADES & CO.
PAINE, WEBBER, JACKSON & CURTIS
WHITE, WELD & CO. INCORPORATED
DEAN WITTER & CO.
Representatives of Underwriters

70 Pine Street
New York 5, N. Y.

May 7, 1964

COMMUNICATIONS SATELLITE CORPORATION

Common Stock
(Without Par Value)

GENTLEMEN:

We are sending you, as a prospective underwriter of the above proposed offering, the following:

1. Registration Statement on Form S-1.
2. Preliminary Prospectus (5 copies).
3. Proof of Agreement Among Underwriters, Purchase Contract and Selected Dealers Agreement.
4. Underwriters' Questionnaire (4 copies).

The Preliminary Blue Sky Memorandum is to be available at a later date. We expect clearances in all States.

Will you please send to us promptly:

(a) Three executed copies of the Questionnaire, which should be carefully read and answered.

(b) Set of labels showing your final prospectus requirements for your principal and branch offices, indicating in the upper right hand corner of each label the quantity desired.

(c) ***List*** showing such requirements.

The above material should be sent to Merrill Lynch, Pierce, Fenner & Smith Incorporated, 70 Pine Street, New York 5, N. Y., attention of Mr. John F. Ferguson.

We shall have the printer send directly to you under separate cover, within the next two or three days, ... prospectuses in preliminary form.

Please keep an accurate record of your distribution of preliminary prospectuses so that if it is necessary to follow up with an amended version you will be in a position to do so. Because of the necessity of keeping such records and control of the distribution we will send preliminary prospectuses only to the office to which this letter is sent. Any further requests for preliminary prospectuses will be filled only through such offices, so please do ***not*** send us labels for distribution by us of preliminary prospectuses to your branch offices.

It is expected that the Agreement Among Underwriters will be signed and the offering made during the week of June 1, 1964. You will be advised later of the exact time of signing and of the time of underwriters' information meetings and where they will be held.

Your attention is particularly directed to Section 4 of the Agreement Among Underwriters, Section 4 of the Purchase Contract, the fifth paragraph of the Selected Dealers Agreement and the Distribution Agreement for provisions relating to broad distribution of the shares; to Rules 10b-6 and 10b-7 of the Securities and Exchange Commission with respect to trading and stabilizing; to Rule 15c3-1 with respect to your ratio of aggregate indebtedness to net capital; and to restrictions on ownership and transfer of shares referred to in the prospectus under "Description of Common Stock—restrictions on ownership and transfer of shares."

Yours very truly,

MERRILL LYNCH, PIERCE, FENNER & SMITH
Incorporated

BLYTH & CO., INC.

THE FIRST BOSTON CORPORATION

KIDDER, PEABODY & CO. INCORPORATED

KUHN, LOEB & CO. INCORPORATED

LAZARD FRÈRES & CO.

LEHMAN BROTHERS

CARL M. LOEB, RHOADES & CO.

PAINE, WEBBER, JACKSON & CURTIS

WHITE, WELD & CO. INCORPORATED

DEAN WITTER & CO.
As Representatives

By: MERRILL LYNCH, PIERCE, FENNER & SMITH
Incorporated

Enclosures

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Merrill Lynch, Pierce, Fenner & Smith
Incorporated
Blyth & Co., Inc.
The First Boston Corporation
Kidder, Peabody & Co. Incorporated
Kuhn, Loeb & Co. Incorporated
Lazard Frères & Co.
Lehman Brothers
Carl M. Loeb, Rhoades & Co.
Paine, Webber, Jackson & Curtis
White, Weld & Co. Incorporated
Dean Witter & Co.
Representatives of Underwriters

70 Pine Street
New York 5, N. Y.

May 7, 1964

10,000,000 Shares

COMMUNICATIONS SATELLITE CORPORATION

Common Stock
(Without Par Value)

Gentlemen:

1. A Registration Statement covering 10,000,000 shares of Communications Satellite Corporation Common Stock has been filed with the Securities and Exchange Commission.

2. As required by the Communications Satellite Act of 1962, 50% of these shares have been initially reserved for subscription by communications common carriers authorized by the Federal Communications Commission to own stock of the Corporation. The subscription period for the carriers will expire on May 26, 1964.

3. Any shares so reserved for authorized carriers which have not been subscribed for by them at the close of the subscription period, together with all of the 5,000,000 unreserved shares, are to be offered by the Underwriters to the public.

4. The Registration Statement is expected to become effective to permit a public offering of these shares on or about Tuesday, June 2, 1964.

5. **We are pleased to offer you an underwriting participation of approximately 100,000 shares of common stock out of which you may count on retaining 50,000 shares for your retail distribution. Your underwriting participation may be subject to revision upward as a result of declinations by other prospective underwriters or of undersubscription by the communications carriers. We do not expect that your retention will be affected by any such increase in your underwriting.**

6. One copy each of the Registration Statement and the Preliminary Prospectus have been mailed to you under separate cover.

7. We enclose herewith two copies of a Distribution Agreement, the provisions of which are substantially the same as those contained in Section 4 of the Agreement Among Underwriters. The enclosed Agreement is intended primarily for use of Selected Dealers, but we request that Underwriters sign it as well. Will you, therefore, please return a signed copy to us and retain the other for your files.

8. The Corporation and the Managing Underwriters believe that any sales made outside the United States to persons other than U. S. citizens would not be compatible with the language or the spirit of the Communications Satellite Act of 1962 which requires "widest distribution to the American public." We urge that you conduct yourselves accordingly in the allotting of your retained shares.

9. We enclose a list of the members of the proposed Underwriting Account, which is the result of a joint effort by the eleven co-managers. Except for changes which may arise from possible declinations or undersubscription by carriers, we consider this list to be final and we intend to entertain no requests for changes in Underwriting Participations.

10. **Will you please advise the Syndicate Department of Merrill Lynch, Pierce, Fenner & Smith Incorporated, 70 Pine Street, New York 5, N. Y., immediately by telegram of your acceptance in principle.**

Very truly yours,

MERRILL LYNCH, PIERCE, FENNER & SMITH
Incorporated
BLYTH & CO., INC.
THE FIRST BOSTON CORPORATION
KIDDER, PEABODY & CO. INCORPORATED
KUHN, LOEB & CO. INCORPORATED
LAZARD FRÈRES & CO.
LEHMAN BROTHERS
CARL M. LOEB, RHOADES & CO.
PAINE, WEBBER, JACKSON & CURTIS
WHITE, WELD & CO. INCORPORATED
DEAN WITTER & CO.
As Representatives

By: MERRILL LYNCH, PIERCE, FENNER & SMITH
Incorporated

MERRILL LYNCH, PIERCE, FENNER & SMITH
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BLYTH & CO., INC.
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PAINE, WEBBER, JACKSON & CURTIS
WHITE, WELD & CO. INCORPORATED
DEAN WITTER & CO.
Representatives of Underwriters

70 Pine Street
New York 5, N. Y.

May 7, 1964

10,000,000 Shares

COMMUNICATIONS SATELLITE CORPORATION

Common Stock
(Without Par Value)

TO SECURITIES DEALERS:

A Registration Statement covering these shares has been filed with the Securities and Exchange Commission under the Securities Act of 1933 and is expected to become effective to permit a public offering on or about June 2, 1964. Shares may not be sold nor offers to buy be accepted before the Registration Statement becomes effective.

As required by the Communications Satellite Act of 1962, 50% of these shares have been initially reserved for subscription by communications common carriers authorized by the Federal Communications Commission to own stock of the Corporation. The subscription period for the carriers will expire on May 26, 1964. Any shares so reserved which have not been subscribed for by the carriers, together with all of the 5,000,000 unreserved shares, are to be offered by the Underwriters to the public.

We expect to make an offering of a portion of these shares to certain securities dealers, among whom you may be included. We are enclosing one copy of the Preliminary Prospectus, a proof copy of the proposed Selected Dealers Agreement to be entered into by you if shares are allotted to you, and two copies of a Distribution Agreement. **We wish to emphasize that our sending you this letter and accompanying papers should not be interpreted as giving any assurance that we will make such an offering to you.**

It is necessary that we obtain from each securities dealer to whom an allotment of shares may be made an agreement to offer, sell, and distribute the shares in accordance with the terms of the Distribution Agreement. The provisions of this agreement are designed to encourage "the widest distribution of the shares to the American public," as called for in the Communications Satellite Act of 1962 which authorized the creation of the Corporation.

Please sign and return to us one copy of the Distribution Agreement as soon as possible, and in any event so as to be received by us no later than May 26, 1964. We do not expect to be in a position to allot any shares to you unless you have entered into this Agreement by that date. The Agreement does not obligate us to allot any shares to you nor does it obligate you to accept any allotment that may be made.

No allotments to dealers will be made until the Registration Statement is effective. We request that your indications of interest be carefully and realistically reviewed before you submit them to us. They will **not** be treated on a first come, first served basis, but will be screened and tabulated by us as received. Indications submitted to us by letter or telegram will receive consideration equal to those submitted by telephone. The accumulated totals will not be reviewed and evaluated by us until the immediate pre-effective period. In determining allotments to dealers, the paramount consideration will be the furtherance of the objective of obtaining the maximum broad distribution called for in the Communications Satellite Act.

The Corporation and the Managing Underwriters believe that any sales made outside the United States to persons other than U. S. citizens would not be compatible with the language or the spirit of the Communications Satellite Act referred to above. We expect that you will conduct yourself accordingly with respect to any shares that may be allotted to you.

If you find it necessary to communicate with us by telephone, please call the Syndicate Department of Merrill Lynch, Pierce, Fenner & Smith Incorporated using the following number:

Area Code: 212 HA 5-8600

rather than our regular New York number. This special number is to be used for calls relating to the Communications Satellite Corporation offering **ONLY**.

Very truly yours,

MERRILL LYNCH, PIERCE, FENNER & SMITH
Incorporated

BLYTH & CO., INC.

THE FIRST BOSTON CORPORATION

KIDDER, PEABODY & CO. INCORPORATED

KUHN, LOEB & CO. INCORPORATED

LAZARD FRÈRES & CO.

LEHMAN BROTHERS

CARL M. LOEB, RHOADES & CO.

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As Representatives

By: MERRILL LYNCH, PIERCE, FENNER & SMITH
Incorporated

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Each Underwriter should deliver three executed questionnaires to Merrill Lynch, Pierce, Fenner & Smith Incorporated, 70 Pine Street, New York 5, N. Y., attention of Mr. John F. Ferguson.

Communications Satellite Corporation

UNDERWRITERS' QUESTIONNAIRE

COMMUNICATIONS SATELLITE CORPORATION
3029 Klingle Road, N. W.
Washington 8, D. C.

Dear Sirs:

In connection with the proposed offering of shares of Common Stock, without par value ("Common Stock"), of Communications Satellite Corporation (the "Corporation") and for use in the Registration Statement on Form S-1 in respect thereof, the undersigned, as one of the prospective Underwriters, furnishes the following information:

Our name and address, as they should appear in the Prospectus, are as follows:

Except as indicated below (a) we do not have any material relationship with the Corporation; (b) other than as stated in the Registration Statement of the Corporation filed with the Securities and Exchange Commission, a copy of which has been examined by us, or in the Agreement Among Underwriters or the Selected Dealers Agreement, we do not know of any arrangements made or to be made for limiting or restricting the sale of the Common Stock, for stabilizing the market for the Common Stock, for withholding commissions or otherwise to hold each Underwriter or dealer responsible for the distribution of his participation in the Common Stock, or for any discounts or commissions to be allowed or paid to dealers; (c) we have no knowledge that more than 10 per cent of any class of voting securities of the Corporation is held or to be held subject to any voting trust or other similar agreement.

We advise you (for the purpose of enabling you to comply with the request of the Securities and Exchange Commission for information) that except as indicated below or as stated in the Registration Statement (a) we do not know of any arrangement, understanding or practice to limit or restrict the scope of the offering to the general public by the Underwriters or by dealers (e.g., if it is intended that allotments will be made to directors, officers, partners, relatives, or employees of the Corporation or of the Underwriters, investment accounts of the Underwriters, or to any other specified group of persons, information as to the scope and effect of such proposed allotments upon the amount of the offering to the general public should be furnished); (b) we do not know of any arrangement, understanding, or practice to limit, restrict, or discourage resales of Common Stock by persons to whom shares of Common Stock are to be allotted for purchase; (c) we have no present intention of advising or encouraging resale of the Common Stock by customers during the 40 days following the effective date of the Registration Statement, but market developments or any other developments subsequent to such effective date not presently known or anticipated by us may lead us to advise resale during such 40-day period; (d) we do not intend to allot any Common Stock at the public offering price to any dealer or to any person known to us to be a director, officer, partner or employee (or relative of such persons) of any such dealer.

We advise you (for the purpose of enabling you to comply with Item 25 of Release No. 4666, dated February 7, 1964, of the Securities and Exchange Commission under the Securities Act of 1933) that except as indicated below, we have not within the past twelve months prepared or had prepared for us "any engineering, management or similar report or memorandum relating to broad aspects of the business, operations or products" of the Corporation, nor have we prepared "any report or memorandum" for "external use" (i.e. outside our organization) by us in connection with the proposed offering.

(State "No exceptions", or give details; furnish copies of documents referred to in preceding paragraph.)

For the information of the Securities and Exchange Commission, we advise you that except as indicated below (a) we do not intend to trade in the Common Stock following the effective date of the Registration Statement and prior to the termination of trading restrictions imposed by the Agreement Among Underwriters; (b) after the trading restrictions imposed by the Agreement Among Underwriters have been terminated, we may in the ordinary course of business trade in the Common Stock.

(State "No exceptions", or give details.)

We represent and warrant that our ratio of aggregate indebtedness to net capital is such that our proposed commitment to purchase shares of the Common Stock will not cause us to violate Rule 15c3-1 of the Securities and Exchange Commission, and that the foregoing information is correct to the best of our knowledge, information and belief. We agree promptly to notify the Corporation of any material changes in the foregoing information which may occur prior to the effective date of the Registration Statement.

Very truly yours,

.....
(Name of Underwriter)

By .....
(Signature and Title of
Authorized Officer or Partner)

Dated: , 1964.

[Conformed Copy]

COMMUNICATIONS SATELLITE CORPORATION
(A District of Columbia Corporation)

Common Stock
(Without Par Value)

PURCHASE CONTRACT

June 2, 1964

Merrill Lynch, Pierce, Fenner & Smith
Incorporated
Blyth & Co., Inc.
The First Boston Corporation
Kidder, Peabody & Co. Incorporated
Kuhn, Loeb & Co. Incorporated
Lazard Frères & Co.
Lehman Brothers
Carl M. Loeb, Rhoades & Co.
Paine, Webber, Jackson & Curtis
White, Weld & Co. Incorporated
Dean Witter & Co.
As Representatives of the Several Underwriters
c/o Merrill Lynch, Pierce, Fenner & Smith
Incorporated
70 Pine Street
New York 5, N. Y.

Dear Sirs:

Communications Satellite Corporation, a District of Columbia corporation (the "Corporation"), confirms its agreement with each of the underwriters named in Schedule A annexed hereto, including yourselves (the "Underwriters", which term, when the context permits, also includes any underwriter substituted as hereinafter provided in Section 12), for whom you are acting as Representatives for the purposes of this Contract.

Section 1. *Financing of the Corporation.* The Corporation proposes to issue and sell, in accordance with the Communications Satellite Act of 1962 (the "Satellite Act"), an aggregate of 10,000,000 shares of its Common Stock, without par value ("Common Stock"). The Corporation has offered 50% of such shares of Common Stock to communications common carriers authorized by the Federal Communications Commission to own stock of the Corporation (the "Authorized Carriers") at the Offering Price set forth on the cover page of the Prospectus hereinafter mentioned. The Corporation has received from certain Authorized Carriers subscriptions to purchase shares of Common Stock, subject to the conditions and the allocation formula referred to under "Offering of Common Stock" in said Prospectus, which subscriptions, after application of said allocation formula to the extent required, aggregate 5,000,000 shares. The Corporation desires to obtain commitments for the purchase from it of the remaining 5,000,000 shares of Common Stock (said 5,000,000 shares being hereinafter called the "Shares").

SECTION 2. *Representations and Warranties of the Corporation.* The Corporation represents and warrants to each Underwriter that:

(a) The Corporation has filed with the Securities and Exchange Commission (the "Commission") a registration statement on Form S-1 and an amendment thereto and related preliminary prospectuses for the registration under the Securities Act of 1933, as amended (the "Act"), of the 10,000,000 shares of Common Stock. The Corporation has prepared and will promptly file with the Commission a further amendment to said registration statement and an amended prospectus, and will not, at any time before the registration statement becomes effective, file any other amendment to the registration statement or any other amended prospectus which shall be reasonably disapproved by Messrs. Brown, Wood, Fuller, Caldwell & Ivey, counsel for the Underwriters, on legal grounds, or by the Representatives on any other grounds. The registration statement as amended and the amended prospectus on file with the Commission at the time the registration statement becomes effective are hereinafter called the "Registration Statement" and the "Prospectus", respectively. The Corporation will not, at any time after the Registration Statement becomes effective, file any amendment to the Registration Statement or any amendment or supplement to the Prospectus which shall be reasonably disapproved by Messrs. Brown, Wood, Fuller, Caldwell & Ivey, counsel for the Underwriters, on legal grounds, or by the Representatives on any other grounds.

(b) At the time the Registration Statement becomes effective the Registration Statement and the Prospectus will comply with the provisions of the Act and the rules and regulations of the Commission thereunder (the "Regulations"), and at the time the Registration Statement becomes effective the Registration Statement will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, and at the time the Registration Statement becomes effective and at the Closing Time referred to in Section 3 the Prospectus will not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that none of the representations and warranties in this subsection shall apply to statements in or omissions from the Registration Statement or Prospectus made in reliance upon and in conformity with information furnished to the Corporation in writing by any Underwriter through the Representatives expressly for use in the Registration Statement or Prospectus.

(c) The financial statements included in the Registration Statement and Prospectus present fairly the assets, preliminary survey, research, development, and organization expenses, and liabilities and capital of the Corporation at the dates indicated and the cash receipts and disbursements of the Corporation for the periods specified, in conformity with generally accepted accounting principles consistently applied, and the accountants who certified the financial statements are with respect to the Corporation independent public accountants as required by the Act and the Regulations.

(d) Since March 31, 1964: (i) there has not been any material adverse change in the condition of the Corporation, financial or otherwise, or in the affairs or business prospects of the Corporation except as set forth in the Registration Statement; (ii) the Corporation has not entered into any material transactions other than those necessary to or in connection with the establishment of its proposed business referred to in the Registration Statement and Prospectus; and (iii) the Corporation has not incurred any material contingent obligation not set forth or referred to in the Registration Statement and Prospectus.

Any certificate signed by any officer of the Corporation and delivered to the Representatives or to counsel for the Underwriters shall be deemed a representation and warranty by the Corporation to each Underwriter as to the statements made therein.

SECTION 3. *Purchase by, and Sale and Delivery to, Underwriters—Closing Time.* On the basis of the representations and warranties herein contained and subject to the terms and conditions herein set forth, the Corporation agrees to sell to each Underwriter, and each Underwriter, severally and not jointly,

agrees to purchase from the Corporation, at the price of $20 per Share, less an underwriting allowance or discount of 80¢ per Share in consideration of the Underwriter's agreement to make a public offering of Shares as provided in Section 4, the number of Shares set forth in Schedule A opposite the name of such Underwriter.

Payment of the purchase price for, and delivery of certificates for, the Shares to be purchased by the Underwriters shall be made at the office of Manufacturers Hanover Trust Company, 40 Wall Street, New York 15, N. Y., or at such other place as shall be agreed upon by the Representatives and the Corporation at the following time (the "Closing Time"): 10:00 A.M., New York City Time, on the seventh full business day (unless postponed in accordance with the provisions of Section 12) after the day on which the Registration Statement becomes effective, or such other time after such effective date as shall be agreed upon by the Representatives and the Corporation. Such payment shall be made to the Corporation by certified or official bank check or checks, in New York Clearing House funds, payable to or upon the order of the Corporation by or on behalf of the respective Underwriters, against delivery to Merrill Lynch, Pierce, Fenner & Smith Incorporated for the respective accounts of the Underwriters of certificates for the Shares to be purchased by the Underwriters. The obligation of the Corporation to deliver certificates for the Shares to be purchased by the Underwriters is conditioned upon its receipt of an "Underwriters' Application for Issuance of Shares" in substantially the form of Schedule B annexed hereto, signed by the Representatives on behalf of the Underwriters. Certificates for the respective numbers of Shares to be purchased by the Underwriters shall be in such denominations and registered in such names as Merrill Lynch, Pierce, Fenner & Smith Incorporated may request in writing at least two business days before Closing Time. It is understood that each Underwriter has authorized Merrill Lynch, Pierce, Fenner & Smith Incorporated, for the account of such Underwriter, to make payment of the purchase price for, and to accept delivery of, its Shares and to receipt therefor. Any of you, individually and not as Representative, may (but shall not be obligated to) make payment for any Shares agreed to be purchased by any Underwriter whose check shall not have been received by Closing Time, for the account of such Underwriter, but any such payment shall not relieve such Underwriter from any obligations hereunder. The Corporation will permit Merrill Lynch, Pierce, Fenner & Smith Incorporated, on or before the first business day prior to Closing Time, to examine and package for delivery the certificates for the Shares to be purchased by the Underwriters.

SECTION 4. *Public Offering.* It is understood that subject to the terms and conditions herein set forth the Underwriters propose to make a public offering of the Shares as soon as practicable after the Registration Statement becomes effective at an initial public offering price of $20 per Share.

The Underwriters agree that they will use their best efforts to offer the Shares in a manner to encourage the widest distribution to the American public. In this connection, each Underwriter agrees that in filling orders for Shares retained by it for direct sale (i.e. Shares other than those reserved by the Representatives for sales for the account of such Underwriter to Selected Dealers or others), it will first make allotments of not in excess of 50 Shares, and in no event will it make allotments in excess of 100 Shares unless by such limitation of allotments it would be unable to dispose promptly of all such retained Shares. It is understood that no Underwriter shall be deemed to be unable to dispose promptly of its retained Shares and thereby be permitted to make allotments in excess of 100 Shares unless such Underwriter shall have first notified the Representatives and afforded them the opportunity to sell for its account to Selected Dealers such of said retained Shares as to which such Underwriter has not made allotments of 100 Shares and less. Nothing herein shall be construed as requiring any Underwriter to enter or fill any particular orders, to allot Shares on the basis of any fixed or consistent ratio, or to allot Shares in any manner which it believes will cause a concentration of holdings or adversely affect the distribution of the Shares. The Representatives will obtain from each Selected Dealer to whom they make sales for the accounts of Underwriters an agreement substantially to the same effect as this paragraph. Each Underwriter will refrain, and such agreement will require each Selected Dealer to refrain, from selling Shares, with or without any discount from the public offering price, to any dealer in securities unless such dealer has entered into such an agreement with the Representatives and unless such sale is first consented to by the Representatives.

SECTION 5. *Covenants of the Corporation.* The Corporation covenants with each Underwriter that:

(a) The Corporation will notify the Representatives immediately and confirm the notice in writing (i) when the Registration Statement and any amendment thereto shall have become effective, (ii) of the receipt of any comments from the Commission, and (iii) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or of the initiation of any proceedings for that purpose. The Corporation will make every reasonable effort to prevent the issuance by the Commission of any stop order and, if any such stop order shall at any time be issued, to obtain the lifting thereof at the earliest possible moment.

(b) The Corporation will deliver to the Representatives, as soon as available, twelve signed copies of the registration statement as originally filed and of each amendment thereto and twelve sets of exhibits thereto, and will also deliver to the Representatives, a copy of the registration statement as originally filed and of each amendment thereto (without exhibits) for each of the Underwriters.

(c) The Corporation will deliver to each Underwriter from time to time, before the registration statement becomes effective, such number of copies of the preliminary prospectus as originally filed and any amended preliminary prospectus, and as soon as the Registration Statement becomes effective and thereafter from time to time during the period when the Prospectus is required to be delivered under the Act, such number of copies of the Prospectus (as amended or supplemented) as the Representatives may reasonably request for the purposes contemplated by the Act or the Regulations.

(d) During the period when the Prospectus is required to be delivered under the Act, the Corporation will comply so far as it is able, and at its own expense, with all requirements imposed upon it by the Act, as now and hereafter amended, and by the Regulations, as from time to time in force, so far as necessary to permit the continuance of sales of or dealing in the Common Stock during such period in accordance with the provisions hereof and the Prospectus.

(e) If any event relating to or affecting the Corporation shall occur as a result of which it is necessary, in the opinion of counsel for the Underwriters, to amend or supplement the Prospectus in order to make the Prospectus not misleading in the light of the circumstances existing at the time it is delivered to a purchaser, the Corporation will forthwith prepare and furnish to the Underwriters, without expense to them, a reasonable number of copies of an amendment or amendments or a supplement or supplements to the Prospectus (in form and substance satisfactory to counsel for the Underwriters) which will amend or supplement the Prospectus so that as amended or supplemented it will not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Prospectus is delivered to a purchaser, not misleading. For the purposes of this subsection the Corporation will furnish such information with respect to itself as the Representatives may from time to time reasonably request.

(f) The Corporation will endeavor in good faith, in cooperation with the Underwriters, to qualify the Common Stock for offering and sale under the applicable securities laws of such States as the Representatives may designate; provided, however, that the Corporation shall not be obligated to file any general consent to service or to qualify as a foreign corporation in any State in which it is not so qualified. The Underwriters will cooperate with the Corporation in obtaining such qualification of the Common Stock. In each State where the Common Stock shall be qualified as above provided the Corporation will make and file such statements and reports in each year as are or may be reasonably required by the laws thereof.

(g) The Corporation will make generally available to its security holders as soon as practicable, but not later than 90 days after the close of the period covered thereby, an earnings statement (in form complying with the provisions of Section 11(a) of the Act, which need not be certified by independent public accountants unless required by the Act or Regulations) covering a period of at least twelve months commencing not later than the first day of the second month following the month in which the Registration Statement becomes effective.

(h) The Corporation will for a period of five years from the effective date of the Registration Statement furnish direct to each of the Underwriters as soon as the same shall be sent to stockholders copies of any annual or interim reports of the Corporation to its stockholders or to the President of the United States or the United States Congress, and it will also furnish each of the Representatives with the following:

(i) as soon as practicable after the end of each fiscal year, one copy of the annual independent accountants' report, including therein the accountants' certificate, and financial statements of the Corporation, together with such accountants' comments and notations with respect thereto in such detail as the Corporation may customarily receive from such accountants;

(ii) as soon as practicable after the end of each quarterly period, one copy of the financial statements of the Corporation, in reasonable detail, none of which statements need be audited but shall be prepared in conformity with generally accepted accounting principles and certified as correct by the Treasurer or the principal accounting officer of the Corporation;

(iii) copies of any report, application or document which the Corporation shall file with the Commission or any securities exchange; and

(iv) as soon as the same shall be sent to stockholders, each communication which shall be sent to the stockholders as a class.

SECTION 6. *Payment of Expenses.* The Corporation will pay all expenses incident to the performance of its obligations under this Contract, including (i) the printing and filing of the Registration Statement and Prospectus and the printing of this Contract and the Underwriters' Questionnaire, (ii) the authorization, issuance and delivery of the Shares, including the printing and filing of charter amendments, printing and engraving of stock certificates, all original issue taxes payable upon the issuance and sale of the Shares to the Underwriters, and transfer agents' and registrars' fees, (iii) the qualification of the Common Stock under State securities laws in accordance with the provisions of subsection (f) of Section 5, including the reasonable fees and disbursements of counsel for the Underwriters in connection with such qualification, (iv) the printing and delivery to the Underwriters in quantities as hereinbefore stated of copies of the registration statement and all amendments thereto, of the preliminary prospectus and amended preliminary prospectus, of the Registration Statement and any amendments thereto, and of the Prospectus and any amendments or supplements thereto and (v) the cost of printing and delivery to the Underwriters of copies of the Blue Sky Survey.

If this Contract is cancelled or terminated by the Representatives in accordance with the provisions of Section 7 or Section 11(b)(i), or is cancelled by the Corporation or prevented by the Corporation from becoming effective in accordance with the provisions of Section 8 or Section 11(a), the Corporation shall reimburse the Underwriters severally for their out-of-pocket expenses, including the reasonable fees and disbursements of counsel for the Underwriters.

SECTION 7. *Conditions of Underwriters' Obligations.* The several obligations of the Underwriters hereunder are subject to the accuracy of and compliance with the representations and warranties of the Corporation, to the performance by the Corporation of its obligations hereunder, and to the following further conditions:

(a) The Registration Statement shall have become effective not later than 5:30 P.M., New York City Time, on June 2, 1964, or, with the consent of the Representatives, at a later time and date, not later, however, than 5:30 P.M., New York City Time, on June 4, 1964, or such later time and date as may be approved by a majority in interest of the Underwriters; and at Closing Time no stop order suspending the effectiveness of the Registration Statement shall have been issued under the Act or proceedings therefor initiated or threatened by the Commission.

(b) At Closing Time the Representatives shall have received:

(1) The favorable opinion of Messrs. Wilmer, Cutler & Pickering, counsel for the Corporation, in form and substance satisfactory to counsel for the Underwriters, to the effect that

(i) the Corporation has been duly created, organized and established in accordance with the provisions of the Satellite Act and has been duly incorporated and is validly existing as a corporation in good standing under the laws of the District of Columbia;

(ii) the Corporation has the corporate power to carry on the business and to own the property which it proposes to carry on and own as described in the Registration Statement and Prospectus;

(iii) the authorized capital stock of the Corporation consists of 10,000,100 shares of Common Stock, without par value, and is in accordance with the provisions of the Satellite Act;

(iv) the offering of shares of Common Stock to Authorized Carriers as set forth in Section 1, the issuance and sale of shares of Common Stock to Authorized Carriers that have subscribed therefor, and the issuance and sale of the Shares to the Underwriters pursuant to this Contract are in accordance with the Satellite Act and the Articles of Incorporation of the Corporation;

(v) the shares of Common Stock to be sold by the Corporation to Authorized Carriers that have subscribed therefor have been duly authorized for issuance and sale to such Authorized Carriers, and when issued and delivered to such Authorized Carriers against payment of the consideration referred to in Section 1, will be validly issued, fully paid and nonassessable; and the Shares to be sold by the Corporation to the Underwriters pursuant to the provisions of this Contract have been duly authorized for issuance and sale to the Underwriters and, when issued and delivered to the Underwriters pursuant to the provisions of this Contract against payment of the consideration therefor specified herein, the Shares will be validly issued, fully paid and nonassessable;

(vi) the execution and delivery of this Contract have been duly authorized by all necessary action on the part of the Corporation, and this Contract constitutes the valid and binding agreement of the Corporation;

(vii) the Registration Statement is effective under the Act, and to the best of their knowledge no proceedings for a stop order have been instituted or are pending or threatened under Section 8 (d) of the Act;

(viii) at the time the Registration Statement became effective, the Registration Statement and the Prospectus (other than the financial statements contained therein, as to which no opinion need be rendered) complied as to form in all material respects with the requirements of the Act and the Regulations, and nothing has come to their attention that would lead them to believe that the Registration Statement at the time it became effective contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading or that the Prospectus at the time the Registration Statement became effective or at Closing Time contained an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(ix) the terms and provisions of the Common Stock conform to the description thereof contained in the Registration Statement and Prospectus, and the forms of certificates used to evidence the Common Stock are in due and proper form;

(x) to the best of their knowledge and information, there are no contracts or documents of a character required to be described in the Registration Statement or Prospectus or to be filed as exhibits to the Registration Statement other than those described therein or filed as exhibits thereto and the description thereof is correct;

(xi) to the best of their knowledge and information, there are no legal proceedings, pending or threatened, of a character required to be disclosed in the Registration Statement and Prospectus;

(xii) the information in the Prospectus under the captions "Regulation" and "Description of Common Stock", to the extent that it constitutes matters of law or legal conclusions, has been reviewed by them and is correct; and

(xiii) no consent, approval, authorization or order of any regulatory authority, other than the Commission or authorities administering State securities laws, is legally required for the issuance and sale of the Common Stock to the Authorized Carriers as set forth in Section 1 or for the issuance and sale of the Shares to the Underwriters as herein contemplated.

(2) The favorable opinion of Allen E. Throop, Esq., General Counsel of the Corporation, in form and substance satisfactory to counsel for the Underwriters, with respect to the matters set forth in subsection (b)(1) of this Section.

(3) The favorable opinion of Messrs. Brown, Wood, Fuller, Caldwell & Ivey, counsel for the Underwriters, with respect to the matters set forth in (i) and (iii) to (ix), inclusive, of subsection (b)(1) of this Section.

With respect to matters of the law of the District of Columbia, Allen E. Throop, Esq. and Messrs. Brown, Wood, Fuller, Caldwell & Ivey may rely upon the opinion of Messrs. Wilmer, Cutler & Pickering.

(4) A letter from Haskins & Sells, in form and substance satisfactory to the Representatives, confirming that with respect to the Corporation they are independent public accountants as required by the Act and the Regulations and stating in effect that (i) in their opinion the financial statements examined by them and included in the Registration Statement and Prospectus comply as to form in all material respects with the applicable accounting requirements of the Act and the Regulations, and (ii) a reading of the unaudited financial statements appearing in the Registration Statement and Prospectus, a reading of the latest available interim financial statements of the Corporation, a reading of the Minutes of the meetings of the Board of Directors of the Corporation since December 31, 1963, inquiries of certain responsible officials of the Corporation, and correspondence with the principal Registrar and the principal Transfer Agent of the Corporation's capital stock (which procedures and inquiries are intended to assist the Underwriters in their investigation of the information contained in the Registration Statement, do not constitute an examination made in accordance with generally accepted auditing standards, and would not necessarily reveal adverse changes in the financial position or inconsistencies in the application of generally accepted accounting principles) did not cause them to believe, nor did anything else cause them to believe: (a) that the unaudited financial statements included in the Registration Statement and Prospectus do not comply as to form in all material respects with the applicable accounting requirements of the Act and the Regulations, were not prepared in accordance with accounting principles and practices consistent in all material respects with those followed in the preparation of the financial statements examined by them (included in the Registration Statement and Prospectus) or would require any material adjustments for a fair presentation of the financial information purported to be shown, or (b) that during the period from April 1, 1964 to a date specified in such letter which is not more than five days prior to Closing Time, there was any change in the capital stock of the Corporation, any incurrence of a long-term debt of the Corporation (in this connection, the notes payable to banks, that mature not later than June 30, 1964, are not considered to be long-term debt), or any material adverse change in the financial position of the Corporation from that set forth in the latest financial statements included in the Registration Statement and Prospectus, except in all instances as set forth in or contemplated by the Registration Statement (the term "financial position" being used in its conventional accounting sense and thus relating to the financial statements of the business as a whole).

(c) At Closing Time (i) there shall not have been from the respective dates as of which information is given in the Registration Statement and Prospectus any material adverse change

in the condition of the Corporation, financial or otherwise, or in the affairs or business prospects of the Corporation; (ii) the Corporation shall not have entered into any material transactions other than those necessary to or in connection with the establishment of its proposed business referred to in the Registration Statement and Prospectus; (iii) the Corporation shall not have any material contingent obligation not set forth or referred to in the Registration Statement and Prospectus; (iv) no action, suit or proceeding, at law or in equity, shall be pending or to the knowledge of the Corporation threatened against the Corporation, and no proceeding shall be pending or to the knowledge of the Corporation threatened against the Corporation before or by any Federal, State or local commission, board or other administrative agency, wherein an unfavorable decision, ruling or finding would materially adversely affect the condition, financial or otherwise, or the affairs or business prospects of the Corporation other than as set forth in the Registration Statement and Prospectus; (v) none of the assets of the Corporation shall be pledged or otherwise mortgaged except as may be set forth in the Registration Statement and Prospectus; (vi) no stop order shall have been issued under the Act and no proceedings therefor shall have been initiated or shall be pending or threatened by the Commission; (vii) all contracts required to be filed as exhibits to the Registration Statement shall have been so filed, and there shall be no material misstatement or omission in the descriptions of contracts contained in the Registration Statement or Prospectus; and (viii) no default shall exist in the due performance and observance of any term, covenant or condition of any contract filed as an exhibit to the Registration Statement. Compliance with the provisions of this subsection shall be evidenced by a certificate of the Chairman and Chief Executive Officer or the President of the Corporation delivered to you at Closing Time.

(d) At Closing Time, the Corporation shall have received from Authorized Carriers the purchase price for at least 90% of the 5,000,000 shares of Common Stock covered by subscriptions of Authorized Carriers as stated in Section 1.

(e) At Closing Time counsel for the Underwriters shall have been furnished with such documents and opinions as they may reasonably require for the purpose of enabling them to pass upon the sale of the Common Stock, including the Shares, as herein contemplated and related proceedings, or in order to evidence the accuracy or completeness of any of the representations or warranties, or the fulfillment of any of the conditions, herein contained; and all proceedings taken by the Corporation in connection with the sale of the Common Stock, including the Shares, as herein contemplated shall be satisfactory to the Representatives as to matters of substance and to counsel for the Underwriters as to legal matters.

If any of the conditions specified in this Section shall not have been fulfilled when and as required by this Contract to be fulfilled, this Contract and all obligations of the Underwriters hereunder may be cancelled by the Representatives by notifying the Corporation of such cancellation in writing or by telegram at any time at or prior to Closing Time and any such cancellation shall be without liability of any party to any other party except as otherwise provided in this Contract.

SECTION 8. *Condition of Corporation's Obligations.* The obligations of the Corporation hereunder are subject to the condition that at Closing Time it shall have received from Authorized Carriers the purchase price for at least 90% of the 5,000,000 shares of Common Stock covered by subscriptions of Authorized Carriers as stated in Section 1. If this condition shall not have been fulfilled when and as required by this Contract to be fulfilled, this Contract and all obligations of the Corporation hereunder may be cancelled by the Corporation by notifying the Representatives of such cancellation in writing or by telegram at or prior to Closing Time and any such cancellation shall be without liability of any party to any other party except as otherwise provided in this Contract.

SECTION 9. *Indemnification.*

(a) The Corporation agrees to indemnify and hold harmless each Underwriter and each person, if any, who controls any Underwriter within the meaning of Section 15 of the Act, as follows:

(i) against any and all loss, liability, claim, damage and expense whatsoever arising out of any untrue statement or alleged untrue statement of a material fact contained in the Registration

Statement (or any amendment thereto) or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading or arising out of any untrue statement or alleged untrue statement of a material fact contained in any preliminary prospectus or the Prospectus (or any amendment or supplement thereto) or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, unless such statement or omission or such alleged statement or omission was made in reliance upon and in conformity with written information furnished to the Corporation by any Underwriter through the Representatives expressly for use in the Registration Statement (or any amendment thereto) or such preliminary prospectus or the Prospectus (or any amendment or supplement thereto);

(ii) against any and all loss, liability, claim, damage and expense whatsoever to the extent of the aggregate amount paid in settlement of any litigation, commenced or threatened, or of any claim whatsoever based upon any such untrue statement or omission or any such alleged untrue statement or omission, if such settlement is effected with the written consent of the Corporation; and

(iii) against any and all expense whatsoever reasonably incurred in investigating, preparing or defending against any litigation, commenced or threatened, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under (i) or (ii) above.

In no case shall the Corporation be liable under this indemnity agreement with respect to any claim made against any Underwriter or any such controlling person unless the Corporation shall be notified in writing of the nature of the claim within a reasonable time after the assertion thereof, but failure so to notify the Corporation shall not relieve it from any liability which it may have otherwise than on account of this indemnity agreement. The Corporation shall be entitled to participate at its own expense in the defense, or, if the Corporation so elects, within a reasonable time after receipt of such notice, to assume the defense of any suit brought to enforce any such claim, but if the Corporation so elects to assume the defense, such defense shall be conducted by counsel chosen by it and approved by the Underwriter or Underwriters or controlling person or persons, defendant or defendants in any suit so brought, which approval shall not be unreasonably withheld. In the event that the Corporation elects to assume the defense of any such suit and retain such counsel, the Underwriter or Underwriters or controlling person or persons, defendant or defendants in the suit, shall bear the fees and expenses of any counsel retained by them for services thereafter performed and expenses of such counsel thereafter incurred. The Corporation agrees to notify you within a reasonable time of the assertion of any claim against it, any of its officers or directors or any person who controls the Corporation within the meaning of Section 15 of the Act, in connection with the sale of the Common Stock, including the Shares.

(b) Each Underwriter severally agrees that it will indemnify and hold harmless the Corporation, its directors and each of its officers who signed the Registration Statement and each person, if any, who controls the Corporation within the meaning of Section 15 of the Act to the same extent as the indemnity contained in subsection (a) of this Section, but only with respect to statements or omissions made in the Registration Statement (or any amendment thereto) or any preliminary prospectus or the Prospectus (or any amendment or supplement thereto) in reliance upon and in conformity with written information furnished to the Corporation by such Underwriter through the Representatives expressly for use in the Registration Statement (or any amendment thereto) or such preliminary prospectus or the Prospectus (or any amendment or supplement thereto). In case any action shall be brought against the Corporation or any person so indemnified based on the Registration Statement (or any amendment thereto) or such preliminary prospectus or the Prospectus (or any amendment or supplement thereto) and in respect of which indemnity may be sought against any Underwriter, such Underwriter shall have the rights and duties given to the Corporation, and the Corporation and each person so indemnified shall have the rights and duties given to the Underwriters, by the provisions of subsection (a) of this Section.

SECTION 10. *Representations, Warranties and Agreements to Survive Delivery.* All representations, warranties and agreements contained in this Contract and/or contained in certificates of officers of the Corporation submitted pursuant hereto, shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of any Underwriter or any controlling person of any Underwriter or by or on behalf of the Corporation and shall survive delivery of the Shares to the Underwriters.

SECTION 11. *Effective Date of this Contract and Termination Thereof.*

(a) This Contract shall become effective (i) at 11:30 A. M., New York City Time, on the first business day following the day the Registration Statement becomes effective, or (ii) at the time of the initial public offering by the Underwriters, after the Registration Statement becomes effective, of any of the Shares, whichever shall first occur. The time of the initial public offering shall mean the time of the release by you, for publication, of the first newspaper advertisement, which is subsequently published, relating to the Shares, or the time at which the Shares are first generally offered by the Underwriters to dealers by letter or telegram, whichever shall first occur. The Representatives or the Corporation may prevent this Contract from becoming effective by giving the notice indicated below in this Section prior to the time this Contract would otherwise have become effective as herein provided, but only in the event that, by reason of revocations of subscriptions of Authorized Carriers before such subscriptions are accepted, the Corporation is unable to accept subscriptions for at least 90% of the 5,000,000 shares of Common Stock covered by subscriptions of Authorized Carriers as set forth in Section 1. The Corporation shall give immediate notice to the Representatives as soon as any such inability has occurred. If the Representatives or the Corporation prevent this Contract from becoming effective pursuant to this subsection, it shall be without liability of any party to any other party, except as otherwise provided in this Contract.

(b) The Representatives shall have the right to terminate this Contract by giving the notice indicated below in this Section at any time at or prior to Closing Time (i) if there shall have been, since the respective dates as of which information is given in the Registration Statement and Prospectus, any material adverse change in the condition of the Corporation, financial or otherwise, or in the affairs or business prospects of the Corporation, or (ii) if a war involving the United States or other national calamity shall have occurred, or (iii) if trading on the New York Stock Exchange shall be suspended or minimum or maximum prices for trading shall have been fixed, or maximum ranges for prices for securities on the New York Stock Exchange shall have been required by that Exchange or by order of the Commission or any other governmental authority having jurisdiction, or (iv) if a banking moratorium shall have been declared by either Federal or New York authorities. If the Representatives shall terminate this Contract, such termination shall be without liability of any party to any other party except as otherwise provided in this Contract.

If the Representatives elect to prevent this Contract from becoming effective or to terminate this Contract as provided in this Section, the Corporation and each other Underwriter shall be notified promptly by the Representatives, by telephone or telegram, confirmed by letter. If the Corporation elects to prevent this Contract from becoming effective as provided in this Section, the Representatives shall be notified promptly by the Corporation by telephone or telegram, confirmed by letter.

SECTION 12. *Substitution of Underwriters or Increase in Underwriters' Commitments.* If one or more of the Underwriters shall fail at Closing Time to purchase the Shares which it or they have agreed to purchase hereunder (the "Unpurchased Shares"), then the Representatives shall have the right within 24 hours after Closing Time to procure one or more of the non-defaulting Underwriters, or any others, to purchase Unpurchased Shares in such amounts as may be agreed upon and upon the terms herein set forth; if, however, during such 24 hours the Representatives shall not have completed such arrangements for the purchase of all Unpurchased Shares, then the Corporation shall have the right, by written notice to the Representatives within the next 24 hours, either to terminate this Contract or to require the non-defaulting Underwriters to purchase the Shares which they have severally agreed to purchase hereunder and, in addition, to purchase Unpurchased Shares in proportion to their respective commitments hereunder up to a number thereof equal to 10% of the respective number of Shares which such non-defaulting Underwriters otherwise agreed to purchase hereunder.

The termination of this Contract by the Corporation pursuant to this Section shall be without liability on the part of the Corporation or any of said non-defaulting Underwriters. Nothing herein shall relieve any Underwriter so defaulting from liability, if any, for such default.

In the event of a default by any one or more Underwriters as set forth in this Section, Closing Time shall be postponed for 24 hours, and either the Representatives or the Corporation shall have the right to postpone Closing Time for an additional period of not exceeding 7 days, in order that any required changes in the Registration Statement and Prospectus or in any other documents or arrangements may be effected.

SECTION 13. *Modification and Waiver.* The Representatives and the Corporation expressly reserve the right, in their sole discretion and when mutually agreed upon, to make any modification herein or to waive any of the provisions hereof, and any such action when taken in accordance herewith shall be binding upon the other Underwriters.

SECTION 14. *Notices.* Except as herein otherwise provided, all communications hereunder shall be in writing and, if sent to the Underwriters, shall be mailed, delivered or telegraphed and confirmed to the Representatives c/o Merrill Lynch, Pierce, Fenner & Smith Incorporated, 70 Pine Street, New York 5, N. Y., attention of Mr. J. H. Sedlmayr, or, if sent to the Corporation, shall be mailed, delivered or telegraphed and confirmed to the Corporation, at 3029 Klingle Road, N.W., Washington 8, D. C., attention of the Chairman and Chief Executive Officer. All communications hereunder from the Representatives shall be signed by Merrill Lynch, Pierce, Fenner & Smith Incorporated, acting on behalf of the Representatives.

SECTION 15. *Parties.* This Contract shall inure to the benefit of and be binding upon the Underwriters and the Corporation and their respective successors. Nothing expressed or mentioned in this Contract is intended or shall be construed to give any person, firm or corporation, other than the parties hereto and their respective successors and the controlling persons, directors and officers referred to in Section 9, any legal or equitable right, remedy or claim under or in respect of this Contract or any provision herein contained; this Contract and all conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto and their respective successors and said controlling persons, directors and officers and for the benefit of no other person, firm or corporation. No purchaser of any Shares from any Underwriter shall be deemed to be a successor by reason merely of such purchase.

This Contract shall be construed in accordance with the law of the State of New York.

If the foregoing is in accordance with your understanding of our agreement, kindly sign and return to us a counterpart hereof, whereupon this instrument along with all counterparts will become a binding contract between the Corporation and the Underwriters in accordance with its terms.

Very truly yours,

COMMUNICATIONS SATELLITE CORPORATION

By LEO D. WELCH
(Chairman and Chief Executive Officer)

CONFIRMED AND ACCEPTED,
as of the date first above written.

MERRILL LYNCH, PIERCE, FENNER & SMITH
Incorporated

By WINTHROP C. LENZ
(Senior Vice President)

BLYTH & Co., INC.

By GEORGE LEIB
(Chairman of the Board of Directors)

THE FIRST BOSTON CORPORATION

By CHAS. C. GLAVIN
(Chairman of the Executive Committee)

KIDDER, PEABODY & Co. INCORPORATED

By A. H. GORDON
(Chairman of the Board of Directors)

KUHN, LOEB & Co. INCORPORATED

By JOHN M. SCHIFF
(President)

LAZARD FRÈRES & Co.

By EDWIN H. HERZOG
(A General Partner)

LEHMAN BROTHERS

By JOSEPH A. THOMAS
(A General Partner)

CARL M. LOEB, RHOADES & Co.

By MARK J. MILLARD
(A General Partner)

PAINE, WEBBER, JACKSON & CURTIS

By ALBERT PRATT
(A General Partner)

WHITE, WELD & Co. INCORPORATED

By L. EMERY KATZENBACH, II
(President)

DEAN WITTER & Co.

By H. D. BARNARD
(A General Partner)

For themselves and as the Representatives of the other Underwriters named in Schedule A annexed hereto.

SCHEDULE A

Name of Underwriter	Address of Underwriter	Number of Shares to be Purchased
Merrill Lynch, Pierce, Fenner & Smith Incorporated	70 Pine Street, New York 5, N. Y.	100,000
Blyth & Co., Inc.	14 Wall Street, New York 5, N. Y.	100,000
The First Boston Corporation	20 Exchange Place, New York, N. Y. 10005	100,000
Kidder, Peabody & Co. Incorporated	20 Exchange Place, New York 5, N. Y.	100,000
Kuhn, Loeb & Co. Incorporated	30 Wall Street, New York 5, N. Y.	100,000
Lazard Frères & Co.	44 Wall Street, New York 5, N. Y.	100,000
Lehman Brothers	One William Street, New York 4, N. Y.	100,000
Carl M. Loeb, Rhoades & Co.	42 Wall Street, New York 5, N. Y.	100,000
Paine, Webber, Jackson & Curtis	25 Broad Street, New York 4, N. Y.	100,000
White, Weld & Co. Incorporated	20 Broad Street, New York 5, N. Y.	100,000
Dean Witter & Co.	45 Montgomery Street, San Francisco 6, California	100,000
Eastman Dillon, Union Securities & Co.	One Chase Manhattan Plaza, New York 5, N. Y.	50,000
Glore, Forgan & Co.	45 Wall Street, New York 5, N. Y.	50,000
Harriman Ripley & Co., Incorporated	60 Broad Street, New York 4, N. Y.	50,000
Hornblower & Weeks	1 Chase Manhattan Plaza, New York 5, N. Y.	50,000
Smith, Barney & Co. Incorporated	20 Broad Street, New York 5, N. Y.	50,000
Stone & Webster Securities Corporation	90 Broad Street, New York 4, N. Y.	50,000
Bache & Co.	36 Wall Street, New York 5, N. Y.	29,000
Bear, Stearns & Co.	One Wall Street, New York 5, N. Y.	29,000
A. G. Becker & Co. Incorporated	120 South La Salle Street, Chicago 3, Illinois	29,000
Clark, Dodge & Co. Incorporated	61 Wall Street, New York 5, N. Y.	29,000
Dominick & Dominick, Incorporated	14 Wall Street, New York 5, N. Y.	29,000
Drexel & Co.	1500 Walnut Street, Philadelphia 1, Pennsylvania	29,000
Hallgarten & Co.	44 Wall Street, New York 5, N. Y.	29,000
Hayden, Stone Incorporated	25 Broad Street, New York, N. Y. 10004	29,000
Hemphill, Noyes & Co.	8 Hanover Street, New York 4, N. Y.	29,000
E. F. Hutton & Company Inc.	One Chase Manhattan Plaza, New York 5, N. Y.	29,000
W. E. Hutton & Co.	14 Wall Street, New York, N. Y. 10005	29,000
Lee Higginson Corporation	20 Broad Street, New York 5, N. Y.	29,000
F. S. Moseley & Co.	60 Broad Street, New York, N. Y. 10004	29,000
Reynolds & Co.	120 Broadway, New York 5, N. Y.	29,000
Shearson, Hammill & Co.	14 Wall Street, New York 5, N. Y.	29,000
Wertheim & Co.	1 Chase Manhattan Plaza, New York 5, N. Y.	29,000
Alex. Brown & Sons	135 East Baltimore Street, Baltimore 2, Maryland	25,500
Equitable Securities Corporation	Two Wall Street, New York 5, N. Y.	25,500
Goodbody & Co.	2 Broadway, New York 4, N. Y.	25,500
Johnston, Lemon & Co.	Southern Bldg., Washington 5, D. C.	25,500
Ladenburg, Thalmann & Co.	25 Broad Street, New York 4, N. Y.	25,500
R. W. Pressprich & Co.	80 Pine Street, New York 5, N. Y.	25,500
L. F. Rothschild & Co.	120 Broadway, New York 5, N. Y.	25,500
Salomon Brothers & Hutzler	Sixty Wall Street, New York, N. Y. 10005	25,500

Name of Underwriter	Address of Underwriter	Number of Shares to be Purchased
Shields & Company Incorporated	44 Wall Street, New York 5, N. Y.	25,500
F. S. Smithers & Co.	45 Wall Street, New York 5, N. Y.	25,500
Spencer Trask & Co.	60 Broad Street, New York, N. Y. 10004	25,500
Tucker, Anthony & R. L. Day	120 Broadway, New York 5, N. Y.	25,500
G. H. Walker & Co. Incorporated	45 Wall Street, New York 5, N. Y.	25,500
Wood, Struthers & Co., Inc.	20 Exchange Place, New York 5, N. Y.	25,500
Allen & Company	30 Broad Street, New York 4, N. Y.	23,500
American Securities Corporation	25 Broad Street, New York 4, N. Y.	23,500
Bacon, Whipple & Co.	135 South La Salle Street, Chicago 3, Illinois	23,500
Robert W. Baird & Co., Incorporated	731 North Water Street, Milwaukee 1, Wisconsin	23,500
Baker, Weeks & Co.	One Wall Street, New York 5, N. Y.	23,500
William Blair & Company	135 South La Salle Street, Chicago 3, Illinois	23,500
Blair & Co., Granbery, Marache Incorporated	20 Broad Street, New York 5, N. Y.	23,500
Blunt Ellis & Simmons	111 West Monroe Street, Chicago 3, Illinois	23,500
J. C. Bradford & Co.	414 Union Street, Nashville 3, Tennessee	23,500
J. M. Dain & Co., Inc.	110 South Sixth Street, Minneapolis 2, Minnesota	23,500
Dick & Merle-Smith	48 Wall Street, New York 5, N. Y.	23,500
R. S. Dickson & Company, Incorporated	30 Broad Street, New York 4, N. Y.	23,500
F. Eberstadt & Co.	65 Broadway, New York 6, N. Y.	23,500
Estabrook & Co.	15 State Street, Boston 9, Massachusetts	23,500
W. C. Langley & Co.	115 Broadway, New York 6, N. Y.	23,500
McDonald & Company	Union Commerce Bldg., Cleveland 14, Ohio	23,500
New York Securities Co.	52 Wall Street, New York 5, N. Y.	23,500
The Ohio Company	51 North High Street, Columbus 15, Ohio	23,500
Piper, Jaffray & Hopwood	115 South Seventh Street, Minneapolis 2, Minnesota	23,500
Schwabacher & Co.	100 Montgomery Street San Francisco 4, California	23,500
William R. Staats & Co. Incorporated	640 South Spring Street, Los Angeles 14, California	23,500
Ball, Burge & Kraus	1414 Union Commerce Bldg., Cleveland 14, Ohio	18,500
J. Barth & Co.	404 Montgomery Street, San Francisco, California 94104	18,500
Burnham and Company	60 Broad Street, New York 4, N. Y.	18,500
Coffin & Burr	64 Wall Street, New York 5, N. Y.	18,500
Courts & Co.	11 Marietta Street N. W., Atlanta 3, Georgia	18,500
Dempsey-Tegeler & Co., Inc.	1000 Locust Street, St. Louis 1, Missouri	18,500
First of Michigan Corporation	2 Wall Street, New York 5, N. Y.	18,500
Folger, Nolan, Fleming & Co. Incorporated	725 15th Street, N. W., Washington 5, D. C.	18,500
Fulton, Reid & Co., Inc.	2100 East Ohio Bldg., Cleveland 14, Ohio	18,500
Robert Garrett & Sons	South & Redwood Streets, Baltimore 3, Maryland	18,500
Hayden, Miller & Co.	Union Commerce Bldg., Cleveland 14, Ohio	18,500
H. Hentz & Co.	72 Wall Street, New York 5, N. Y.	18,500
Hirsch & Co., Incorporated	25 Broad Street, New York 4, N. Y.	18,500
Irving Lundborg & Co.	310 Sansome Street, San Francisco 4, California	18,500
McDonnell & Co. Incorporated	120 Broadway, New York 5, N. Y.	18,500

Name of Underwriter	Address of Underwriter	Number of Shares to be Purchased
Merrill, Turben & Co., Inc.	1612 Union Commerce Bldg., Cleveland 14, Ohio	18,500
Model, Roland & Co.	120 Broadway, New York 5, N. Y.	18,500
Moore, Leonard & Lynch	Union Trust Bldg., Pittsburgh 19, Pennsylvania	18,500
Newhard, Cook & Co.	400 Olive Street, St. Louis 2, Missouri	18,500
Reinholdt & Gardner	400 Locust Street, St. Louis 2, Missouri	18,500
Riter & Co.	40 Wall Street, New York 5, N. Y.	18,500
The Robinson-Humphrey Company, Inc.	2000 Rhodes-Haverty Bldg., Atlanta, Georgia 30303	18,500
Shuman, Agnew & Co.	155 Sansome Street, San Francisco 4, California	18,500
Singer, Deane & Scribner	Union Trust Bldg., Pittsburgh 19, Pennsylvania	18,500
Stroud & Company, Incorporated	123 South Broad Street, Philadelphia 9, Pennsylvania	18,500
Watling, Lerchen & Co.	Ford Bldg., Detroit 26, Michigan	18,500
Arnhold and S. Bleichroeder, Inc.	30 Broad Street, New York 4, N. Y.	12,500
Auchincloss, Parker & Redpath	Two Broadway, New York 4, N. Y.	12,500
Baker, Watts & Co.	Calvert & Redwood Streets, Baltimore 3, Maryland	12,500
Bateman, Eichler & Bingham Incorporated	453 South Spring Street, Los Angeles 13, California	12,500
Boettcher and Company	828 17th Street, Denver 2, Colorado	12,500
Bosworth, Sullivan & Company, Inc.	660—17th Street, Denver 2, Colorado	12,500
Butcher & Sherrerd	1500 Walnut Street, Philadelphia 2, Pennsylvania	12,500
Chapman, Howe & Co.	208 South La Salle Street, Chicago 4, Illinois	12,500
Julien Collins & Company	105 South La Salle Street, Chicago 3, Illinois	12,500
Crowell, Weedon & Co.	629 South Spring Street, Los Angeles 14, California	12,500
Eppler, Guerin & Turner, Inc.	1600 Fidelity Union Tower, Dallas 1, Texas	12,500
Fahnestock & Co.	65 Broadway, New York 6, N. Y.	12,500
First California Company Incorporated	300 Montgomery Street, San Francisco, California 94104	12,500
First Southwest Company	Mercantile Bank Bldg., Dallas 1, Texas	12,500
Halle & Stieglitz	52 Wall Street, New York 5, N. Y.	12,500
The Illinois Company Incorporated	231 South La Salle Street, Chicago, Illinois 60604	12,500
The Johnson, Lane, Space, Smith Corporation	101 East Bay Street, Savannah, Georgia	12,500
Laird & Company, Corporation	Wilmington Trust Bldg., Wilmington 99, Delaware	12,500
Laird, Bissell & Meeds	120 Broadway, New York 5, N. Y.	12,500
Legg & Co.	22 Light Street, Baltimore 3, Maryland	12,500
Lester, Ryons & Co.	623 South Hope Street, Los Angeles 17, California	12,500
Loewi & Co. Incorporated	225 East Mason Street, Milwaukee 2, Wisconsin	12,500
A. E. Masten & Co.	First National Bank Bldg., Pittsburgh 22, Pennsylvania	12,500
McCormick & Co.	135 South La Salle Street, Chicago 3, Illinois	12,500

Name of Underwriter	Address of Underwriter	Number of Shares to be Purchased
The Milwaukee Company	207 East Michigan Street, Milwaukee 2, Wisconsin	12,500
Mitchum, Jones & Templeton, Incorporated	510 South Spring Street, Los Angeles 13, California	12,500
Pacific Northwest Company	1000 Second Avenue, Seattle, Washington 98104	12,500
Rauscher, Pierce & Co., Inc.	1200 Mercantile Dallas Bldg., Dallas 1, Texas	12,500
Wm. C. Roney & Co.	2 Buhl Bldg., Detroit 26, Michigan	12,500
Rotan, Mosle & Co.	1510 Bank of the Southwest Bldg., Houston 2, Texas	12,500
Stein Bros. & Boyce, Inc.	One Charles Center, Baltimore 1, Maryland	12,500
Stern Brothers & Co.	1009-15 Baltimore Avenue, Kansas City 5, Missouri	12,500
Stifel, Nicolaus & Company, Incorporated	314 North Broadway, St. Louis 2, Missouri	12,500
Stone & Youngberg	1314 Russ Bldg., San Francisco 4, California	12,500
Sutro & Co.	460 Montgomery Street, San Francisco 4, California	12,500
Underwood, Neuhaus & Co. Incorporated	Houston Club Bldg., Houston 2, Texas	12,500
Weeden & Co. Incorporated	25 Broad Street, New York 4, N. Y.	12,500
Winslow, Cohu & Stetson Incorporated	26 Broadway, New York 4, N. Y.	12,500
Abbott, Proctor & Paine	911 East Main Street, Richmond 14, Virginia	8,000
Anderson & Strudwick	913 East Main Street, Richmond 12, Virginia	8,000
Brush, Slocumb & Co. Inc.	465 California Street, San Francisco 4, California	8,000
Carolina Securities Corporation	Insurance Bldg., Raleigh, North Carolina	8,000
Richard W. Clarke Corporation	535 Fifth Avenue, New York 17, N. Y.	8,000
Common, Dann & Co.	502 Marine Trust Bldg., 237 Main Street, Buffalo, N. Y. 14203	8,000
Cooley & Company	100 Pearl Street, Hartford 4, Connecticut	8,000
Dallas Union Securities Co., Inc.	1001 Adolphus Tower, Dallas 2, Texas	8,000
Davis, Skaggs & Co.	111 Sutter Street, San Francisco 4, California	8,000
DeHaven & Townsend, Crouter & Bodine	1500 Chestnut Street, Philadelphia 2, Pennsylvania	8,000
Dewar, Robertson & Pancoast	Milam Bldg., San Antonio 5, Texas	8,000
Dittmar & Company, Inc.	201 North St. Mary's Street, San Antonio 6, Texas	8,000
Dreyfus & Co.	Two Broadway, New York 4, N. Y.	8,000
Eddleman, Pollok & Fosdick Inc.	440 Bank of the Southwest Bldg., Houston 2, Texas	8,000
A. G. Edwards & Sons	409 North Eighth Street, St. Louis 1, Missouri	8,000
Elworthy & Co., Incorporated	111 Sutter Street, San Francisco 4, California	8,000
Emanuel, Deetjen & Co.	120 Broadway, New York 5, N. Y.	8,000
Fahey, Clark & Co.	1737 Union Commerce Bldg., Cleveland 14, Ohio	8,000
Faulkner, Dawkins & Sullivan	60 Broad Street, New York 4, N. Y.	8,000

Name of Underwriter	Address of Underwriter	Number of Shares to be Purchased
Ferris & Company	611 Fifteenth Street, N. W. Washington 5, D. C.	8,000
Gregory & Sons	40 Wall Street, New York 5, N. Y.	8,000
Hallowell, Sulzberger, Jenks, Kirkland & Co.	Philadelphia National Bank Bldg., Philadelphia 7, Pennsylvania	8,000
J. J. B. Hilliard & Son	419 West Jefferson Street, Louisville 2, Kentucky	8,000
Howard, Weil, Labouisse, Friedrichs and Company	211 Carondelet Street, New Orleans, Louisiana 70130	8,000
Janney, Battles & E. W. Clark, Inc.	Central-Penn National Bank Bldg., 1401 Walnut Street, Philadelphia 2, Pennsylvania	8,000
Edward D. Jones & Co.	101 North Fourth Street, St. Louis 2, Missouri	8,000
Jones, Kreeger & Co.	1625 Eye Street, N. W., Washington 6, D. C.	8,000
Joseph, Mellen & Miller, Inc.	1400 East Ohio Bldg., Cleveland 14, Ohio	8,000
Mackall & Coe	738 15th Street, N. W., Washington 5, D. C.	8,000
Manley, Bennett, McDonald & Co.	1100 Buhl Bldg., Detroit, Michigan 48226	8,000
Mead, Miller & Co.	Charles and Chase Streets, Baltimore 1, Maryland	8,000
Mitchell, Hutchins & Co., Incorporated	231 South La Salle Street, Chicago 4, Illinois	8,000
Moroney, Beissner & Co., Inc.	Bank of the Southwest Bldg., Houston 2, Texas	8,000
Mullaney, Wells & Company	135 South La Salle Street, Chicago 3, Illinois	8,000
Newburger & Co.	1401 Walnut Street, Philadelphia 2, Pennsylvania	8,000
Putnam & Co.	6 Central Row, Hartford, Connecticut 06103	8,000
Saunders, Stiver & Co.	One Terminal Tower, Cleveland 13, Ohio	8,000
Chas. W. Scranton & Co.	209 Church Street, New Haven 7, Connecticut	8,000
I. M. Simon & Co.	315 North Fourth Street, St. Louis 2, Missouri	8,000
Stern, Frank, Meyer & Fox	Union Bank Bldg., Los Angeles, California 90014	8,000
J. S. Strauss & Co.	155 Montgomery Street, San Francisco 4, California	8,000
C. E. Unterberg, Towbin Co.	61 Broadway, New York, N. Y. 10006	8,000
Van Alstyne, Noel & Co.	40 Wall Street, New York 5, N. Y.	8,000
Wagenseller & Durst, Inc.	626 South Spring Street, Los Angeles 14, California	8,000
Adams & Peck	120 Broadway, New York, N. Y. 10005	6,500
Bioren & Co.	1424 Walnut Street, Philadelphia 2, Pennsylvania	6,500
Boenning & Co.	The Alison Bldg., Rittenhouse Square, Philadelphia 3, Pennsylvania	6,500
Burgess & Leith	53 State Street, Boston 9, Massachusetts	6,500
Chace, Whiteside & Winslow, Inc.	24 Federal Street, Boston 10, Massachusetts	6,500
Chaplin, McGuiness & Co.	Peoples Bank Bldg., Pittsburgh 22, Pennsylvania	6,500
Clayton Securities Corporation	147 Milk Street, Boston 9, Massachusetts	6,500
Cunningham, Schmertz & Co., Inc.	First National Bank Bldg., Pittsburgh 22, Pennsylvania	6,500
Davenport & Co.	1113 East Main Street, Richmond 19, Virginia	6,500
Shelby Cullom Davis & Co.	116 John Street, New York 38, N. Y.	6,500
Elkins, Morris, Stokes & Co.	428 Land Title Bldg., Philadelphia 10, Pennsylvania	6,500

Name of Underwriter	Address of Underwriter	Number of Shares to be Purchased
Evans & Co. Incorporated	300 Park Avenue, New York 22, N. Y.	6,500
W. D. Gradison & Co.	408 Dixie Terminal Bldg., Cincinnati 2, Ohio	6,500
Hickey & Co.	135 South La Salle Street, Chicago 3, Illinois	6,500
Hill Richards & Co., Incorporated	621 South Spring Street, Los Angeles 14, California	6,500
Hulme, Applegate & Humphrey, Inc.	586 Union Trust Bldg., Pittsburgh 19, Pennsylvania	6,500
Indianapolis Bond and Share Corporation	120 East Market Street, Indianapolis 4, Indiana	6,500
Ingalls & Snyder	100 Broadway, New York 5, N. Y.	6,500
Kalman & Company, Inc.	136 Endicott Bldg., St. Paul 1, Minnesota	6,500
Kay, Richards & Company	Union Trust Bldg., Pittsburgh 19, Pennsylvania	6,500
Mason-Hagan, Inc.	1017 East Main Street, Richmond 10, Virginia	6,500
McKelvy & Company	1146 Union Trust Bldg., Pittsburgh 19, Pennsylvania	6,500
Middendorf, Colgate & Co.	51 Broad Street, New York 4, N. Y.	6,500
Newburger, Loeb & Co.	5 Hanover Square, New York 4, N. Y.	6,500
Pierce, Wulbern, Murphey, Inc.	222 West Adams Street, Jacksonville 1, Florida	6,500
Wm. E. Pollock & Co., Inc.	45 Wall Street, New York 5, N. Y	6,500
Russ & Company, Incorporated	Alamo National Bldg., San Antonio, Texas	6,500
Scherck, Richter Company, Inc.	408 Olive Street, St. Louis, Missouri 63102	6,500
Schmidt, Roberts & Parke	123 South Broad Street, Philadelphia 9, Pennsylvania	6,500
Scott & Stringfellow	P. O. Box 1575, Richmond 13, Virginia	6,500
Silberberg & Co.	40 Wall Street, New York 5, N. Y.	6,500
Stix & Co.	509 Olive Street, St. Louis 1, Missouri	6,500
Thomas & Company	305 Porter Bldg., Pittsburgh 19, Pennsylvania	6,500
Townsend, Dabney & Tyson	10 Post Office Square, Boston, Massachusetts 02105	6,500
H. C. Wainwright & Co.	60 State Street, Boston 1, Massachusetts	6,500
J. C. Wheat & Co.	1001 East Main Street, Richmond 19, Virginia	6,500
Arthur Wiesenberger & Co.	61 Broadway, New York 6, N. Y.	6,500
Yarnall, Biddle & Co.	1528 Walnut Street, Philadelphia 2, Pennsylvania	6,500
Abraham & Co.	120 Broadway, New York 5, N. Y.	5,000
Almstedt Brothers	425 West Market Street, Louisville 2, Kentucky	5,000
Arthurs, Lestrange & Co.	2 Gateway Center, Pittsburgh 22, Pennsylvania	5,000
Barret, Fitch, North & Co. Incorporated	111 West Tenth Street, Kansas City 5, Missouri	5,000
Jack M. Bass & Company	315 Fourth Avenue, North, Nashville 3, Tennessee	5,000
Birr, Wilson & Co., Inc.	155 Sansome Street, San Francisco 4, California	5,000
Blewer, Glynn & Co.	1536 Railway Exchange Bldg , St. Louis 1, Missouri	5,000
George D. B. Bonbright & Co.	100 Powers Bldg., Rochester 14, N. Y.	5,000
Branch, Cabell & Co.	814 East Main Street, Richmond 19, Virginia	5,000

Name of Underwriter	Address of Underwriter	Shares to be Number of Purchased
P. W. Brooks & Co. Incorporated	120 Broadway, New York, N. Y. 10005	5,000
Caldwell Phillips, Inc.	First National Bank Bldg., St. Paul 1, Minnesota	5,000
C. F. Cassell & Co., Inc.	114 Third Street, N.E., Charlottesville, Virginia	5,000
Childs Securities Corporation	One Liberty Street, New York 5, N. Y.	5,000
City Securities Corporation	Circle Tower, Indianapolis 4, Indiana	5,000
Clark, Landstreet & Kirkpatrick, Inc.	Life & Casualty Tower, Nashville 3, Tennessee	5,000
Collin, Norton & Co.	Gardner Bldg., 506 Madison Avenue, Toledo 4, Ohio	5,000
C. C. Collings and Company, Inc.	Fidelity-Philadelphia Trust Bldg., Philadelphia 9, Pennsylvania	5,000
Craigie & Co., Inc.	616 E. Main Street, Richmond, Virginia 23215	5,000
Curtiss, House & Co.	Union Commerce Bldg., Cleveland 14, Ohio	5,000
Doolittle & Co.	Liberty Bank Bldg., Buffalo 2, N. Y.	5,000
Field, Richards & Co.	1107 Central Trust Bank Tower, Cincinnati, Ohio 45202	5,000
First Nebraska Securities Corporation	1001 O Street, Lincoln 1, Nebraska	5,000
First Southeastern Company	103 Twelfth Street, Columbus, Georgia	5,000
Freehling & Co.	120 South La Salle Street, Chicago 3, Illinois	5,000
Fridley & Frederking	617 Texas National Bank Bldg., Houston 2, Texas	5,000
Funk, Hobbs & Hart, Inc.	1012 National Bank of Commerce Bldg., San Antonio 5, Texas	5,000
Alester G. Furman Co., Inc.	South Carolina National Bank Bldg., Greenville, South Carolina	5,000
Fusz-Schmelzle & Co., Inc.	522 Olive Street, St. Louis 1, Missouri	5,000
Greene & Ladd	Third National Bldg., Dayton 2, Ohio	5,000
Hamershlag, Borg & Co.	25 Broad Street, New York 4, N. Y.	5,000
Hanrahan & Co., Inc.	332 Main Street, Worcester 8, Massachusetts	5,000
Harrison & Co.	123 South Broad Street, Philadelphia 9, Pennsylvania	5,000
Hess, Grant & Remington Incorporated	123 South Broad Street, Philadelphia 9, Pennsylvania	5,000
J. H. Hilsman & Co., Inc.	Citizens & Southern Bldg., Atlanta 1, Georgia	5,000
Interstate Securities Corporation	Johnston Bldg., Charlotte 2, North Carolina	5,000
Investment Corporation of Norfolk	215 East Plume Street, Norfolk 10, Virginia	5,000
Kenower, MacArthur & Co.	Ford Bldg., Detroit 26, Michigan	5,000
The Kentucky Company	320 South Fifth Street, Louisville 2, Kentucky	5,000
Kirkpatrick-Pettis Company	540 Omaha National Bank Bldg., Omaha, Nebraska	5,000
Kohlmeyer & Co.	217 Carondelet Street, New Orleans 30, Louisiana	5,000
Lentz, Newton & Co.	Alamo National Bldg., San Antonio 5, Texas	5,000
S. D. Lunt & Co.	906 Marine Trust Bldg., Buffalo 3, N. Y.	5,000

Name of Underwriter	Address of Underwriter	Number of Shares to be Purchased
W. L. Lyons & Co.	235 South Fifth Street, Louisville 2, Kentucky	5,000
D. B. Marron & Co., Incorporated	63 Wall Street, New York, N. Y. 10005	5,000
Mason Brothers	1130 First Western Bldg., Oakland 12, California	5,000
McCarley & Company, Inc.	35 Page Avenue, P. O. Box 14, Asheville, North Carolina	5,000
McCourtney-Breckenridge & Company	1030 Boatmen's Bank Bldg., St. Louis 2, Missouri	5,000
Milburn, Cochran & Company, Inc.	110 East First Street, Wichita 2, Kansas	5,000
Murch & Co., Inc.	330 Hanna Bldg., Cleveland 15, Ohio	5,000
W. H. Newbold's Son & Co.	1517 Locust Street, Philadelphia 2, Pennsylvania	5,000
Orvis Brothers & Co.	30 Broad Street, New York 4, N. Y.	5,000
Charles A. Parcells & Co.	639 Penobscot Bldg., Detroit 26, Michigan	5,000
Parker, Eisen, Waeckerle, Adams & Purcell, Inc.	1012 Baltimore Avenue, Kansas City 5, Missouri	5,000
H. O. Peet & Co.	23 West 10th Street, Kansas City 5, Missouri	5,000
Powell, Kistler & Co.	110 Old Street, Fayetteville, North Carolina	5,000
Quinn & Co.	200 Second Street, N.W., Albuquerque, New Mexico	5,000
Raffensperger, Hughes & Co., Inc.	20 North Meridian Street, Indianapolis 4, Indiana	5,000
Rand & Co.	One Wall Street, New York 5, N. Y.	5,000
F. P. Ristine & Co.	123 South Broad Street, Philadelphia 9, Pennsylvania	5,000
Robinson and Lukens	909 Union Trust Bldg., Washington 5, D. C.	5,000
Rodman & Renshaw	209 South La Salle Street, Chicago 4, Illinois	5,000
Rowles, Winston & Co., Incorporated	1300 Southwest Tower, Houston, Texas 77002	5,000
Sage, Rutty & Co., Inc.	45 Exchange Street, Rochester 14, N. Y.	5,000
Sanders & Company	Republic National Bank Bldg., Dallas 1, Texas	5,000
Schneider, Bernet & Hickman, Inc.	1505 Elm Street, Dallas 1, Texas	5,000
Seasongood & Mayer	Security Savings Bldg., Cincinnati 2, Ohio	5,000
Simpson, Emery & Company, Inc.	1115-1117 Plaza Bldg., Pittsburgh 19, Pennsylvania	5,000
Sisson & Nair Incorporated	829 Jefferson Avenue, Redwood City, California	5,000
Smith, Moore & Co.	509 Olive Street, St. Louis 1, Missouri	5,000
Southwick, Campbell, Waterman Co.	1740 Washington Bldg., Seattle 1, Washington	5,000
Stern, Lauer & Co.	120 Broadway, New York, N. Y. 10005	5,000
Sterne, Agee & Leach, Inc.	First National Bldg., Birmingham 3, Alabama	5,000
Stewart, Eubanks, Meyerson & Co.	216 Montgomery Street, San Francisco 4, California	5,000
Storz-Wachob-Bender Co.	3624 Farnam Street, Omaha, Nebraska 68131	5,000
Strader and Company, Incorporated	502 Peoples National Bank Bldg., Lynchburg, Virginia	5,000
Suplee, Yeatman, Mosley Co. Incorporated	1500 Walnut Street, Philadelphia 2, Pennsylvania	5,000

Name of Underwriter	Address of Underwriter	Number of Shares to be Purchased
Sutro Bros. & Co.	80 Pine Street, New York 5, N. Y.	5,000
Sweney Cartwright & Co.	Huntington Bank Bldg., Columbus 15, Ohio	5,000
Trubee, Collins & Co.	M. & T. Bldg., Buffalo 2, N. Y.	5,000
Uhlmann & Co., Inc.	141 West Jackson Blvd., Chicago 4, Illinois	5,000
Varnedoe, Chisholm & Co., Inc.	One Bull Street, Savannah, Georgia	5,000
Willis, Kenny & Ayres, Incorporated	205 West Franklin Street, Richmond 20, Virginia	5,000
Woodcock, Moyer, Fricke & French, Inc.	123 South Broad Street, Philadelphia 9, Pennsylvania	5,000
Wyatt, Neal & Waggoner	First National Bank Bldg., Atlanta 3, Georgia	5,000
Yates, Heitner & Woods	819 Pine Street, St. Louis 1, Missouri	5,000
Warren W. York & Co., Inc.	530 Hamilton Street, Allentown, Pennsylvania	5,000
Zilkha Corporation	120 Broadway, New York, N. Y. 10005	5,000
Zuckerman, Smith & Co.	30 Broad Street, New York 4, N. Y.	5,000
Alden & Co., Inc.	Starks Bldg., Louisville 2, Kentucky	3,500
Allison-Williams Company	Northwestern Bank Bldg., Minneapolis 2, Minnesota	3,500
Amott, Baker & Co., Incorporated	150 Broadway, New York 38, N. Y.	3,500
Austin, Dobbins & Calvert	National Bank of Commerce Bldg., San Antonio 5, Texas	3,500
Baumgartner, Downing & Co.	Mercantile Trust Bldg., Baltimore 2, Maryland	3,500
Bingham, Sheldon & Co.	735 North Water Street, Milwaukee 2, Wisconsin	3,500
M. H. Bishop & Co.	Northwestern Bank Bldg., Minneapolis 2, Minnesota	3,500
Blaine & Company, Inc.	1421 Chestnut Street, Philadelphia, Pennsylvania 19102	3,500
E. D. Boynton & Co., Inc.	111 Broadway, New York 6, N. Y.	3,500
Brooke, Sheridan, Bogan & Co., Inc.	2 Penn Center Plaza, Philadelphia 2, Pennsylvania	3,500
Brown, Lisle & Marshall	Turks Head Bldg., Providence 3, Rhode Island	3,500
Burrows, Smith and Company	174 South Main Street, Salt Lake City, Utah 84101	3,500
Byrd Brothers	11 Broadway, New York 4, N. Y.	3,500
Campbell, McCarty & Company Incorporated	1500 Buhl Bldg., Detroit 26, Michigan	3,500
Carter, Berlind & Weill	60 Broad Street, New York 4, N. Y.	3,500
The Cherokee Securities Company	4106 Hillsboro Road, Nashville 12, Tennessee	3,500
Chiles & Company	Farm Credit Bldg., Omaha 2, Nebraska	3,500
John W. Clarke & Co.	135 South La Salle Street, Chicago 3, Illinois	3,500
G. H. Crawford Co., Inc.	400 Barringer Bldg., Columbia 1, South Carolina	3,500
Dixon Bretscher Noonan Inc.	509 First National Bank Bldg., Springfield, Illinois	3,500
Oscar E. Dooly & Co.	612 Ingraham Bldg., Miami, Florida 33131	3,500
Draper, Sears & Co. Incorporated	50 Congress Street, Boston 2, Massachusetts	3,500
Eisele & King, Libaire, Stout & Co.	50 Broadway, New York, N. Y. 10004	3,500

Name of Underwriter	Address of Underwriter	Number of Shares to be Purchased
Elder & Company	722 Chestnut Street, Chattanooga 2, Tennessee	3,500
Evans, MacCormack & Co., Inc.	453 South Spring Street, Los Angeles 13, California	3,500
First Securities Corporation	111 Corcoran Street, Durham, North Carolina	3,500
Gerstley, Sunstein & Co.	211 South Broad Street, Philadelphia 7, Pennsylvania	3,500
Goodkind, Neufeld & Company, Inc.	711 Fifth Avenue, New York, N. Y. 10022	3,500
Granger & Company	111 Broadway, New York, N. Y. 10006	3,500
Gruss & Co.	30 Broad Street, New York, N. Y. 10004	3,500
Hardy & Co.	25 Broad Street, New York, N. Y. 10004	3,500
Wm. P. Harper & Son & Co., Inc.	1504 Third Avenue, Seattle, Washington	3,500
Heller & Meyer	520 Main Street, East Orange, New Jersey	3,500
T. C. Henderson & Co., Inc.	Sixth & Grand, Des Moines 9, Iowa	3,500
Henry, Franc & Co.	308 North 8th Street, St. Louis 1, Missouri	3,500
Hettleman & Co.	1 Wall Street, New York 5, N. Y.	3,500
Hill & Co.	2020 Carew Tower, Cincinnati 2, Ohio	3,500
June S. Jones Co.	509 U. S. Bank Bldg., Portland 4, Oregon	3,500
John H. Kaplan & Co.	120 Broadway, New York, N. Y. 10005	3,500
Kaufman Bros. Co.	16 Selden Arcade, Norfolk 10, Virginia	3,500
Kerr & Bell	210 West 7th Street, Los Angeles 14, California	3,500
Kinsley & Adams	6 Norwich Street, Worcester 8, Massachusetts	3,500
Richard E. Kohn & Co.	20 Clinton Street, Newark 2, New Jersey	3,500
Kormendi & Co., Inc.	11 Broadway, New York 4, N. Y.	3,500
McDaniel Lewis & Co.	Jefferson Bldg., Greensboro, North Carolina	3,500
Lombard, Vitalis & Paganucci, Inc.	48 Wall Street, New York, N. Y. 10005	3,500
MacNaughton-Greenawalt & Co.	Michigan Trust Bldg., Grand Rapids 2, Michigan	3,500
The Marshall Company	Marine Plaza, 111 E. Wisconsin Avenue, Milwaukee 2, Wisconsin	3,500
Mason & Co.	2801 Washington Avenue, Newport News, Virginia	3,500
Mason & Lee, Inc.	Church at Eighth Street, Lynchburg, Virginia	3,500
McJunkin, Patton & Co.	1724 Oliver Bldg., Pittsburgh 22, Pennsylvania	3,500
C. S. McKee & Company, Inc.	Union Trust Bldg., Pittsburgh 19, Pennsylvania	3,500
McLean & Company, Inc.	772 Commerce Street, Tacoma 2, Washington	3,500
McMaster Hutchinson & Co.	105 South La Salle Street, Chicago 3, Illinois	3,500
Mid-Continent Securities Company, Inc.	Central Bldg., Wichita 2, Kansas	3,500
Nauman, McFawn & Co.	Ford Bldg., Detroit 26, Michigan	3,500
Norris & Hirshberg, Inc.	1550 Bank of Georgia Bldg., Atlanta 3, Georgia	3,500
Paul J. Nowland & Co.	1201 Bank of Delaware Bldg., Wilmington, Delaware 19899	3,500
Nugent & Igoe	592 Main Street, East Orange, New Jersey	3,500
Pflueger & Baerwald	Mills Bldg., San Francisco 4, California	3,500
Pyne, Kendall & Hollister	60 Wall Street, New York, N. Y. 10005	3,500
Quail & Co., Inc.	Davenport Bank Bldg., Davenport, Iowa	3,500
Rambo, Close & Kerner Incorporated	1518 Locust Street, Philadelphia 2, Pennsylvania	3,500
Rankin & Co.	53 Forsyth St. N.W., Atlanta, Georgia 30303	3,500
Rosenthal & Co.	40 Wall Street, New York 5, N. Y.	3,500
Roulston & Company	1010 Euclid Avenue, Cleveland 15, Ohio	3,500
Earl M. Scanlan & Co.	Western Federal Bldg., Seventeenth at California, Denver 2, Colorado	3,500
Scharff & Jones, Inc.	140 Carondelet Street, New Orleans 12, Louisiana	3,500
Schweickhardt & Company, Inc.	Hibernia Bldg., New Orleans 12, Louisiana	3,500
H. B. Shaine & Co. Inc.	111 Pearl Street, N. W., Grand Rapids 2, Michigan	3,500
Smith, Hague & Company	539 Penobscot Bldg., Detroit 26, Michigan	3,500
Starkweather & Co.	115 Broadway, New York 6, N. Y.	3,500
Sterling, Grace & Co.	39 Broadway, New York 6, N. Y.	3,500
Taylor and Company	439 North Bedford Drive, Beverly Hills, California	3,500
Taylor, Rogers & Tracy Inc.	105 South La Salle Street, Chicago 3, Illinois	3,500
Burton J. Vincent & Co.	105 South La Salle Street, Chicago 3, Illinois	3,500
White & Company Incorporated	506 Olive Street, St. Louis, Missouri 63101	3,500
C. T. Williams & Company, Inc.	Fidelity Bldg., Baltimore 1, Maryland	3,500
F. J. Winckler Co.	1966 Penobscot Bldg., Detroit 26, Michigan	3,500
Woodard-Elwood & Company	1115 First National Bank Bldg., Minneapolis 2, Minnesota	3,500
Wyllie and Thornhill, Inc.	204 East Market Street, Charlottesville, Virginia	3,500
F. S. Yantis & Co. Incorporated	135 South La Salle Street, Chicago 3, Illinois	3,500
York & Co.	235 Montgomery Street, San Francisco 4, California	3,500
		5,000,000

SCHEDULE B

COMMUNICATIONS SATELLITE CORPORATION

Underwriters' Application for Issuance of Shares of Common Stock in Connection with Initial Offering

The undersigned, as Representatives of the several Underwriters named in Schedule A to the Purchase Contract between said Underwriters and Communications Satellite Corporation, a District of Columbia corporation (the "Corporation"), hereby make application for the issuance to each such Underwriter of the number of Shares of Common Stock, without par value ("Common Stock"), of the Corporation which such Underwriter in the Purchase Contract has severally agreed to purchase from the Corporation. Each Underwriter is engaged in the business of distributing securities and is participating in good faith in the ordinary course of such business in the distribution of Common Stock of the Corporation.

Each Underwriter agrees as follows, in respect of the Shares of Common Stock to be purchased by it pursuant to the Purchase Contract (the "Shares"):

(a) If any of the Shares are to be held by such Underwriter as nominee of, or subject to the direction or control of, another person (the "Owner"), such Underwriter will obtain from each such Owner a statement of the following information: (i) whether the Owner is an "Alien Person"*; (ii) whether the Owner is a "Communications Common Carrier"* or a subsidiary or affiliated company of a "Communications Common Carrier" or a trustee, officer or director of any of the foregoing; (iii) whether the Owner, or any syndicate or affiliated group of shareholders of the Corporation of which the Owner is a member, owns or holds more than 100,000 Shares of Common Stock.

(b) To the extent that the information furnished to such Underwriter shows that Shares held by it are owned by "Alien Persons"*, such Underwriter will take such action as may be appropriate to assure that such Shares are represented by a Foreign Shares Certificate or Foreign Shares Certificates.

(c) Such Underwriter will furnish to Continental Illinois National Bank and Trust Company of Chicago, 231 South LaSalle Street, Chicago, Illinois, principal Transfer Agent for Common Stock, within 60 days after the date of the issuance of the Shares, a report, dated as of the 40th day after the issuance of the Shares, stating whether such Underwriter holds any of the Shares as nominee of, or subject to the direction or control of, another person, and if so setting forth the following information: (i) whether such Underwriter is a securities broker or dealer having its principal place of business in the United States and registered in accordance with Section 15 of the Securities Exchange Act of 1934; (ii) whether such Underwriter is an "Alien Person"*; (iii) whether such Underwriter is a "Communications Common Carrier"* or a subsidiary or affiliated company of a "Communications Common Carrier" or a trustee, director or officer of any of the foregoing; (iv) whether such Underwriter, or any syndicate or affiliated group of shareholders of the Corporation of which such Underwriter is a member, owns or holds more than 100,000 Shares of Common Stock; (v) on the basis of information furnished to such Underwriter by the Owners, whether any of the Owners is a "Communications Common Carrier" or a subsidiary or affiliated company of a "Communications Common Carrier" or a trustee, officer or director of any of the foregoing; (vi) on the basis of information furnished to such Underwriter by the Owners, whether any of the Owners, or any syndicate or affiliated group of shareholders of the Corporation of which the Owner is a member, owns or holds more than 100,000 Shares of Common Stock.

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* See reverse side for definitions.

Compliance by each Underwriter with its agreement hereunder shall be the responsibility of such Underwriter and not the responsibility of the Representatives as such.

Dated: June 11, 1964

MERRILL LYNCH, PIERCE, FENNER & SMITH
Incorporated
BLYTH & CO., INC.
THE FIRST BOSTON CORPORATION
KIDDER, PEABODY & CO. INCORPORATED
KUHN, LOEB & CO. INCORPORATED
LAZARD FRÈRES & CO.
LEHMAN BROTHERS
CARL M. LOEB, RHOADES & CO.
PAINE, WEBBER, JACKSON & CURTIS
WHITE, WELD & CO. INCORPORATED
DEAN WITTER & CO.

By MERRILL LYNCH, PIERCE, FENNER & SMITH
Incorporated

By .....
(Vice President)

*DEFINITION OF CERTAIN TERMS USED IN APPLICATION

"ALIEN PERSON" means

(1) any alien or the representative of any alien;
(2) any foreign government or the representative thereof;
(3) any corporation organized under the laws of any foreign government;
(4) any corporation of which any officer or director is an alien or of which more than one-fifth of the capital stock is owned of record or voted by aliens or their representatives or by a foreign government or representative thereof or by any corporation organized under the laws of a foreign country; or
(5) any corporation directly or indirectly controlled by any other corporation of which any officer or more than one-fourth of the directors are aliens, or of which more than one-fourth of the capital stock is owned of record or voted by aliens, their representatives, or by a foreign government or representative thereof, or by any other corporation organized under the laws of a foreign country.

"COMMUNICATIONS COMMON CARRIER" means

(1) any person (other than the Corporation) engaged as a common carrier for hire, in interstate or foreign communication by wire or radio or in interstate or foreign radio transmission of energy, including a person so engaged through physical connection, or connection by radio, or by wire and radio, with the facilities of another carrier; or
(2) any person which owns or controls, directly or indirectly, or is under direct or indirect common control with, any such person.

A person engaged in radio broadcasting is not, insofar as so engaged, deemed to be a "communications common carrier".

"PERSON" means an individual, partnership, association, joint-stock company, trust, corporation or other entity.

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COMMUNICATIONS SATELLITE CORPORATION

Information Furnished by
Underwriters With Respect to
Retail Distribution of Shares in
Initial Stock Offering

	Individuals	Banks and Trust Companies	Investment Companies	Insurance Companies	Charitable, Educational and Fraternal Organizations	Pension Funds	Corporations	Miscellaneous	Total
Number of Shares Sold to:	4,547,517	305,432	21,426	33,235	15,473	16,109	61,999	76,003	5,077,194*
Number of Transactions:	179,911	5,793	528	583	332	305	1,212	1,413	190,077

*Includes Oversales.

COMMUNICATIONS SATELLITE CORPORATION

Information Furnished by
Underwriters With Respect to
Retail Distribution of Shares in
Initial Stock Offering
(Continued)

ANALYSIS OF SALES

Number of Shares	Total Shares	Number of Transactions
1-10 shs.	536,564	68,679
11-25 shs.	1,153,937	54,539
26-50 shs.	2,961,776	62,937
51-75 shs.	52,610	998
76-100 shs.	247,112	2,487
101-200 shs.	33,648	211
Over 200 shs.	91,547	226
Total	5,077,194*	190,077

*Includes Oversales.

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D. Listing on Securities Exchanges and Registration Under the Securities Exchange Act of 1934

COMMUNICATIONS SATELLITE CORPORATION
3029 KLINGLE ROAD, N.W.
WASHINGTON 8, D. C.
TEL. 244-6000

May 6, 1964

Dear Sirs:

There are enclosed herewith the following documents:

(1) four printed copies (including one signed copy) of a preliminary draft of Listing Application, applying for the listing on the New York Stock Exchange of 10,000,000 shares of Common Stock, without par value, of the Corporation, to be issued in connection with the initial offering of shares of such Stock;

(2) a copy of a Listing Fee Agreement (Form A) dated as of the date hereof, relating to the shares covered by the Listing Application, executed on behalf of the Corporation;

(3) a check of the Corporation in the amount of $35,000, payable to the order of "Treasurer, New York Stock Exchange", in payment of the initial listing fee for the shares covered by the Listing Application;

(4) a copy, certified by the Superintendent of Corporations of the District of Columbia, of the Articles of Incorporation of the Corporation;

(5) a copy, certified by said Superintendent of Corporations, of Articles of Amendment to said Articles of Incorporation, which were filed by the Corporation in the office of the Recorder of Deeds of the District of Columbia on May 6, 1964;

(6) a copy, certified by the Secretary of the Corporation, of the By-laws of the Corporation;

(7) a copy, certified by the Secretary of the Corporation, of a resolution adopted by the Board of Directors of the Corporation authorizing, among other things, the filing of the Listing Application;

(8) a copy of the Registration Statement on Form S-1, filed by the Corporation with the Securities and Exchange Commission on the date hereof for the registration under the Securities Act of 1933, as amended, of the shares covered by the Listing Application; and

(9) ten copies of the form of Preliminary Prospectus of the Corporation, as included in said Registration Statement.

The Corporation intends to file with the Securities and Exchange Commission before the effectiveness of said Registration Statement an application for the registration under the Securities Exchange Act of 1934 of the shares of Common Stock covered by the Listing Application, for listing on the New York Stock Exchange, the Midwest Stock Exchange and the Pacific Coast Stock Exchange. The Corporation is filing with each of such other Exchanges applications for the listing of the shares covered by the Listing Application. There will be furnished to you at a later date an executed copy of said application of the Corporation under the Securities Exchange Act of 1934, together with a copy of each of the Exhibits to such Application; the opinions of counsel referred to in the Listing Application; specimen certificates for shares of Common Stock of the Corporation; and the other documents to be required in connection with the Listing Application.

Very truly yours,

COMMUNICATIONS SATELLITE CORPORATION

By _____
Secretary

Department of Stock List
New York Stock Exchange
11 Wall Street
New York 5, N. Y.

Attention: Edward S. Johnson, Esq.

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PRELIMINARY DRAFT

LISTING APPLICATION TO
NEW YORK STOCK EXCHANGE

A-
May , 1964

COMMUNICATIONS SATELLITE CORPORATION

10,000,000 SHARES OF COMMON STOCK
Without Par Value

ORIGINAL LISTING

Number of shares to be issued and outstanding on completion of distribution,	Number of shareholders of record to be supplied upon completion of distribution
10,000,014	

DESCRIPTION OF TRANSACTION

10,000,000 shares of Common Stock, without par value, are hereby applied for listing, upon official notice of issuance and evidence of satisfactory distribution thereof.

The Corporation has been created pursuant to authority granted by the Communications Satellite Act of 1962 (Public Law 87-624) ("the Act"), to develop, establish and operate, itself or in conjunction with foreign governments or business entities, a commercial communications satellite system.

The shares of Common Stock applied for listing will be issued in connection with the initial offering of shares of Common Stock of the Corporation provided for by Section 304(a) of the Act. In accordance with the provisions of the Act, (i) 50% of the total number of shares applied for listing have been reserved for subscription on or before May 26, 1964, by communications common carriers authorized by the Federal Communications Commission to own shares of stock of the Corporation ("authorized carriers"), and (ii) the remaining 50% of such shares, together with such of the shares so reserved for subscription by authorized carriers as shall not have been subscribed for by them on or before May 26, 1964 (if any), will be issued and sold in a manner to encourage the widest distribution of shares to the American public.

The Articles of Incorporation of the Corporation ("the Articles") have been approved by the President of the United States in accordance with the provisions of the Act. Under the Articles, shares of Common Stock are issuable in two series, designated respectively Series I and Series II. Shares of Common Stock issued to persons other than authorized carriers are Series I shares. Shares of Common Stock issued to authorized carriers are Series II shares. The Articles provide that, except as otherwise provided therein or in the Act, the rights of a holder of a Series I share, as such, and the rights of a holder of a Series II share, as such, shall be the same.

The Act and, in conformity with the Act, the Articles, contemplate that 50% of the total number of outstanding shares of Common Stock will be held by authorized carriers, and provide that the Board of Directors of the Corporation shall consist of six members elected annually by those shareholders which are authorized carriers, six members elected annually by other shareholders of the Corporation and three members appointed by the President of the United States with the advice and consent of the Senate.

The Board of Directors of the Corporation presently consists of 14 individuals appointed by the President of the United States, with the advice and consent of the Senate, as incorporators of the Corporation. Under the Act and the Articles, the present Board of Directors will remain in office until the date of the first annual meeting of shareholders following completion of the initial offering of shares of Common Stock or until their successors are elected and qualified.

The issuance and transfer of shares of Common Stock are restricted by, and are subject to restrictions imposed or which may be imposed under the authority of, the Act and the Articles. Reference is hereby made to the Prospectus incorporated herein for information with respect to such provisions of the Act and the Articles, and for information with respect to the Corporation generally.

AUTHORITY FOR ISSUANCE

The issuance of the shares applied for listing was authorized by the Board of Directors of the Corporation on April 29, 1964, pursuant to the provisions of the Act and the Articles.

STOCKHOLDER RELATIONS

The only shares of Common Stock of the Corporation issued and outstanding are 14 shares which have been issued to, and are held by, the incorporators of the Corporation, respectively. Upon completion of the distribution of shares of Common Stock in connection with the initial offering of such shares, the Corporation intends to follow the customary practices of listed companies of informing shareholders concerning its business and financial matters. As promptly as is practicable at the close of each fiscal year, the Corporation will furnish its stockholders with an annual report.

It is anticipated that the Corporation will not have operating revenues before mid-1965. In respect of the quarter beginning July 1, 1964, and in respect of each subsequent quarter ending before July 1, 1965, the Corporation intends to publish information with respect to its activities toward the development and establishment of a commercial communications satellite system. In respect of the quarter beginning July 1, 1965, and in respect of each subsequent quarter, the Corporation intends to release to the press for publication quarterly earnings statements.

Immediate publicity will be given through newspapers and by notices to statistical services of action on dividends or any other rights or benefits pertaining to the shares of Common Stock of the Corporation. The Corporation will solicit proxies for all meetings of shareholders.

ACCOUNTING POLICIES

Messrs. Haskins & Sells were appointed by the Board of Directors on October 21, 1963, to act as independent public accountants of the Corporation for a period terminating not later than the first annual meeting of shareholders following completion of the initial offering of Common Stock. Messrs. Haskins & Sells have acted in that capacity since that date. They make a periodic audit and have authority to examine all records and supporting evidence.

The By-laws of the Corporation provide that the shareholders, upon receiving a recommendation of the Board of Directors, shall appoint independent public accountants of the Corporation at each annual meeting. The Corporation intends to invite its independent public accountants to attend shareholders meetings and to answer questions raised by shareholders. The Corporation intends to continue the practice of periodic audit by its independent public accountants, and to continue to grant such accountants authority to examine all records and supporting evidence.

Under the By-laws of the Corporation, the principal accounting officer of the Corporation is the Comptroller, who is elected annually by the Board of Directors and who reports to the Chairman and Chief Executive Officer of the Corporation. Mr. Frederic M. Mead has been elected as Comptroller by the Board of Directors.

OPINIONS OF COUNSEL

Allen E. Throop, Esq., Vice President and General Counsel of the Corporation, and Messrs. Wilmer, Cutler & Pickering, Farragut Building, Washington, D. C., who will act as counsel for the Corporation in connection with the initial offering of shares of Common Stock, have filed with the New York Stock Exchange their opinions to the effect that the Corporation has been duly incorporated and is in good standing under the laws of the District of Columbia, as the communications satellite corporation authorized to be created by the Act; that the 10,000,000 shares of Common Stock covered by this Application are validly authorized; that the 10,000,000 shares offered pursuant to the Prospectus incorporated herein, when issued and sold as therein described, will be validly issued, fully paid and non-assessable; and that no personal liability will attach to the holders of such shares under the Act or under the laws of the District of Columbia, wherein the Corporation has been incorporated and wherein its principal place of business is located.

A Registration Statement under the Securities Act of 1933 has been filed by the Corporation with the Securities and Exchange Commission covering the 10,000,000 shares of Common Stock to be issued and sold as described in the Prospectus incorporated herein. It is expected that such Registration Statement will become effective on or about June 2, 1964. Before the effective date of such Registration Statement, the Corporation will file with the Securities and Exchange Commission an application under the Securities Exchange Act of 1934 to register the shares of Common Stock covered hereby under said Act, for listing on the New York Stock Exchange, the Midwest Stock Exchange and the Pacific Coast Stock Exchange.

MISCELLANEOUS

The consideration to be received from the sale of each share of Common Stock in connection with the initial offering will be credited to common capital stock account.

The Corporation has established contributory group insurance programs for regular employees, providing group health insurance and group life and disability insurance. The Corporation does not have any pension or retirement plan or any bonus, profit-participation, stock option or stock purchase plan.

The Corporation has not made any commitment, whether of definitive or contingent nature pursuant to which the Corporation may be required to issue any of its securities.

LISTING AGREEMENT

Nothing in the following Agreement shall be so construed as to require the Issuer to do any acts in contravention of law or in violation of any rule or regulation of any public authority exercising jurisdiction over the Issuer.

Communications Satellite Corporation (hereinafter called the "Corporation"), in consideration of the listing of the securities covered by this application, hereby agrees with the New York Stock Exchange (hereinafter called the "Exchange"), as follows:

I

1. The Corporation will promptly notify the Exchange of any change in the general character or nature of its business.

2. The Corporation will promptly notify the Exchange of any changes of officers or directors.

3. The Corporation will promptly notify the Exchange in the event that it or any company controlled by it shall dispose of any property or of any stock interest in any of its subsidiary or controlled companies, if such disposal will materially affect the financial position of the Corporation or the nature or extent of its operations.

4. The Corporation will promptly notify the Exchange of any change in, or removal of, collateral deposited under any mortgage or trust indenture, under which securities of the Corporation listed on the Exchange have been issued.

5. The Corporation will:

a. File with the Exchange four copies of all material mailed by the Corporation to its stockholders with respect to any amendment or proposed amendment to its Certificate of Incorporation.

b. File with the Exchange a copy of any amendment to its Certificate of Incorporation, or resolution of Directors in the nature of an amendment, certified by the Secretary of the state of incorporation, as soon as such amendment or resolution shall have been filed in the appropriate state office.

c. File with the Exchange a copy of any amendment to its By-laws, certified by a duly authorized officer of the Corporation, as soon as such amendment shall have become effective.

d. File with the Exchange four copies of each annual or other report transmitted by the Corporation to the President of the United States and the Congress pursuant to Section 404(b) of the Communications Satellite Act of 1962.

6. In the event that the Corporation establishes a stock option plan or grants any stock option, the Corporation will disclose in its annual report to shareholders, for the year covered by the report, (1) the number

of shares of its stock issuable under outstanding options at the beginning of the year; separate totals of changes in the number of shares of its stock under option resulting from issuance, exercise, expiration or cancellation of options; and the number of shares issuable under outstanding options at the close of the year, (2) the number of unoptioned shares available at the beginning and at the close of the year for the granting of options under an option plan, and (3) any changes in the exercise price of outstanding options, through cancellation and reissuance or otherwise, except price changes resulting from the normal operation of anti-dilution provisions of the options.

7. The Corporation will report to the Exchange, within ten days after the close of a fiscal quarter, in the event any previously issued shares of any stock of the Corporation listed on the Exchange have been reacquired or disposed of, directly or indirectly, for the account of the Corporation during such fiscal quarter, such report showing separate totals for acquisitions and dispositions and the number of shares of such stock so held by it at the end of such quarter.

8. The Corporation will promptly notify the Exchange of all facts relating to the purchase, direct or indirect, of any of its securities listed on the Exchange at a price in excess of the market price of such security prevailing on the Exchange at the time of such purchase.

9. The Corporation will not select any of its securities listed on the Exchange for redemption otherwise than by lot or pro rata, and will not set a redemption date earlier than fifteen days after the date corporate action is taken to authorize the redemption.

10. The Corporation will promptly notify the Exchange of any corporate action which will result in the redemption, cancellation or retirement, in whole or in part, of any of its securities listed on the Exchange, and will notify the Exchange as soon as the Corporation has notice of any other action which will result in any such redemption, cancellation or retirement.

11. The Corporation will promptly notify the Exchange of action taken to fix a stockholders' record date, or to close the transfer books, for any purpose, and will take such action at such time as will permit giving the Exchange at least ten days' notice in advance of such record date or closing of the books.

12. In case the securities to be listed are in temporary form, the Corporation agrees to order permanent engraved securities within thirty days after the date of listing.

13. The Corporation will furnish to the Exchange on demand such information concerning the Corporation as the Exchange may reasonably require.

14. The Corporation will not make any change in the form or nature of any of its securities listed on the Exchange, nor in the rights or privileges of the holders thereof, without having given twenty days' prior notice to the Exchange of the proposed change, and having made application for the listing of the securities as changed if the Exchange shall so require.

15. The Corporation will make available to the Exchange, upon request, the names of member firms of the Exchange which are registered owners of stock of the Corporation listed on the Exchange if at any time the need for such stock for loaning purposes on the Exchange should develop, and in addition, if found necessary, will use its best efforts with any known large holders to make reasonable amounts of such stock available for such purposes in accordance with the rules of the Exchange.

16. The Corporation will promptly notify the Exchange of any diminution in the supply of stock available for the market occasioned by deposit of stock under voting trust agreements or other deposit agreements, if knowledge of any such actual or proposed deposits should come to the official attention of the officers or directors of the Corporation.

17. The Corporation will make application to the Exchange for the listing of additional amounts of securities listed on the Exchange sufficiently prior to the issuance thereof to permit action in due course upon such application.

II

1. The Corporation will publish at least once a year and submit to its stockholders at least fifteen days in advance of the annual meeting of such stockholders and not later than three months after the close of the

last preceding fiscal year of the Corporation a balance sheet as of the end of such fiscal year, and a surplus and income statement for such fiscal year of the Corporation as a separate corporate entity and of each corporation in which it holds directly or indirectly a majority of the equity stock; or in lieu thereof, eliminating all intercompany transactions, a consolidated balance sheet of the Corporation and its subsidiaries as of the end of its last previous fiscal year, and a consolidated surplus statement and a consolidated income statement

This prospectus is neither an offer to sell nor a solicitation of an offer to buy any of these securities. No offer to buy will be accepted and no part of the purchase price will be received until a registration statement filed with the Securities and Exchange Commission has become effective, and any such offer may be withdrawn or revoked, without obligation or commitment of any kind, at any time prior to notice of its acceptance given after the effective date. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any State in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such State.

PRELIMINARY PROSPECTUS DATED MAY 6, 1964

PROSPECTUS

10,000,000 Shares

Communications Satellite Corporation

Common Stock
(without par value)

The Corporation is not an agency or establishment of the United States Government.

As required by the Communications Satellite Act of 1962, 50% of the shares of Common Stock to which this Prospectus relates have been initially reserved for subscription by communications common carriers authorized by the Federal Communications Commission to own stock of the Corporation. See "Offering of Common Stock". On May 26, 1964, there remained, of the shares so reserved for all authorized carriers, shares which had not been subscribed for by them, and such shares, together with all of the 5,000,000 unreserved shares, are being offered by the Underwriters to the public.

There is at present no market for the Common Stock of the Corporation. Application has been made to list the Common Stock on the New York, Midwest and Pacific Coast Stock Exchanges.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	Offering Price	Underwriting Discount	Proceeds to Corporation*
Per Share:			
Public (shares)	$20	$	$
Authorized Carriers (shares)	$20	None	$20
Total:	$200,000,000	$	$

* Before deducting expenses payable by the Corporation estimated at $630,000.

Merrill Lynch, Pierce, Fenner & Smith
Incorporated
Blyth & Co., Inc.
The First Boston Corporation
Kidder, Peabody & Co.
Incorporated
Kuhn, Loeb & Co.
Incorporated
Lazard Frères & Co.
Lehman Brothers
Carl M. Loeb, Rhoades & Co.
Paine, Webber, Jackson & Curtis
White, Weld & Co.
Incorporated
Dean Witter & Co.

June , 1964.

of shares of its stock issuable under outstanding options at the beginning of the year; separate totals of changes in the number of shares of its stock under option resulting from issuance, exercise, expiration or cancellation of options; and the number of shares issuable under outstanding options at the close of the year, (2) the number of unoptioned shares available at the beginning and at the close of the year for the granting of options under an option plan, and (3) any changes in the exercise price of outstanding options, through cancellation and reissu-

No person is authorized to give any information or to make any representations not contained in this Prospectus, and any information or representation not contained herein must not be relied upon as having been authorized by the Corporation or by any Underwriter. This Prospectus does not constitute an offer of Common Stock by any person in any State or other jurisdiction to any person to whom it is unlawful to make such offer in such State or other jurisdiction, or an offer by the Corporation or any Underwriter to sell Common Stock to any person ineligible under the Communications Satellite Act of 1962 or the Articles of Incorporation of the Corporation to own shares of Common Stock of the Corporation.

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IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE COMMON STOCK AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH TRANSACTIONS MAY BE EFFECTED ON THE NEW YORK, MIDWEST OR PACIFIC COAST STOCK EXCHANGES OR IN THE OVER-THE-COUNTER MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

last preceding fiscal year of the Corporation a balance sheet as of the end of such fiscal year, and a surplus and income statement for such fiscal year of the Corporation as a separate corporate entity and of each corporation in which it holds directly or indirectly a majority of the equity stock; or in lieu thereof, eliminating all intercompany transactions, a consolidated balance sheet of the Corporation and its subsidiaries as of the end of its last previous fiscal year, and a consolidated surplus statement and a consolidated income statement

THE CORPORATION

Communications Satellite Corporation (the Corporation) was incorporated under District of Columbia law on February 1, 1963, as authorized by the Communications Satellite Act of 1962 (the Act). The Act states that it is the policy of the United States to establish, in cooperation with other countries, as expeditiously as practicable, a commercial communications satellite system, as part of an improved global communications network, and that United States participation in the system shall be in the form of a private corporation, subject to appropriate Government regulation. The Corporation has been created in pursuance of such national policy, but the Corporation is not an agency or establishment of the United States Government. *The United States Government has not guaranteed funds invested in the stock of the Corporation, the payment of dividends on shares of such stock, or the profitability of the venture in which the Corporation proposes to engage.*

In accordance with the Act, the Corporation plans to establish and operate a global commercial communications satellite system in cooperation with telecommunications entities in other countries, certain of which are agencies of foreign governments. Such a system would use satellites placed in orbit around the earth to relay telecommunications between terminal stations in the United States and in other countries. Terminal stations in the United States would be connected with communications systems owned and operated by common carriers that provide telephone and other telecommunications service to the public. Terminal stations in other countries would be connected with communications systems that provide such service there.

It is expected that (i) telecommunications entities in other countries will provide and operate terminal stations in such countries (without which there cannot be a satellite system for international telecommunications), and (ii) such entities will share with the Corporation the costs of establishing the space segment of the system (comprising the satellites and the command and control facilities on earth), which would be jointly owned by the Corporation and such entities in proportion to their respective investments. It is contemplated that equitable allocations of the communications capacity of the space segment would be made to such joint owners and others. The Corporation would utilize its allocation to furnish satellite channels for hire to United States communications common carriers and other authorized users. It is expected that the charges made to United States carriers for use of such channels would be a principal source of the Corporation's revenue. Arrangements with telecommunications entities in other countries have not yet been made. The Corporation intends to proceed with its program for the establishment of the system while such arrangements are being negotiated. See "International Arrangements for System".

The Act embodies a comprehensive plan for the conduct of the business and affairs of the Corporation. It includes provisions governing the Corporation with respect to matters that, in the case of other communications common carriers in the United States, are not ordinarily subject to Government supervision or control. The Act defines the powers of the Corporation and the relationships of the Corporation to the President of the United States and various agencies of the United States Government which have responsibilities in carrying out the purposes of the Act. Under the provisions of the Act, the President of the United States has approved the Corporation's Articles of Incorporation, and he is directed by the Act, among other things, to exercise authority over the relationships of the Corporation with foreign governments and entities. The Act directs the Federal Communications Commission (the FCC) to exercise authority over certain aspects of the affairs of the Corporation, including the rates charged by it. See "Regulation".

of shares of its stock issuable under outstanding options at the beginning of the year; separate totals of changes in the number of shares of its stock under option resulting from issuance, exercise, expiration or cancellation of options; and the number of shares issuable under outstanding options at the close of the year, (2) the number of unoptioned shares available at the beginning and at the close of the year for the granting of options under an option plan, and (3) any changes in the exercise price of outstanding options, through cancellation and reissu-

Provisions of the Act also govern the ownership of shares of Common Stock of the Corporation and the composition and manner of selection of its Board of Directors. Among other things, such provisions contemplate that up to half the total number of shares of Common Stock of the Corporation is to be owned by United States communications common carriers, and direct that, effective upon completion of the first meeting of shareholders, the Board of Directors shall consist of six directors elected by those shareholders which are communications common carriers, six directors elected by other shareholders and three directors appointed by the President of the United States with the advice and consent of the Senate. See "Management" and "Description of Common Stock—Voting Rights". In the Act, Congress expressly has reserved the right to repeal, alter or amend the Act at any time.

THE VENTURE AND ITS RISKS

The Corporation proposes to engage solely in operations based on recent developments in space and communications technology. Careful consideration should be given to the matters referred to in the following summary, as well as to the information set forth elsewhere in this Prospectus.

(1) Experimental communications satellites have been placed in orbit and operated in programs conducted by the United States Government and private United States firms (other than the Corporation); but the establishment of a communications satellite system, capable of providing commercially useful service, has never before been attempted.

(2) Satellite systems of several different types are believed to be practicable for commercial purposes. To provide further information relevant to the selection of a type of system, the Corporation plans to conduct experiments and limited operations by means of a satellite to be launched by mid-1965. The program of the Corporation contemplates that the type of system to be established will not be determined before the latter part of 1965. It is anticipated that the system selected will be ready to provide service between certain areas beginning in 1966, but that the system will not be in full operation before the latter part of 1967. The dates referred to in this paragraph are approximations only, and every reference in this Prospectus to an anticipated date of a particular step in the program of the Corporation is subject to that qualification and to the qualification that unforeseen developments may either delay or prevent the carrying out of the program.

(3) It is anticipated that the Corporation will not have significant operating revenue until the system is in full operation. In view of the risks of the venture, the Corporation may not realize significant operating revenue for a period after full system operations commence, and the Corporation may operate at a loss for several years after commencement of full system operations. In view of such risks, the period during which operations are conducted at a loss may be even more extended. No dividends will be paid on the Common Stock for an indeterminate period.

(4) A communications satellite system of any type requires rockets or other launch vehicles that will place the satellites in the intended orbit, and the costs of launch vehicles will represent a major element in the costs of establishing a communications satellite system. It is contemplated that satellites for the system will be launched by vehicles developed in United States defense and space programs. The reliability of such vehicles is being further improved, but the risk of launch vehicle failure is an important risk inherent in an attempt to establish a satellite system of any type. Consequences of launch vehicle failure will include loss of the vehicle and of the satellite or satellites carried by the vehicle, and, if the failed vehicle causes injuries or damage, may also include liability therefor.

(5) A communications satellite system of any type requires satellites which will remain operable for a considerable period. On the basis of information derived from experimental com-

last preceding fiscal year of the Corporation a balance sheet as of the end of such fiscal year, and a surplus and income statement for such fiscal year of the Corporation as a separate corporate entity and of each corporation in which it holds directly or indirectly a majority of the equity stock; or in lieu thereof, eliminating all intercompany transactions, a consolidated balance sheet of the Corporation and its subsidiaries as of the end of its last previous fiscal year, and a consolidated surplus statement and a consolidated income statement

munications satellite programs, it is believed that satellite operating lifetimes of the duration necessary for a commercial system can be achieved, but the risk of early failure of satellites in orbit also is an important risk inherent in an attempt to establish a satellite system of any type. Failure of satellites in orbit may necessitate the launching of replacement satellites (involving additional launch vehicle costs) and may also cause interruption or suspension of service, with consequent loss of revenue.

(6) Certain techniques and devices, not yet proved in actual operations, are regarded as important to the commercial feasibility of certain types of satellite systems, or as important to highly efficient operations of any type of system. These include the launching of several communications satellites by a single launch vehicle (of importance to the commercial feasibility of a system consisting of a large number of satellites); techniques or devices to enable more than two terminal stations to communicate simultaneously via a single satellite without significant reduction in the satellite's communication capacity; and devices to control the attitude of satellites in orbit so that signals emitted by the satellite are directed toward the earth only.

(7) The demand for international telecommunications services (particularly telephone service) has increased continuously since the end of World War II, and, if the demand continues to increase, additional facilities of some kind will be required within the next few years to assure adequate telecommunications service between North America and Western Europe (commercially the most important route at present) and over certain other routes. The program of the Corporation to establish, in cooperation with other telecommunications entities, a commercial communications satellite system is based on the belief that the demand for international telecommunications services will continue to grow and on the expectation that the satellite system, in competition with facilities operated by others, will serve an important and increasing volume of international telecommunications traffic. It is expected that, in the early years of system operations, revenues from the use of satellite channels for telephone service will constitute by far the most important element in total revenues from system operations, and that revenues from television transmissions will not be significant in terms of such total revenues.

(8) The satellite system will compete with submarine telephone cable systems between North America and Western Europe and on certain other routes, and with high-frequency radio facilities generally. Such cable systems and radio facilities are owned by certain of the United States carriers and telecommunications entities in other countries which are prospective users of the satellite system. American Telephone and Telegraph Company (AT&T) is the principal United States owner of submarine telephone cable systems. The submarine cable systems with which the satellite system will compete may include cable systems of greatly increased efficiency now under development by AT&T and others. AT&T has stated an intention, subject to certain conditions, to lease satellite system channels of commercial quality, and other United States carriers have indicated an interest in so doing; but the Corporation has not obtained firm commitments therefor. The competitive position of the Corporation will depend on its ability to develop and operate a satellite system that will provide service which compares favorably, in cost and efficiency, with the service provided by other telecommunication facilities. See "Competition".

(9) The venture depends on the cooperation of telecommunications entities in other countries. Although many of such entities have indicated interest in the venture, the Corporation has not obtained the commitments of any such entities to provide the foreign terminal stations essential to the operations of a satellite system, or to join with the Corporation in the ownership (and payment of the costs) of the space segment of the system, or to use the system.

of shares of its stock issuable under outstanding options at the beginning of the year; separate totals of changes in the number of shares of its stock under option resulting from issuance, exercise, expiration or cancellation of options; and the number of shares issuable under outstanding options at the close of the year, (2) the number of unoptioned shares available at the beginning and at the close of the year for the granting of options under an option plan, and (3) any changes in the exercise price of outstanding options, through cancellation and reissu-

(10) The negotiation and carrying out of international arrangements for the system may be impeded or prevented by international political developments that are not directly related to the system. Moreover, the system may not be designed to operate in spite of intentional interference (e.g., jamming) and, if the operations of the system are purposely interfered with by a foreign government, elimination of the interference would depend on action by the United States Government (or other interested governments).

(11) Other countries may have or may acquire the ability to establish and operate a satellite system which would compete with the system the Corporation proposes to establish. Governments of certain foreign countries from time to time have announced that communications satellite development activities are being pursued or considered in such countries; but the Corporation does not know of any plan for the establishment by any other country of a communications satellite system which would compete with the system contemplated by the program of the Corporation. Under provisions of law presently in effect, any such competing system could not provide telecommunications service between the United States and overseas points without authorization by the FCC.

(12) Under the provisions of the Act, the activities in which the Corporation has authority to engage are, in general, those related or incidental to the development, ownership and operation of a commercial communications satellite system as defined in the Act. In the event that future technological developments provide a basis for new types of communications systems which do not use earth satellites and satellite terminal stations on the earth's surface, the Corporation might be unable to take advantage of such developments without appropriate legislation. Such legislation might not necessarily be required by other enterprises.

(13) The Corporation has public responsibilities under the Act, as well as responsibilities to its shareholders. Among other things, in the interests of national policy, the Corporation may be required to provide certain communications services to particular foreign points in circumstances in which it would be contrary to the business judgment of the Corporation to do so.

OFFERING OF COMMON STOCK

Offering to Authorized Carriers

As required by the Act and the Corporation's Articles of Incorporation, 50% of the 10,000,000 shares of Common Stock to which this Prospectus relates have been reserved for subscription by communications common carriers authorized by the FCC to own stock of the Corporation (authorized carriers). Such shares have been reserved until the close of business on May 26, 1964, for subscription by authorized carriers at the Offering Price set forth on the cover page of this Prospectus. Any such subscription may be revoked (in full but not in part) at any time prior to the acceptance thereof by the Corporation after the effectiveness of the Registration Statement covering the shares of Common Stock to which this Prospectus relates (the Registration Statement). The obligations of authorized carriers to purchase shares subscribed for by them are to be subject to certain conditions set forth in the prescribed subscription form including the conditions that (a) the Corporation shall have entered into a Purchase Contract with the Underwriters providing for (i) the purchase by the Underwriters of shares of Common Stock in aggregate number equal to the difference between 10,000,000 and the aggregate number of shares (not exceeding 5,000,000) subscribed for by authorized carriers at the time of the making of the Purchase Contract, and (ii) the public offering by the Underwriters of such shares at an initial offering price of $20 per share, (b) the Registration Statement shall have become and shall remain effective, and (c) the

last preceding fiscal year of the Corporation a balance sheet as of the end of such fiscal year, and a surplus and income statement for such fiscal year of the Corporation as a separate corporate entity and of each corporation in which it holds directly or indirectly a majority of the equity stock; or in lieu thereof, eliminating all intercompany transactions, a consolidated balance sheet of the Corporation and its subsidiaries as of the end of its last previous fiscal year, and a consolidated surplus statement and a consolidated income statement

sum of the aggregate purchase price for shares covered by accepted subscriptions of authorized carriers and the net proceeds (after underwriting discount but before expenses) received by the Corporation for shares purchased by the Underwriters under the Purchase Contract shall amount to not less than $190,000,000. A copy of this Prospectus, together with a letter of transmittal and subscription form, are being sent by the Corporation to each authorized carrier. Each authorized carrier in subscribing for shares will be required to agree that, unless compelled by the FCC in accordance with the provisions of the Act to transfer shares to another carrier, it will not, during a period of 60 days after the delivery to it of the shares of Common Stock purchased by it pursuant to the offering made by this Prospectus, sell or otherwise dispose of such shares otherwise than to an authorized carrier affiliated with it which is a party to a similar agreement with respect to the sale or other disposition of such shares during such 60-day period.

In the event that the total number of shares subscribed for by all authorized carriers exceeds the number of shares reserved for offering to such carriers, the reserved shares will be allocated among the subscribing carriers on the basis set forth under "Carrier Subscription Matters".

Offering to Public

The remaining 50% of the shares to which this Prospectus relates (5,000,000 shares), together with any shares reserved for subscription by authorized carriers which are not subscribed for by the close of business on May 26, 1964, will be purchased by the Underwriters from the Corporation for sale to the public.

In the Purchase Contract to be entered into by the Underwriters with the Corporation, the Underwriters will agree to use their best efforts to offer the Common Stock in a manner to encourage the widest distribution of the shares to the American public. To this end, the Underwriters named on the cover of this Prospectus propose to invite participation in the offering by approximately 350 additional underwriters located throughout the United States. It is also proposed that, in addition to offering a portion of the shares directly to the public, the Underwriters will offer shares to approximately 700 dealers for resale to the public.

Underwriters and dealers will not be required to accept or fill all orders received. In the proposed Purchase Contract between the Underwriters and the Corporation, the Underwriters will agree, except under certain circumstances, in making sales to persons other than dealers, to limit the number of shares allotted to any purchaser and to require each dealer to enter into an agreement to the same effect covering the shares sold by such dealer. Reference is made to the Purchase Contract, filed as an exhibit to the Registration Statement, for the terms of such agreement. See "Underwriting".

The decisions of authorized carriers to purchase shares may be based on business considerations not applicable to purchasers other than carriers.

CAPITALIZATION

The following table sets forth the capitalization of the Corporation as of May 6, 1964 and as adjusted to give effect to the sale of 10,000,000 shares of Common Stock and the application of a portion of the proceeds of such sale to the payment of bank loans of the Corporation, as described under "Application of Proceeds":

Title of Class	Authorized	Outstanding	Adjusted
Bank loans due June 30, 1964.....	—	$1,850,000	None
Common Stock, without par value*..	10,000,100 shs.	14 shs.	10,000,014 shs.

* The shares of Common Stock are issuable in two Series, designated Series I and Series II. As more fully set forth under "Description of Common Stock", and subject to the provisions of the Act and the Articles of Incorporation of the Corporation referred to therein, Series I shares are issuable to the public and Series II shares are issuable to communications common carriers authorized by the FCC to own stock of the Corporation.

of shares of its stock issuable under outstanding options at the beginning of the year; separate totals of changes in the number of shares of its stock under option resulting from issuance, exercise, expiration or cancellation of options; and the number of shares issuable under outstanding options at the close of the year, (2) the number of unoptioned shares available at the beginning and at the close of the year for the granting of options under an option plan, and (3) any changes in the exercise price of outstanding options, through cancellation and reissu-

APPLICATION OF PROCEEDS

The net proceeds from the sale of the 10,000,000 shares of Common Stock are estimated at approximately $, after deducting estimated expenses. Approximately $1,903,000 of such net proceeds will be applied to the payment of bank loans of the Corporation. The balance of such net proceeds ($) will be applied to pay the costs and expenses to be incurred by the Corporation in carrying out its program over the next few years for the development and establishment of a commercial communications satellite system, and for related purposes. See "Program of the Corporation". It is contemplated that funds not at the time required for such purposes will be invested in obligations of the United States Government or in other interest-bearing obligations or deposits.

As indicated under "Program of the Corporation", the range of the costs which it is estimated will be incurred in carrying out the program of the Corporation is from $190,000,000 to $230,000,000. It is believed that the net proceeds from the sale of Common Stock, together with interest income and possible revenues from the operations of the experimental operational satellite proposed to be launched in 1965, will provide an amount sufficient to pay substantially all of the program costs which will be required to be paid by the Corporation. However, in view of the risks associated with the program and the possibility of changes in the program (including such changes as might result from modification of the program so as to satisfy certain requirements of the National Communications System), the actual costs may considerably exceed present estimates. See "National Communications System Program". The Corporation has not made any arrangements to provide such additional funds as may be required.

It is expected that telecommunications entities in other countries may become joint owners with the Corporation of the space segment (comprising the satellites and the command and control facilities) of the communications satellite system and may provide part of the capital necessary to pay the costs of establishing the space segment. The Corporation has not obtained the commitment of any such entity to bear any part of such costs. Other than as indicated above, the Corporation at present has no plans for the use of any of the net proceeds of this financing which, because of the sharing of costs by the telecommunications entities in other countries, or for any other reasons, may not be required by it to defray the costs of the program.

SATELLITE COMMUNICATIONS

Nature of Satellite Communications

A communications satellite system would consist of satellites placed in orbit around the earth for the purpose of relaying telecommunications between terminal stations at different places on the earth's surface. Telecommunications which would be so relayed would include telephone messages, television signals, and "record traffic" of various types (message and other telegraph traffic, teleprinter exchange traffic (telex), and facsimile, photogram and data transmissions). Terminal stations would be operationally connected with telephone systems and other telecommunications facilities. Telecommunications would be transmitted (i) from the place of origin, through telephone lines or other facilities, to a terminal station, (ii) from the terminal station to a satellite in orbit, (iii) from the satellite to another terminal station, and (iv) from the receiving terminal station, through telephone lines or other facilities, to the place of destination.

Communication by satellite between two terminal stations is possible only when a satellite is above the horizon (is "visible") at both terminal stations. If the satellite's orbit carries it below the horizon of one of the terminal stations, communication between the stations will not be possible until the satellite

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again becomes visible to both stations or another satellite becomes visible to both stations. In such a case, to enable continuous communication between two terminal stations, a number of satellites would be necessary, so that before the last satellite visible to both terminal stations moves below the horizon of one of the stations, at least one other satellite will have become visible to both stations.

The number of satellites necessary to enable continuous communication between a pair of terminal stations depends primarily on the altitude and inclination of the orbits from the plane of the Equator and on whether the spacings between the satellites are controlled. Fewer satellites would be necessary at any altitude than would be necessary in an orbit of the same inclination at a lower altitude. The spacings between satellites at the same altitude will not be uniform unless such spacings are established, after the satellites are in orbit, by use of "position control" equipment included in the satellites. A system of satellites the spacings between which are controlled during orbit (a controlled system) need include fewer satellites than a system of satellites at the same altitude which are not subject to such control (a random system). Altitudes within the range of from 5,000 to 10,000 miles are generally proposed for a system (controlled or random) which is to consist of a number of satellites that in turn disappear below the horizon and in turn become visible again. Satellites in orbit at such altitudes (medium altitudes) could be used for communication between terminal stations over transoceanic distances.

The orbital period of a satellite and the length of the time that a satellite would be above the horizon of a particular terminal station increase as the altitude of the orbit increases. In particular, if the velocity of a satellite in orbit above the Equator at an altitude of 22,300 miles is effectively controlled, the orbital period of such a satellite would be 24 hours—an orbital period synchronized with the rotation of the earth. A satellite in such an orbit (synchronous orbit) would be visible to terminal stations within an area including approximately one third of the earth's surface and would be visible to terminal stations within that area during its entire orbital period of 24 hours. To an observer at such a terminal station, the satellite would appear to remain stationary in the sky. A satellite in such a synchronous orbit could be used at any time for communication between terminal stations within that area located up to 10,000 miles apart. The orbit of a satellite at an altitude of 22,300 miles, which deviates slightly from the plane of the Equator, is also referred to in this Prospectus as a synchronous orbit. The usefulness for communications of a satellite in such an orbit would be substantially the same as that of a satellite in a true "stationary" orbit, exactly above the Equator. A true "stationary" orbit (or an orbit of such slight deviation) has not yet been achieved.

The quality of telephone communication by means of a satellite in synchronous orbit would be reduced by reason of the length of the time (approximately three-tenths of a second) required for transmission of the signal to the satellite and back to earth (a delay which tends to interfere with the normal rhythms of conversation), and by the inter-acting effects of echo suppressors of existing types which must be used. There is not yet sufficient experience to indicate clearly whether or not telephone service by means of satellites in synchronous orbit will be of a quality that is generally acceptable to the public.

The principal components of any satellite which relays signals between terminal stations are (i) a receiver and related antenna, for the reception of signals from terminal stations, (ii) a transmitter and related antenna, to amplify and return signals to terminal stations, and (iii) a system to provide electrical energy for the satellite's receiver and transmitter. The principal components of a terminal station for any satellite system are, in addition to a source of electric power, a transmitter, a receiver, and at least one antenna. The orbital configuration of a satellite system greatly influences the nature of additional equipment which satellites and terminal stations must include. Placing and maintaining a satellite in synchronous orbit require that the satellite itself have position control equipment, to help achieve the synchronous orbit in the first instance and to overcome the effects of drift from such orbit. Satellites in a

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controlled medium altitude system also must have position control equipment, to establish the desired spacings between the satellites. Satellites in a random system need not include such equipment. To conduct the same operations, a terminal station for a medium altitude system must include twice the number of antennas required in a terminal station for a synchronous satellite system.

Command and control facilities (including computers and other equipment for tracking, guidance and control of satellites) also are necessary to satellite system operations.

Launching of Satellites

Rockets or other launch vehicles capable of placing objects of substantial weight in orbit are essential to a communications satellite system. Such vehicles have been developed in the United States in recent years in connection with United States Government space and defense programs. The reliability of such vehicles has been improved in the course of such programs, and agencies of the Government and others engaged therein are carrying out activities intended to increase launch vehicle reliability to a further degree; but the risk that one or more launch vehicles will fail to place satellites in a planned orbit may continue to be a significant factor throughout the period during which the Corporation proposes to create a commercial satellite system.

Costs of launch vehicles, and related vehicle launching expenses, are a major part of the aggregate cost of creating any satellite system. A medium altitude system may not be commercially feasible unless several satellites can be placed in the intended orbit by a single launch vehicle. In experiments conducted by agencies of the United States Government, as many as five objects have been placed in orbit by a single launch vehicle. Such objects were not communications satellites, and the orbits achieved were orbits at substantially lower altitudes than those contemplated for the satellites of a medium altitude system. The techniques necessary for a "multiple launch" of communications satellites would be the same as those successfully employed in such experiments; but no attempt has thus far been made in the United States to place more than one communications satellite in orbit by use of a single launch vehicle.

Satellite Lifetime

Satellites in orbit are subject to being damaged by radiation, by collision with natural objects and by other events in space. Damage resulting from any of such causes, or a failure of satellite components for other reasons, may interrupt or terminate the operation of the satellite. Certain of the experimental satellites launched in the United States experienced damage or failure of components within relatively short times after being placed in orbit. Three of the experimental satellites have operated for periods of nine months or longer. The longest such period was approximately 15 months, and the satellite which operated for that period is no longer in operation. Certain of the other experimental satellites launched in the United States are still in operation. See "Experimental Communications Satellites".

Failure of a satellite in orbit may impair or prevent communication service between the terminal stations to which the satellite is visible. In the case of a medium altitude system, the failure of a satellite is likely to result in interruptions of service during periods of predictable occurrence and length, corresponding to the periods during which the inoperative satellite is the only satellite visible to the terminal stations. Such periods of interruption will be longer if the system is a controlled system than if the system is a random system. If communication between two terminal stations is provided by a single synchronous satellite and there is not a "standby" satellite in orbit, failure of the satellite will prevent communication at any time until the satellite is replaced. Costs of replacing a satellite that has failed in orbit

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include the costs of the replacement satellite, the costs of a launch vehicle and related vehicle launching expenses. For a commercial system, the impairment or suspension of service resulting from satellite failure may also result in loss of substantial revenue until service can be restored by the successful launching of the replacement satellite.

Experimental Communications Satellites

Experimental communications satellites have been developed and placed in orbit in programs conducted by agencies of the United States Government and by private American companies other than the Corporation. The following table sets forth information with respect to the principal experimental communications satellites (other than passive "reflector" satellites) launched in the United States:

Experimental Communications Satellites (United States)

Name(a)	Launch Date	Altitude of Initial Orbit (statute miles)	Operating Lifetime of Telecommunications System	Telecommunications Transmissions
Score	December 18, 1958	115 to 914	13 days (design life)	Voice and telegraph, including delayed signal repetition and rebroadcast of recorded message.
Courier I-A	August 18, 1960	Failed to orbit (launch vehicle exploded)	—	—
Courier I-B	October 4, 1960	586 to 767	17 days	Voice, telegraph and telephoto, including voice transmission to Puerto Rico.
Telstar I	July 10, 1962	593 to 3,503	189 days(b)	Television, voice, telegraph, data and telephoto, including trans-Atlantic transmissions.
Relay I	December 13, 1962	819 to 4,612	461 days (c)	Television, voice, telegraph, data and telephoto, including transmissions between the U. S. and Western Europe and South America, and between the U. S. and Japan.
Syncom I	February 13, 1963	21,268 to 22,974	Communication lost at injection into orbit.	—
Telstar II	May 7, 1963	604 to 6,713	332 days(d)(e)	Similar to Telstar I.
Syncom II	July 26, 1963	22,240 to 22,247 (orbit very nearly circular and synchronous)	279 days(d)	Voice, telegraph, data and telephoto, including transmissions between the U. S., Western Europe and Africa.
Relay II	January 21, 1964	1,325 to 4,600	101 days(d)	Similar to Relay I.

(a) Of the satellites referred to in the table, (i) Telstar I and Telstar II were designed and constructed by American Telephone and Telegraph Company, (ii) Relay I and Relay II were designed and constructed by Radio Corporation of America (RCA) under contract with the National Aeronautics and Space Administration (NASA), (iii) Syncom I and Syncom II were designed and constructed by Hughes Aircraft Company under contract with NASA, (iv) communications equipment for Score was constructed by RCA for the Department of Defense, and (v) Courier IA and IB were constructed by Philco Corporation for the Department of Defense.

(b) Exclusive of a 40-day interruption (attributed to damage caused by radiation) in the operating lifetime stated. Termination of lifetime is attributed to damage so caused.

(c) Computed to April 8, 1964. The Corporation has been advised by NASA that, on that day, the telecommunications system of the satellite ceased operating and that it will not be known until early in May whether the cessation is temporary or permanent. The operating lifetime shown is exclusive of a 20-day period, immediately following launch, during which malfunction in satellite components prevented telecommunications transmission.

(d) Computed to April 30, 1964, at which time the telecommunications system of the satellite was still operable.

(e) Exclusive of a 27-day interval during which the telecommunications system was inoperable for unknown reasons.

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The experimental satellites Telstar I and II and Relay I and II have been used successfully for transmission of the principal kinds of telecommunications which a commercial system would serve over distances comparable to those which commercial service would require. The experimental satellite Syncom II has also been used successfully for the transmission over such distances of the principal kinds of telecommunications which commercial service would require, except that television signals transmitted through Syncom II have not been of commercial quality. In addition, the experimental satellite programs have provided much information relevant to the design of satellites for a commercial system.

The improvements in experimental satellites which are essential for the satellites of a commercial system are primarily those related to the achievement of reliability of components through careful selection and intensive testing. In addition, certain anticipated developments in components or techniques generally are regarded as important to communications satellite operations of highest efficiency, *viz.*, (i) development of techniques which will enable a satellite to communicate simultaneously with more than two terminal stations without material reduction in the satellite's overall communication capacity, and (ii) development of devices which can be used to control the attitude of satellites for extended periods of time, so that signals emitted by the satellite are directed toward the earth only.

The terminal station facilities principally used in connection with the operation of the experimental satellites referred to in the table have been, in respect of facilities in the United States, experimental terminal stations constructed by communications common carriers or facilities of the United States Government, and, in respect of facilities outside the United States, experimental terminal stations constructed by foreign telecommunications entities, including such facilities in the United Kingdom, France, Italy, Brazil and Japan. Telecommunications entities in other foreign countries (including Canada and the Federal Republic of Germany) are engaged in the construction of terminal station facilities in such countries.

PROGRAM OF THE CORPORATION

Activities to Date

The Corporation has been engaged in various activities leading to the creation of a commercial communications satellite system. It has established its offices in leased premises in Washington, D. C. Technical and economic studies are being carried out by the staff of the Corporation and by firms under contract with the Corporation, including studies of factors affecting the design of a satellite system, studies with respect to potential telecommunications traffic which such a system might serve, and studies relating to the minimum specifications and characteristics of an initial communications satellite system. Expenses incurred in connection with these activities have been financed by bank borrowings.

Summary of Program and Estimated Costs

The Board of Directors of the Corporation has approved a program for the development and establishment of a commercial communications satellite system. The principal elements of the Corporation's program, and the estimated costs of each element in the program, are summarized below. The cost estimates shown are approximations only, and, in view of various factors referred to below, the actual costs of the program as a whole, or of particular elements in the program, may considerably exceed such estimates. The estimates do not reflect such additional costs as would be involved if the program were modified to satisfy certain requirements of the National Communications System. See "National Communications System Program". The cost estimates in the summary do not include any amounts covering the expenses to be incurred in maintaining an established system.

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EXPERIMENTAL OPERATIONAL SATELLITES	
Conduct of certain communications tests and limited operations by means of an experimental operational satellite proposed to be placed in synchronous orbit above the Atlantic Ocean in mid-1965	$ 14,000,000 – $ 20,000,000
SYSTEM DEVELOPMENT	
Preparation of satellite engineering designs and development of prototype satellites of various types, preparatory to a decision, proposed to be made in the latter part of 1965, as to whether the commercial satellite system will be a medium altitude system or a synchronous system	$ 55,000,000 – $ 65,000,000
Manufacture and placing in orbit of satellites constituting a commercial communications satellite system, to provide limited service estimated to begin in 1966 and to be in full operation in the latter part of 1967	$ 75,000,000 – $ 90,000,000
Construction in the United States by mid-1966 of a command and control center for the satellite system	$ 9,000,000 – $ 10,000,000
PROPOSED TERMINAL STATIONS	
Construction by the Corporation of satellite terminal stations required in the United States*	$ 17,000,000 – $ 20,000,000
RESEARCH AND DEVELOPMENT AND ADMINISTRATION	
Additional research and development and administrative activities	$ 20,000,000 – $ 25,000,000
Total	$190,000,000 – $230,000,000

*Contingent on matters referred to under "Proposed Terminal Stations".

The Corporation has entered into an agreement for the design and manufacture of the experimental operational satellites, and has received proposals for the preparation of the satellite engineering designs, referred to in the foregoing summary. Except with respect to the equipment and services to which such agreement and proposals relate, the cost estimates in the foregoing summary are not based upon bids to provide equipment or services. Such estimates are based on information furnished to the Corporation by the United States Government and United States firms which have engaged in satellite experiments and in other phases of space programs. The Corporation expects to invite at the appropriate time competitive bids or proposals for the equipment and services required by its program. The actual costs of the program summarized above may vary considerably from estimated costs, depending upon the characteristics of the system, unforeseen factors affecting adversely launching costs or costs of components, and technological developments or other factors. In view of the risks of the venture, the taking of any particular step in the program may be delayed for extended periods beyond the approximate date for such step referred to in the summary above.

The program of the Corporation summarized above may be changed in material respects by reason of unforeseen developments. Whether or not any such development occurs, the program is also subject to change by the Board of Directors of the Corporation that will succeed the present Board. See "Management". Changes in the program may also be made by reason of modification of the program to satisfy certain requirements of the National Communications System or by reason of the nature or terms of the international arrangements to be negotiated for the system. See "National Communica-

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tions System Program" and "International Arrangements for System". The carrying out of any program for the establishment of a commercial communications satellite system is subject, among other things, to the continued effectiveness of the provisions of the Act which authorize the Corporation to carry out such a program, and to the authority of the agencies of the United States Government referred to under "Regulation".

Experimental Operational Satellites

The Corporation plans to conduct communications tests and to provide certain commercial communications services by means of a satellite to be placed in synchronous orbit over the Atlantic Ocean in mid-1965. The principal objectives of the program for such a satellite are to obtain information relevant to the selection and design of a commercial system (including information about public attitudes toward the time delays and echo suppression effects involved in telephone conversation via satellite in synchronous orbit) and also to provide experience in the conduct of operations. The particular satellite to be used in the program will be designed to provide up to 240 two-way telephone grade circuits between appropriately equipped terminal stations in North America and Western Europe. Such circuits could be used for telephone conversations, or for record traffic, or for the transmission of television signals. The capacity provided by one two-way telephone grade circuit is sufficient for the simultaneous transmission of 22 or more telegraph messages, depending on the terminal equipment used. The construction, launching and operation of the satellite are subject to the approval of the FCC. The Corporation has obtained such approval for the construction of the satellite, but has not yet made application for the other necessary approvals.

The Corporation has entered into an agreement with Hughes Aircraft Company, Culver City, California (Hughes Aircraft), for the design, manufacture, assembly and testing of two such satellites, for the manufacture of components for a third such satellite and for the performance of certain related services. The agreement provides for delivery of the first satellite in April, 1965, and for delivery of the second satellite later that year. Under the provisions of the agreement, the aggregate amount payable by the Corporation to Hughes Aircraft is related to the length of the period during which, after successful implacement in orbit, either of the two satellites is operable in accordance with certain operating standards specified in the agreement. Under such provisions, the minimum aggregate amount payable by the Corporation, whether or not any satellite meeting specifications is operable for any period, is $6,335,000, and the maximum aggregate amount payable by the Corporation, which would be payable if each of the two satellites is operable for a period of 18 months or longer, would be $10,835,000. The agreement also provides for additional payments by the Corporation to Hughes Aircraft in the event of the delivery of the first satellite in advance of the scheduled delivery date.

The Corporation expects to enter into an agreement with the National Aeronautics and Space Administration (NASA), an agency of the United States Government, for the furnishing to the Corporation by NASA of launch vehicles and launching services for two such satellites. The Act provides that NASA shall furnish launching services to the Corporation on a reimbursable basis. The Corporation has held preliminary discussions with NASA with respect to the furnishing by NASA of such launching services, but the terms of an agreement between the Corporation and NASA have not been determined.

It is expected that the vehicle to be used in the launching of each such satellite would be a Thor Delta rocket vehicle with three augmenting rockets attached. A total of 24 launchings of the Thor Delta rocket vehicle (without such augmenting rockets) has been attempted to date in connection with national

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space programs. Of such launching attempts, 22 were successful, including the launchings of the experimental satellites Syncom I and Syncom II. The launchings of Syncom I and Syncom II are the only launchings of the Thor Delta rocket vehicle to date for the purpose of placing an object into synchronous orbit. The Thor Delta rocket vehicle with such augmenting rockets has not been launched to date in national space programs.

The program of the Corporation contemplates that, in the event the first launch attempt fails or the first satellite is inoperable, an attempt will be made to launch the second satellite into synchronous orbit over the Atlantic Ocean. If the first launch is successful, it will then be determined whether to launch the second satellite into orbit over the Atlantic Ocean (to provide additional or stand-by capacity) or to launch it into orbit over the Pacific Ocean, or to hold it in reserve.

The Corporation is discussing with AT&T the terms of arrangements for the modification of AT&T's experimental terminal station facilities at Andover, Maine, and for the use of such facilities in the conduct of tests and operation of such satellites. Such arrangements and use will be subject to the approval of the FCC. It is expected that experimental terminal station facilities now existing or to be constructed in other countries will be used in the conduct of such tests and operations, but arrangements therefor have not yet been made. The Corporation proposes to offer to United States communication common carriers and other authorized users, for hire, channels of communication by means of the satellite in synchronous orbit above the Atlantic Ocean, between such terminal station in the United States and such terminal stations in Western Europe. AT&T has advised the FCC that it intends to seek FCC authorization to lease 100 circuits in the experimental operational satellite as soon as such circuits are commercially available; but the Corporation has not obtained the commitment of AT&T (or of any other carrier or entity) to lease any such circuits.

System Development

In December, 1963, the Corporation invited 15 United States firms to submit proposals for the preparation of engineering designs of satellites for a commercial system. In response to such invitation, proposals were submitted by (i) AT&T and Radio Corporation of America (RCA), jointly, (ii) Hughes Aircraft, (iii) Philco Corporation, and (iv) Space Technology Laboratories, Inc. (STL) in association with International Telephone and Telegraph Corporation (ITT). The AT&T-RCA proposal and the Philco Corporation proposal are each for the design of satellites for a medium altitude random system. The STL-ITT proposal is for the design of satellites for a medium altitude controlled system. The Hughes Aircraft proposal is for the design of satellites for a synchronous satellite system. The Corporation expects to negotiate and enter into agreements with certain of such firms for the preparation of engineering designs on the basis of the proposals submitted by them. Each such agreement would provide for the completion of the designs within a period of six months from the date thereof. The Corporation may enter into other agreements for the conduct of studies relating to satellite design.

The program of the Corporation for the development of a global commercial satellite system contemplates that (a) in the latter part of 1964, after evaluation of the engineering designs referred to above, the Corporation will enter into an agreement or agreements for the development of prototype satellites for systems of one or more types; and (b) in the latter part of 1965, it will be determined whether the commercial system will be a medium altitude random system, a medium altitude controlled system or a synchronous system. It is expected that the choice of a system type will be made after evaluation of the results of the operation of the synchronous satellite to be launched in 1965, and in the light of

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other information then available. The construction and technical characteristics of any operational system are subject to the prior approval of the FCC. See "Regulation".

The satellites of the system selected would be designed to provide at least 270 two-way telephone grade circuits initially, which could be used for the simultaneous transmission between two terminal stations of up to that number of telephone conversations or for the transmission of other forms of telecommunications. If development of efficient attitude stabilizing devices is completed in time and such devices are incorporated in the satellites, the design capacity of the satellites may be increased to up to 1200 such circuits.

There is set forth below, with respect to each of the alternative projected systems, information as to the characteristics of the system and the contemplated development schedule for such a system, should it be selected as the commercial system.

Medium Altitude System. A commercial medium altitude system would consist of satellites in orbit at an altitude of approximately 6,000 miles. Such a system might be either (i) a random system of approximately 18 satellites at that altitude, or (ii) a controlled system of a lesser number of satellites at that altitude, with desired spacings between the satellites being achieved through the use of position control equipment included in each satellite. It is expected that such a medium altitude system, when in full operation, would provide channels of communication on a substantially continuous basis between appropriate pairs of suitably equipped terminal stations located in various parts of the world.

Plans for such a system (if selected) contemplate that the first satellites would be launched in mid-1966, and that launchings necessary to complete the system would be carried out within a period of approximately a year from the date of such launchings. It also is contemplated that more than one satellite would be placed in orbit by each launch vehicle. The program of the Corporation for the replacement of satellites of a medium altitude system assumes that the satellites will have operating lifetimes of not less than three years. To date, none of the experimental communications satellites launched in the United States has had an operating lifetime in excess of 15 months, and the "multiple launching" technique has not yet been attempted with communications satellites. See "Satellite Communications". A series of failures in "multiple launching" attempts, or a general failure of satellites to achieve planned operating lifetimes, would have a serious adverse effect on the commercial feasibility of such a system.

Synchronous System. A commercial synchronous system would consist of at least three satellites in synchronous orbit at an altitude of approximately 22,300 miles. Such satellites would be stationed at appropriate points so as to be able to provide channels of communication on a continuous basis between appropriate pairs of suitably equipped terminal stations located in various parts of the world.

Plans for such a system (if selected) contemplate that, in mid-1966, two satellites will be placed in synchronous orbit above the Atlantic Ocean and one satellite will be placed in such an orbit above the Pacific Ocean. A second Pacific Ocean satellite or an Indian Ocean satellite, or both, might be launched in the following year. It is expected that satellites would be launched singly. The program of the Corporation for the replacement of satellites of a synchronous system assumes that the satellites will have operating lifetimes of not less than one year. The satellites of such a synchronous system would be in addition to those referred to under "Experimental Operational Satellites".

Combined Systems. It is envisioned that the initial global system to be established will not combine the use of satellites in synchronous orbit and random orbit. However, since the program of the Corporation involves placing an experimental operational synchronous satellite in orbit in 1965, it is possible

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that for a time use could be made of two different types of satellites. It is also possible that a commercial communications satellite system could ultimately consist of a combination of satellites of different types.

Command and Control Facilities. The Corporation plans to arrange for the design, construction and equipping of a command and control center for the system, to be located in the continental United States. The center would include computers, and would include or be linked to equipment for the tracking, guidance, control and command of the satellites constituting the system. It is expected that the construction and equipping of such center will be completed by mid-1966, to provide for the type of system theretofore selected.

Launching Services. The Corporation expects to enter into agreements with NASA providing for the purchase from NASA of the launching and associated services necessary to establish and maintain the system. The Corporation has held preliminary discussions with NASA with respect to the launching schedule contemplated by the program of the Corporation, the types of launch vehicles proposed to be used, and related matters, but the terms and provisions of such agreements have not been negotiated.

The Corporation expects that launch vehicles of types developed (or under development) in connection with the national space programs will be used in the launchings of satellites of the commercial communications satellite system. Several launch vehicle types are believed to be suitable for such use. The Corporation has not yet determined the type of vehicle which would be used to launch the satellites of a medium altitude system or the satellites of a synchronous system. It is expected that such determination will be made at the time it is decided whether the system is to be a synchronous system, or a medium altitude random system or a medium altitude controlled system.

Proposed Terminal Stations

The program of the Corporation contemplates that (i) if the commercial communications satellite system is a medium altitude system, there would initially be three terminal stations in the continental United States (northeast, northwest and southeast quarters) and a terminal station in the State of Hawaii, and (ii) if the commercial system is a synchronous system, there would initially be two terminal stations in the continental United States (eastern half and western half) and a terminal station in the State of Hawaii. Under the provisions of the Act, a license to own and operate any of such terminal stations may be granted by the FCC only to the Corporation or to one or more communications common carriers, or to the Corporation and one or more such carriers jointly. The number and location of terminal stations in the United States actually licensed by the FCC may differ from the number and location of the stations contemplated by the program of the Corporation. As of the date of this Prospectus, neither the Corporation nor any carrier has filed with the FCC an application for such a license. AT&T and ITT each have constructed and own experimental terminal station facilities in the United States. Pursuant to authorizations by the FCC under the Communications Act of 1934, such stations have engaged in various telecommunications experiments.

AT&T and certain other carriers engaged in international telecommunications have stated, expressly or in substance, an intention to apply to the FCC at the appropriate time for authorization to own and operate, or to participate in the ownership and operation of, one or more United States terminal stations. The Corporation intends to apply to the FCC at the appropriate time for authorization to own and operate each terminal station in the United States (including the State of Hawaii) or to carry out arrangements

of shares of its stock issuable under outstanding options at the beginning of the year; separate totals of changes in the number of shares of its stock under option resulting from issuance, exercise, expiration or cancellation of options; and the number of shares issuable under outstanding options at the close of the year, (2) the number of unoptioned shares available at the beginning and at the close of the year for the granting of options under an option plan, and (3) any changes in the exercise price of outstanding options, through cancellation and reissu-

with carriers which would give the Corporation operating control over United States terminal stations to be owned by such carriers. The Corporation has not negotiated any such arrangement with AT&T or any other carrier. It is possible that the ownership and operation of terminal stations in the United States will be the subject of contested proceedings before the FCC among the Corporation and one or more communications common carriers.

The construction and operation of suitably equipped terminal stations in foreign countries are essential to the operations of the commercial communications satellite system. It is presently expected that terminal stations in foreign countries will be constructed, owned and operated by telecommunications entities or authorities other than the Corporation.

In the event that the proposed program referred to under "National Communications System Program" is undertaken, terminal station facilities required for the use of the Government in connection with such program would be owned by the United States Government. See "National Communications System Program".

National Communications System Program

By Executive Order of the President there was established in August, 1963 the National Communications System, which is responsible for the administration of all communications facilities serving the Government of the United States, including the Department of State, the Department of Defense, the General Services Administration, the Federal Aviation Agency, and all other governmental departments and agencies. Under this Executive Order, the Secretary of Defense is the Executive Agent for the President.

For some time there have been discussions, which are continuing, between the office of the Secretary of Defense and the Corporation with a view to ascertaining whether a feasible program can be developed under which the National Communications System would be provided with satellite communications capability adapted to its needs, consistently with the development and establishment of a commercial communications satellite system.

As stated above under "System Development", the program of the Corporation contemplates active research and development on both synchronous and medium altitude communications satellite systems, with the ultimate decision to be made in 1965 as to whether the commercial system will be a medium altitude random system, a medium altitude controlled system, or a synchronous system. The office of the Secretary of Defense has advised the Corporation that, in order to minimize the risks of "jamming", and for other reasons, a medium altitude random system is needed. Accordingly, the discussions which have been had with the office of the Secretary of Defense have sought, on the one hand, to explore the possibilities of satisfying the requirements of the National Communications System if such a medium altitude system is selected, and on the other hand to spell out arrangements whereby the products of work done on a medium altitude random system could be utilized for the benefit of the Government on terms satisfactory to the Corporation and the Government in the event that another type of system is selected for the commercial satellite system.

If agreement should be reached with the Government under which, in the event of selection of a medium altitude random system as the commercial system, the National Communications System would be provided with capability to satisfy certain of its requirements, the range of estimated costs for the manufacture and placing in orbit of satellites constituting the system would be substantially greater than the $75,000,000-$90,000,000 range of such estimated costs in the case of a purely commercial system,

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as shown under "Summary of Program and Estimated Costs". However, the parties are continuing to explore in their discussions whether, as the result of such a program, the portion of the total cost properly allocable to the establishment and maintenance of the commercial system would be reduced, with a resulting advantage to the Corporation and such others as may participate in the ownership of the commercial system, and with a similar reduction in cost to the Government. It is also contemplated that if agreement were reached with the Government under which the National Communications System were provided with a portion of the capability of a medium altitude random system, charges would be made to the Government which would be such as to provide a reasonable return on the portion of the total cost of the system properly allocable to such capability. Such charges may be subject to regulation by the FCC.

Many technical and administrative problems would be involved in carrying out a program such as that outlined above, and many aspects of it are subject to the approval of the FCC, as well as other participants. Furthermore, the nature of such international arrangements as are made with the telecommunications entities in other countries, discussed below under "International Arrangements for System", may affect the feasibility of any such program or the manner in which it would be carried out. Although the Corporation believes that, if the proposed program could be carried out, it would offer advantages to both the Corporation and the Government, there is substantial question whether the problems inherent in the program can be resolved and as to the extent to which modifications in the program would affect the costs thereof or the manner in which it would be carried out.

Research and Development

The Corporation proposes to engage in communications satellite research and development activities as a part of the program for the establishment and operation of a commercial system. Certain of such research and development activities will be related to matters affecting the design of satellites which would be launched to establish the commercial satellite system. Other such activities will be directed toward matters affecting the design of satellites which would be launched after the system is in being, either as replacements for inoperative satellites of the system or for the purpose of increasing the capability of the system.

INTERNATIONAL ARRANGEMENTS FOR SYSTEM

In accordance with the policies of the United States Government, which favor the development of a single global system, telecommunications entities in other countries have been and will be given the opportunity of participating with the Corporation in the establishment of the space segment (comprising the satellites and the command and control facilities) of the commercial communications satellite system. Officers of the Corporation and representatives of the United States Government have met with representatives of other governments and other telecommunications entities for the purpose of discussing international arrangements for such participation. In these discussions, the Corporation and the United States Government have proposed that the telecommunications entities in other countries might share with the Corporation the costs of establishing the space segment, which would be jointly owned by the Corporation and such entities in proportion to their respective investments. According to this proposal, each participant's share of the total investment in the space segment would be based upon its share of world telecommunications traffic which is suitable for transmission by a communications satellite system and upon the participant's anticipated use of the system. On this basis, the Corporation's share would exceed the shares of all other participants combined.

of shares of its stock issuable under outstanding options at the beginning of the year; separate totals of changes in the number of shares of its stock under option resulting from issuance, exercise, expiration or cancellation of options; and the number of shares issuable under outstanding options at the close of the year, (2) the number of unoptioned shares available at the beginning and at the close of the year for the granting of options under an option plan, and (3) any changes in the exercise price of outstanding options, through cancellation and reissu-

Under the proposal a committee representing the joint owners would be established, to which would be delegated the responsibility and authority for certain major decisions relating to the design, establishment and operation of the space segment. Thus, in the event that the proposed arrangements become effective, such decisions would not be made by the Corporation alone, but would require the concurrence of some of the other participants. However, the other participants would not have the power to make such decisions without the concurrence of the Corporation.

The proposal contemplates that the Corporation would act as manager on behalf of the joint owners in the designing, establishing and operating of the space segment and would be compensated for such services. It also contemplates that each of the investing participants would be allocated an equitable portion of the space segment capacity and that the Corporation would utilize its allocation to furnish satellite channels for hire to the United States communications common carriers and other authorized users. It is expected that the charges made to United States carriers for use of such channels would be a principal source of the Corporation's revenue.

The Corporation and the United States Government have proposed that appropriate interim arrangements covering the establishment and operation of the proposed system in its early stages be negotiated as soon as possible among prospective participants who are prepared to make immediate commitments for substantial investments of capital in the space segment, with provision for new investors to become participants at a later date. Certain of these arrangements would be among governments and other arrangements would be among the participating communications entities. It is expected that negotiations will be conducted in the near future with representatives of the governments and telecommunications entities in a number of countries, including Western European nations, Canada, Japan and Australia. The outcome of such negotiations and the terms of the interim arrangements which might result from them cannot be predicted. In order to insure the development of a communications satellite system as promptly as possible, the Corporation intends to proceed with its program while such negotiations are pending, and it is prepared if necessary to finance the entire cost of establishing the system (exclusive of the costs of foreign terminal stations). Early in 1963 the United States Government suggested to the Government of the U.S.S.R. that it might be useful to have discussions relative to the establishment of a single global commercial communications satellite system. Recently that Government indicated that it would be prepared to hold such discussions, and the United States Government responded with the suggestion that a meeting for that purpose, in which the Corporation would participate, be held in January of this year.

The international allocation of frequency bands for space radio-communication services is a prerequisite to the conduct of the operations of a commercial communications satellite system. Important steps in this area were taken at the Extraordinary Administrative Radio Conference on Space Communications, held in Geneva, Switzerland, in October and early November, 1963. The Conference, which was held under the auspices of the International Telecommunication Union (ITU), a specialized agency of the United Nations, allocated for communications satellite services (a) two 50 megacycle bands of frequency space, on an exclusive basis, and (b) 2500 to 2700 megacycles of frequency space, on a shared basis with existing radio services. A number of ITU members (including certain countries in Western Europe) have stated that, in their countries, certain existing radio services would continue to use either or both of the two 50 megacycle bands allocated by the Conference to communications satellite services on an exclusive basis. The Corporation believes that the frequency allocations so made by the Conference, which are subject to ratification by ITU members, make satisfactory provision for the requirements of the communications satellite system contemplated by the program of the Corporation.

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INTERNATIONAL TELECOMMUNICATIONS

Facilities for International Telecommunications

Telecommunications service between the United States and overseas points is provided by United States communications common carriers (U. S. carriers), in most instances in collaboration with telecommunications entities in foreign countries. The U. S. carriers are subject to regulation by the FCC under the Communications Act of 1934, and other provisions of law, with respect to the construction and operation of facilities for such service and the rates charged therefor. The collaborating telecommunications entities in foreign countries are either government-owned or privately owned, but subject to regulation or control by the governments of such countries. International service between points outside the United States is provided by agencies of foreign governments, by other foreign telecommunications entities and by U. S. carriers.

International telecommunications service is provided primarily by means of submarine telephone cables, high-frequency radio facilities and submarine telegraph cables, and, in respect of service between contiguous countries, also by terrestrial (overland) facilities.

Submarine Telephone Cables. Submarine telephone cables carry all forms of record traffic, as well as telephone traffic. Existing telephone cables, and those planned to be in service by December 31, 1965, are not designed to transmit high-quality television signals. The first oceanic telephone cable (Florida-Cuba) began service in 1950 and the first trans-Atlantic telephone cable was placed in operation in 1956. Other important submarine telephone cable systems have been placed in operation at various times since 1956. Further advances in cable and related technology have greatly increased the initial capacity of telephone cables most recently placed in service. In addition, significant increases have been made in the capacity of earlier telephone cables, primarily by the installation of additional cable terminal equipment ("TASI equipment"), which automatically utilizes capacity resulting from intervals in one conversation for the transmission of another conversation. AT&T and others are carrying out programs to place additional telephone cable systems in operation at various future dates.

The following table sets forth information with respect to the principal submarine telephone cable systems in operation at December 31, 1960, and December 31, 1963, or scheduled to be in operation at December 31, 1965, other than those within Europe or between Europe and North Africa:

Cable System (a)	Number of Two-way Telephone Grade Circuits in Service at December 31		
	1960 (b)	1963 (b)	1965 (Est.) (b)
North Atlantic			
U.S. or Canada—U.K. or France			
Primarily for U.S. traffic	170	298	426(c)
Other systems	—	104(d)	104(d)
Western Hemisphere(e)			
U.S.—Alaska	36	48	48
U.S.—Puerto Rico	48	85	85
U.S.—Bermuda	—	80	80
U.S.—Jamaica	—	128	128
Jamaica—Canal Zone	—	128	128
Canal Zone—Colombia	—	—	80
U.S.—Virgin Islands	—	—	128
Virgin Islands—Venezuela	—	—	80

of shares of its stock issuable under outstanding options at the beginning of the year; separate totals of changes in the number of shares of its stock under option resulting from issuance, exercise, expiration or cancellation of options; and the number of shares issuable under outstanding options at the close of the year, (2) the number of unoptioned shares available at the beginning and at the close of the year for the granting of options under an option plan, and (3) any changes in the exercise price of outstanding options, through cancellation and reissu-

Cable System (a)	Number of Two-way Telephone Grade Circuits in Service at December 31		
	1960 (b)	1963 (b)	1965 (Est.) (b)
PACIFIC AREA			
U.S.—Hawaii	48	85	213
Canada—Hawaii	—	80	80
Hawaii—Guam—Japan	—	—	128
Guam—Philippines	—	—	128
Hawaii—New Zealand	—	80	80
Australia—New Zealand	—	80	80
Australia—Malaysia—Hong Kong	—	—	80

(a) As used in the table, U.S. refers to points within the 48 contiguous States of the United States and U.K. refers to the United Kingdom.

(b) Numbers of circuits in service at December 31, 1960 and December 31, 1963 include circuits provided by TASI equipment installed at said dates. Estimates of circuits to be in service at December 31, 1965, are based on assumptions that (i) systems planned for completion by that date will be so completed and will then provide planned capacity, and (ii) systems in operation at December 31, 1963, will be in operation at December 31, 1965, and will then provide the same capacity as provided at December 31, 1963. The design capacity of cable systems planned to be constructed before December 31, 1965, and the capacity of certain of the cable systems in service at December 31, 1963 (including certain of the North Atlantic systems) could be increased substantially for traffic of certain types (including message telephone service) by the installation of TASI equipment. The FCC, which heretofore has not required that its authorization be obtained for installation of TASI equipment, recently has stated that such authorization should be required of U.S. carriers for future installation of such equipment.

(c) Includes the initial planned capacity (128 two-way telephone grade circuits) of a cable between New Jersey and France, the construction of which by mid-1965 the FCC recently has determined to be required by the public interest, convenience and necessity. Such determination was made in proceedings upon applications of AT&T for authority to construct such a cable over that route, and of Mackay Radio and Telegraph Company (an affiliate of ITT) for authority to construct a trans-Atlantic cable over a different route. AT&T's application estimated that its share of the costs of the cable proposed by it (in which AT&T would have an ownership interest of approximately 65%) would be $34,347,000. The FCC's determination provides that the new cable should be authorized in the name of all the United States overseas telecommunication entities (both record and telephone) which desire to participate in such ownership.

(d) Includes the capacity (24 two-way telephone grade circuits) provided by cable systems extending from Canada to Iceland and from Iceland to the United Kingdom, used exclusively by the international airlines of North Atlantic countries to provide communication services necessary for the conduct of their operations.

(e) In addition to the Western Hemisphere cable systems shown above, the Corporation is advised that ITT and AT&T propose, subject to the obtaining of various requisite governmental approvals, jointly to construct and operate a cable, with a design capacity of 160 two-way telephone grade circuits, from the Canal Zone down the west coast of South America to Chile, which it is contemplated would be completed by the end of 1965. See "Competition".

Of the cable systems included in the foregoing table, AT&T owns, or has ownership interests in (or, in respect of systems to be constructed before December 31, 1965, is expected to own or have ownership interests in), (i) all the North Atlantic cable systems reflected in the numbers of circuits shown opposite "Primarily for U. S. Traffic", (ii) each of the cable systems referred to under the heading "Western Hemisphere", (iii) the U. S.-Hawaii cable systems, and (iv) the Hawaii-Guam-Japan and the Guam-Philippines cable systems. Hawaiian Telephone Company also has ownership interests in the U. S.-Hawaii cable systems and the Hawaii-Guam-Japan cable system. Affiliates of ITT have ownership interests in the U. S.-Puerto Rico, the U. S.-Virgin Islands, the U. S.-Jamaica and the Jamaica-Canal Zone cable systems.

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AT&T and others are engaged in the development of improved submarine telephone cables. See "Competition".

High-Frequency Radio Facilities. High-frequency radio (HFR) facilities serve telephone and record traffic on routes served by telephone cables and, in addition, provide the only telephone and record service to the many areas of the world which do not have cable connections. Communication by HFR circuits is subject to fading, distortion and blackout because of disturbances in the ionosphere.

HFR facilities began extensive service for international record traffic shortly before World War I, and for international telephone traffic in 1927. All international telephone traffic (except that carried by overland facilities) was carried on HFR circuits until the introduction of submarine telephone cables in 1956. Submarine telephone cables now carry a far greater part of international telephone traffic than is carried by HFR facilities between places having both telephone cable and HFR service. On routes which have submarine telephone cable service, HFR facilities are operated primarily on a standby basis.

In addition, communications circuits for all forms of telecommunication are provided by tropospheric scatter radio systems and ionospheric scatter radio systems. Tropospheric scatter systems are used for communication over relatively short distances (i.e., 300 miles or less). Ionospheric scatter systems are also used for communication over longer routes. The capacity of scatter systems in comparison with the capacity of submarine telephone cables is not significant.

Submarine Telegraph Cables. Service provided by submarine telegraph cables is limited to message telegraph and other telegraph transmissions. The capacity of such cables in comparison with the capacity of submarine telephone cables is not significant. Beginning in 1960, U. S. carriers which operate submarine telegraph cables have leased circuits in submarine telephone cables for transmission of telegraph and other forms of record traffic, and since that time an increasing proportion of the record traffic between the United States and overseas points has been transmitted through such leased circuits. With the approval of the FCC, certain U. S. carriers recently have abandoned submarine telegraph cables (including trans-Atlantic telegraph cables) theretofore operated by them.

Traffic and Revenues

Telephone traffic and record traffic between the United States and overseas places constitute an important part of all telephone and record traffic between different continents or areas of the world. It is estimated that, in 1963, overseas telephone messages originating or terminating in the continental United States represented approximately 70% of the total number of intercontinental telephone messages, and that approximately one-half the revenues from overseas telephone messages originating or terminating in the United States were received by U. S. carriers.

Telephone and record traffic between the United States and overseas places has increased continuously since the end of World War II. In respect of record traffic, the most rapid growth has been in forms of service other than message telegraph service, principally teleprinter exchanges service (telex) and leased circuit services. The following table sets forth information, for each of the years indicated, with respect to telephone traffic between the continental United States and places outside the continental United States (except Canada and Mexico). The table shows, in respect of such routes,

of shares of its stock issuable under outstanding options at the beginning of the year; separate totals of changes in the number of shares of its stock under option resulting from issuance, exercise, expiration or cancellation of options; and the number of shares issuable under outstanding options at the close of the year, (2) the number of unoptioned shares available at the beginning and at the close of the year for the granting of options under an option plan, and (3) any changes in the exercise price of outstanding options, through cancellation and reissu-

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the total number of chargeable telephone calls transmitted by the principal U. S. telephone carriers, and the gross revenues of the U. S. telephone carriers from such calls:

	No. of Chargeable Calls (Thousands)	Gross Revenues from Chargeable Calls (Thousands of $)*
1947	517	$ 5,833
1950	745	8,198
1955	1,194	13,001
1956	1,394	15,802
1957	2,178	22,679
1958	2,427	27,841
1959	2,736	33,110
1960	3,301	42,322
1961	3,945	50,906
1962	4,461	61,387
1963 (est.)	4,825	69,410

* Exclusive of any revenues (approximately $12,700,000 in 1962) derived by U. S. telephone carriers from leases of circuits, principally to U. S. telegraph carriers and to agencies of the United States Government. Information in the table (except estimates for 1963) is from statistical publications of the FCC for the years indicated.

The revenues of the U. S. carriers shown in the table reflect (1) charges for the domestic segment of the telephone calls (including terminal handling), as well as charges for the overseas segment of the calls, and (2) rates established for a "retail" communications service, rendered directly to the public. In contrast, any revenue which the Corporation would receive from leases of satellite system channels would relate only to the overseas segment of the service, and would reflect rates to be established for a "wholesale" service rendered to the carriers and not directly to the public. Accordingly, any revenues of the Corporation under leases of satellite system channels to U. S. carriers would be less than the revenues which the U. S. carriers would receive from their customers for providing overseas telephone service through such satellite system channels. The revenues shown in the table include revenues of U. S. carriers from calls over certain routes (e.g., between the U. S. and places in the Caribbean) which would not necessarily be served by satellite system channels in the early years of a commercial satellite system.

Of the gross revenues of the U. S. telephone carriers from overseas chargeable calls in 1962, as shown in the foregoing table, $22,668,000 (37%) relate to chargeable calls classified as "Trans-Atlantic and Bermuda", $21,927,000 (36%) relate to chargeable calls classified as "Central America, South America and Caribbean" and $16,792,000 (27%) relate to chargeable calls classified as "Trans-Pacific".

The aggregate amount paid by U. S. telegraph carriers for the rental of circuits in submarine telephone cables from U. S. telephone carriers and others is estimated at approximately $4,662,000 for 1963. The gross revenues of the U. S. telegraph carriers from record traffic service between the United States and overseas places are a much larger amount, reflecting not only such leased circuit costs but charges in respect of the HFR or telegraph cable facilities operated by them for traffic not transmitted through such leased circuits, charges attributable to transmission services in the United States from points of origin to gateways for overseas transmission, and charges in respect of non-transmission services.

The demand for telecommunications service between Western Europe and North America, and on certain other overseas routes, exceeded the capacity of available facilities during peak demand hours in 1963.

Future International Telecommunications Traffic

The rate of growth in the demand for international telecommunications service is influenced by many factors, including population growth, the extent of international trade and travel, the extent of improvements in domestic telecommunications systems and rates for international telecommunications service. Estimates with respect to the demand for international telecommunications service at various times through 1980 have been published in recent years by U. S. carriers, by representatives of such carriers and by international bodies and other persons. Such estimates, which are not necessarily based on the same information with respect to relevant matters or on the same assumptions with respect to factors which may affect the demand for international telecommunications service, differ substantially from each other in certain respects. All such estimates of which the officers of the Corporation have knowledge, however, reflect the view that, during the periods to which such estimates, respectively, relate, there will be a continuous growth in the demand for telephone and record traffic service between the continental United States or North America and other areas of the world, and that the demand for telephone and record traffic service between the continental United States and Western Europe will exceed the capacity of telephone cables now in existence or now scheduled for construction through 1965 within a period of not more than a year thereafter. Estimates of future demand for international telecommunications service necessarily are based on assumptions and predictions with respect to factors which may affect the growth of such demand, and the accuracy of such estimates may depend upon the substantial correctness of the assumptions and predictions on which the estimates are based.

Although the need for a commercial communications satellite system derives primarily from the anticipated growth in demand for international telecommunications services and the relationship of such demand to the capacity of present and proposed submarine telephone cables, it is possible that, once such a system has been established, it may be used to provide service between intracontinental points separated by long distances. The Corporation is unable to predict the extent of such intracontinental use of the proposed system.

Submarine cable systems (and/or other telecommunications facilities), in addition to those now planned, may be constructed and placed in operation at or before the time the commercial communications satellite system is established, to meet the anticipated increase in demand for international telecommunications service. See "Competition".

COMPETITION

The U. S. carriers and telecommunications entities in other countries to which satellite system channels will be offered own and operate the submarine telephone cable systems and HFR facilities with which the satellite system will compete. In respect of telephone and record traffic between the continental United States and overseas points, the facilities of the satellite system will compete principally with those of AT&T and the U. S. telegraph carriers.

The amount of the revenues from the operations of the satellite system will depend in the first instance on the ability of the system to provide communication channels of commercial quality. The amount of such revenues will also be affected by the extent of the growth of international telecommunications traffic and the extent of the construction of submarine telephone cable systems or other telecommunications facilities. The competitive position of the Corporation will depend on its ability to develop and operate a satellite system which compares favorably, in cost and efficiency, with service provided by cable systems or other telecommunications facilities.

AT&T and others are engaged in the development of improved submarine telephone cables. The cables under development by AT&T include cables in which transistors would be used for the first time in

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certain submerged components of the cable. A 3,000-mile cable in which transistors are so utilized would have a design capacity of up to 720 two-way telephone grade circuits and could provide service, between the places connected by such cables, for all the forms of telecommunications traffic which the satellite system might serve. None of the trans-oceanic cables shown in the table under "International Telecommunications—Facilities for International Telecommunications" as scheduled to be in operation by December 31, 1965, will be a transistorized cable. The design capacity of the trans-Atlantic telephone cable recently authorized by the FCC to be constructed in 1965 is 128 two-way telephone grade circuits.

Under the Communications Act of 1934, and other provisions of law, the construction and operation of a submarine telephone cable between the United States and an overseas point may not be undertaken unless the FCC has determined that the present or future public convenience and necessity require or will require the construction and operation of the cable.

In December, 1963, AT&T advised the Corporation, among other things, to the effect that (a) AT&T sees a place and a need for both satellite and cable communications, in order to provide for anticipated increases in the volume of trans-oceanic communications and to provide diversity in means of communication, (b) if satellite system circuits of satisfactory quality and costs reasonably related to the costs of providing communication circuits by alternative means are available in late 1966 or early 1967 on North Atlantic routes, AT&T would prefer, in order to provide diversity of facilities in meeting additional needs, to use satellite circuits instead of placing additional cables in service on such routes, subject to the giving to AT&T during 1964 of assurances that suitable satellite circuits would be available in 1966 or early 1967, the obtaining of the agreement of the interested European telecommunications entities (which AT&T would take all reasonable steps to help obtain), and the obtaining of necessary authorizations from the FCC, and (c) it appears to AT&T that such preference for satellite circuits would continue until North Atlantic routes were served by approximately equal numbers of cable system voice circuits and satellite system voice circuits.

The Corporation is informed that ITT (subsidiaries of which operate telecommunications systems in various South and Central American countries) and AT&T have recently transmitted letters to the Department of State stating that they desire to construct by the end of 1965, and participate in the ownership and operation of, a submarine telephone cable which would extend from the Canal Zone down the west coast of South America to Chile. This cable, which would have a design capacity of 160 two-way telephone grade circuits, would constitute a continuation of a submarine telephone cable recently put in operation between the United States and the Canal Zone via Jamaica. The Corporation is informed that this cable may subsequently be connected with facilities, to be constructed, which would provide a continuation of similar telecommunications service across the Andes to Argentina and, by submarine cable, along the east coast of South America, to Brazil. In their letters to the Department of State, ITT and AT&T expressed the view that both cable and satellite facilities are needed. In its letter ITT also stated that it had initiated discussions with the governments of various South American countries looking toward the granting of franchises for both cable facilities and satellite terminal stations. The Corporation is unable to state the extent to which the cable program described above, if the requisite approvals of governmental authorities in the United States and other countries are obtained and the cable system is constructed, might adversely affect the establishment of or the revenues from satellite communications services between the United States and South American countries or between South American countries.

In respect of telecommunications traffic between places outside the United States, the facilities of the satellite system will compete principally with facilities of foreign telecommunications entities, which may include facilities not now scheduled to be constructed.

last preceding fiscal year of the Corporation a balance sheet as of the end of such fiscal year, and a surplus and income statement for such fiscal year of the Corporation as a separate corporate entity and of each corporation in which it holds directly or indirectly a majority of the equity stock; or in lieu thereof, eliminating all intercompany transactions, a consolidated balance sheet of the Corporation and its subsidiaries as of the end of its last previous fiscal year, and a consolidated surplus statement and a consolidated income statement

REGULATION

The Corporation is subject to regulation by the FCC under the provisions of the Act and, as a communications common carrier, under certain provisions of the Communications Act of 1934. The matters as to which the FCC has regulatory authority include, among other things, (a) the procurement by the Corporation of equipment and services required for the establishment and operation of the satellite system and terminal stations, (b) the use by communications common carriers of the facilities of the satellite system and terminal stations, including the charges to be made therefor, (c) the making of additions with respect to the facilities of the satellite system or terminal stations, including authority to insure that no substantial additions are made by the Corporation or carriers with respect to facilities of the satellite system or terminal stations unless such additions are required by the public interest, convenience, and necessity, and authority to require the establishment of service to particular foreign points upon advice of the Secretary of State of the United States that such service should be established in the national interest, (d) the technical characteristics of the satellite system and terminal stations, including the technical compatibility and operational interconnection of the system and terminal stations with each other and with existing communications facilities, (e) accounting systems, and (f) the issuance of securities (other than the issuance of the shares of Common Stock to which this Prospectus relates) and the borrowing of funds. Under the provisions of such Act or Acts, in respect of rates charged by the Corporation for service to communications common carriers and other authorized users, the FCC may limit the Corporation to a reasonable rate of return, and the FCC is also directed by the Act to engage in such rate-making procedures as will insure that any economies made possible by a communications satellite system are appropriately reflected in rates for public communications services. The Act also provides that the FCC shall authorize the construction and operation of each satellite terminal station by the Corporation or one or more communications common carriers authorized to provide services by means of communications satellites, or by the Corporation and one or more such carriers jointly, without preference to either the Corporation or such carriers, as will best serve the public interest, convenience and necessity.

Under the provisions of the Act, the Corporation is required to meet certain responsibilities to representatives or agencies of the United States Government other than the FCC. The Act provides that (a) the President of the United States shall exercise such supervision over the relationships of the Corporation with foreign governments, foreign entities and international bodies as may be appropriate to assure that such relationships are consistent with the national interest and foreign policy of the United States, and that the President shall exercise various other powers relating to the establishment and operation of a commercial communications satellite system; (b) the Corporation shall notify the Department of State whenever it enters into business negotiations with a foreign or international entity relating to the Corporation's facilities, operations or services, shall receive the advice of that Department with respect to relevant foreign policy considerations and, throughout such negotiations, shall keep the Department informed with respect to such considerations; (c) NASA shall, among other things, consult with the Corporation with respect to the technical characteristics of the satellite system; cooperate, to the extent deemed appropriate by it, in the Corporation's research and development program; and provide, on a reimbursable basis, satellite launching and associated services deemed necessary by NASA in connection with the research and development program of the Corporation or required for the establishment, operation and maintenance of the communications satellite system; (d) the Corporation shall transmit to the President of the United States and to the United States Congress, detailed reports of its operations, activities and accomplishments under the

of shares of its stock issuable under outstanding options at the beginning of the year; separate totals of changes in the number of shares of its stock under option resulting from issuance, exercise, expiration or cancellation of options; and the number of shares issuable under outstanding options at the close of the year, (2) the number of unoptioned shares available at the beginning and at the close of the year for the granting of options under an option plan, and (3) any changes in the exercise price of outstanding options, through cancellation and reissu-

Act; and (e) the Attorney General of the United States may institute appropriate court proceedings to prevent or terminate actions by the Corporation which are inconsistent with the policies and purposes declared in the Act or which involve or threaten a refusal or failure by the Corporation to comply with the provisions of the Act.

Under the provisions of the NASA Authorization Act for the 1964 fiscal year, the Corporation is required to reimburse NASA for any scientific or technological services furnished at the request of the Corporation for its exclusive benefit.

Communication via the satellite system with a telecommunications entity in any other country may also be subject to regulation or control by the government of such country.

MANAGEMENT

Directors

In accordance with the provisions of the Act, the present Board of Directors of the Corporation consists of persons appointed by the President of the United States, with the advice and consent of the United States Senate, as incorporators of the Corporation. The name and principal occupation of each such person are as follows:

Name	Principal Occupation
Joseph V. Charyk	President of the Corporation, Washington, D. C.
John T. Connor	President, Merck & Co., Rahway, New Jersey
George J. Feldman	Vice President and Counsel, Mastan Co., New York, N. Y.
Beardsley Graham	President, Spindletop Research, Inc., Lexington, Kentucky
Sam Harris	Attorney, New York, N. Y.
Edgar F. Kaiser	President, Kaiser Industries Corporation, Oakland, California*
David M. Kennedy	Chairman, Continental Illinois National Bank and Trust Company of Chicago, Chicago, Illinois*
George Killion	President, American President Lines, San Francisco, California
Byrne Litschgi	Attorney, Tampa, Florida
Leonard H. Marks	Attorney, Washington, D. C.
Bruce G. Sundlun	Attorney, Washington, D. C.
Sidney J. Weinberg	Partner, Goldman, Sachs & Co., New York, N. Y.
Leo D. Welch	Chairman and Chief Executive Officer of the Corporation, Washington, D. C.*
Leonard Woodcock	Vice President, UAW-CIO, Detroit, Michigan

* Continental Illinois National Bank and Trust Company of Chicago, of which Mr. Kennedy is a director and Chairman of the Board, Bank of America National Trust and Savings Association, of which Mr. Kaiser is a director, and First National City Bank, of which Mr. Welch is a director, are among the banks which are parties to the Corporation's bank credit agreement. See "Notes to Financial Statements".

The present Board of Directors will serve until the first annual meeting of shareholders following completion of the offering made by this Prospectus. It is expected that such shareholders meeting will be held on or about September 1, 1964. As provided in the Act and the Articles of Incorporation of the Corporation, the Board of Directors thereafter will consist of 15 individuals, of whom (a) three will be appointed by the President of the United States, by and with the advice and consent of the Senate, for terms of three years (except that the first three directors so appointed will continue in office

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for terms of one, two and three years, respectively), (b) six will be elected annually by those holders of Common Stock which are communications common carriers (holders of Series II shares), and (c) six will be elected annually by holders of Common Stock who are not communications common carriers or persons having specified relationships to any such carrier (holders of Series I shares). See "Description of Common Stock—Voting Rights", below. The Articles of Incorporation provide that each director, regardless of the method of his appointment or election, shall have the same fiduciary duty to the Corporation and its shareholders.

Under the provisions of the By-laws of the Corporation presently in effect, no vote may be counted for the election of any person as a director unless (a) such person was proposed for nomination to be a candidate by written notice signed by a shareholder of the appropriate Series and mailed to the Secretary of the Corporation not less than 10 nor more than 50 days before the date of the meeting, (b) such person has filed with the Secretary of the Corporation a statement of his interests in any communications common carrier, and (c) a statement of the interests of such person in any communications common carrier shall have been included in each written solicitation of proxies in favor of his election, made by such person or by his proposer.

It is the intention of the present Board of Directors, as holders of Series I shares, to nominate six candidates for election as directors by holders of Series I shares (public shareholders) at the first annual meeting of shareholders, and to solicit proxies for the election of such candidates. Such candidates may include members of the present Board of Directors. The identity of such candidates has not been determined.

Officers and Staff Division Heads

The names of the executive officers and heads of the principal staff divisions of the Corporation are as follows:

Name	Office or Position
Leo D. Welch	Chairman and Chief Executive Officer*
Joseph V. Charyk	President*
Allen E. Throop	Vice President and General Counsel*
Lewis C. Meyer**	Treasurer*
Frederic M. Mead	Comptroller*
David J. Melamed	Secretary*
John A. Johnson	Director of International Arrangements
Sidney Metzger	Manager, Engineering Division
Siegfried H. Reiger	Manager for Systems Analysis
Matthew Gordon	Director of Information

* Executive officer elected by the Board of Directors.
** Mr. Meyer is also Finance Coordinator of the Corporation.

Mr. Welch has served as Chairman and Chief Executive Officer of the Corporation since March 31, 1963. From 1944 to that date, he served in various capacities with Standard Oil Company (New Jersey), including service as a vice president (September 6, 1956 to April 2, 1958), executive vice president and member of the executive committee (April 3, 1958 to April 30, 1960) and chairman of the board and vice chairman of the executive committee (May 1, 1960 to March 31, 1963).

Dr. Charyk has served as President of the Corporation since February 28, 1963. From January 1959 to that date, he served in various civilian capacities with the United States Department of the Air Force,

of shares of its stock issuable under outstanding options at the beginning of the year; separate totals of changes in the number of shares of its stock under option resulting from issuance, exercise, expiration or cancellation of options; and the number of shares issuable under outstanding options at the close of the year, (2) the number of unoptioned shares available at the beginning and at the close of the year for the granting of options under an option plan, and (3) any changes in the exercise price of outstanding options, through cancellation and reissu-

including service as Chief Scientist of the Air Force (January, 1959 to June, 1959), Assistant Secretary of the Air Force for Research and Development (June, 1959 to January, 1960), and Under Secretary of the Air Force (January, 1960 to February, 1963). Before such service with the Department of the Air Force, Dr. Charyk was General Manager of the Space Technology Division of Aeronutronic Systems, Inc. (a subsidiary of the Ford Motor Company) and was a director of the Aerophysics and Chemistry Laboratory of Lockheed Aircraft Corporation.

Mr. Throop has served as Vice President and General Counsel of the Corporation since May 31, 1963. From 1945 to that date he was a member of the law firm of Messrs. Shearman & Sterling, New York, N. Y.

Mr. Meyer has served as Finance Coordinator of the Corporation since June 2, 1963, and as Treasurer and Finance Coordinator since April 10, 1964. From July, 1958 until his employment by the Corporation, he served in various civilian capacities with the United States Department of the Air Force, including service as Chief, Missile and Space Systems Division, Office of the Comptroller of the Air Force (July, 1958 to August 1962), and as Deputy for Financial Analysis, Office of the Assistant Secretary of the Air Force (Financial Management) (August, 1962 to June 2, 1963).

Mr. Mead was elected Comptroller of the Corporation, effective May 1, 1964. From March 1, 1958 to April 30, 1964, he served in various capacities with Mallinckrodt Chemical Works, St. Louis, Missouri, including service as Controller (April 4, 1961 to April 30, 1964).

Mr. Melamed served as Assistant Counsel to the Chairman of the Incorporators of the Corporation from November 6, 1962 to January 31, 1963, as Assistant Secretary of the Corporation from February 1, 1963 to September 15, 1963, and has served as Secretary of the Corporation since that time. From August 11, 1956 to November 5, 1962, he was an associate with the law firm of Messrs. Cravath, Swaine & Moore, New York, N. Y.

Mr. Johnson has served as Director of International Arrangements since December 9, 1963. From October, 1958 to that date, he served as General Counsel of the National Aeronautics and Space Administration.

Mr. Metzger has served as Manager, Engineering Division, since June 6, 1963. From 1954 to that date, he served in various capacities with Radio Corporation of America (RCA), including service as Manager, Communications Engineering, of the Astro-Electronics Division of RCA and Manager of RCA's New York Communications System Laboratory.

Mr. Reiger has served as Manager for Systems Analysis since June 3, 1963. From January, 1959 to that date, he was a Senior Staff Member of The Rand Corporation, Santa Monica, California, from which he is on leave of absence.

Mr. Gordon has served as Director of Information, including public relations and government relations, since May 20, 1963. From March, 1946, to September, 1961 Mr. Gordon was in charge of press services at the United Nations. From the latter date until May 20, 1963, he was in private business, primarily as a consultant to technological companies.

Remuneration

The following table sets forth the aggregate direct remuneration for services in all capacities estimated to be payable by the Corporation in 1964 (a) to each director, and each of the three highest-paid

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officers, of the Corporation whose aggregate direct remuneration in such year is estimated will exceed $30,000, and (b) to all directors and officers of the Corporation as a group:

Name of Individual or Identity of Group	Capacities In Which Remuneration Was Received	Aggregate Direct Remuneration*
Leo D. Welch	Chairman and Chief Executive Officer	$125,000
Joseph V. Charyk	President	80,000
Allen E. Throop	Vice President and General Counsel	50,000
All directors and officers as a group (including those named above)		367,000

*It is estimated that the following additional amounts will be payable by the Corporation in 1964 as life insurance premiums in respect of the officers named under policies other than the Corporation's contributory group insurance policy: Mr. Welch, $4,481; Dr. Charyk, $1,183; Mr. Throop, $714.

The Corporation does not have an employment contract with any of its officers or employees, or any plan or arrangement for the payment of retirement benefits to any of its directors, officers or employees.

Personnel

At April 30, 1964 the Corporation employed 72 persons, of whom 37 were administrative or professional employees. None of the employees of the Corporation is represented by a collective bargaining agent. It is expected that increases in the number of employees of the Corporation will be required in the carrying out of the program to establish a commercial communications satellite system, and also in the operation of the system, including command and control facilities and such of the terminal stations in the United States as may be operated by the Corporation.

DESCRIPTION OF COMMON STOCK

For a full description of the Common Stock of the Corporation, reference is made to the Communications Satellite Act of 1962, and to the Articles of Incorporation, as amended, of the Corporation, a copy of which is filed as an Exhibit to the Registration Statement. The following statements summarize the relevant provisions of said Articles and the Act and are qualified by such reference.

The transfer agents for the Common Stock are Continental Illinois National Bank and Trust Company of Chicago, Chicago, Ill.; Manufacturers Hanover Trust Company, New York, N. Y.; and Wells Fargo Bank, San Francisco, Calif.

The registrars for the Common Stock are The First National Bank of Chicago, Chicago, Ill.; The Chase Manhattan Bank, New York, N. Y.; and Bank of America National Trust and Savings Association, San Francisco, Calif.

By amendment of the Articles of Incorporation effective May 6, 1964, the authorized capital of the Corporation was increased from 100 shares of Common Stock, without par value, to 10,000,100 such shares.

Series I and Series II Shares

Shares of Common Stock are issuable in two series designated respectively Series I and Series II. Except as stated below under "Restrictions on Ownership and Transfer of Shares" and "Voting Rights", the rights of a holder of a Series I share, as such, and the rights of a holder of a Series II share, as such, are the same.

of shares of its stock issuable under outstanding options at the beginning of the year; separate totals of changes in the number of shares of its stock under option resulting from issuance, exercise, expiration or cancellation of options; and the number of shares issuable under outstanding options at the close of the year, (2) the number of unoptioned shares available at the beginning and at the close of the year for the granting of options under an option plan, and (3) any changes in the exercise price of outstanding options, through cancellation and reissu-

Shares issued or transferred to persons other than authorized carriers are Series I shares. Shares issued or transferred to authorized carriers are Series II shares. Authorized carriers are those communications common carriers, as defined below, which have been authorized by the FCC to own shares of stock of the Corporation. Shares of either Series may not be issued or transferred to a communications common carrier which is not an authorized carrier or to persons having certain relationships with a communications common carrier. See "Restrictions on Ownership and Transfer of Shares".

Under the provisions of the Act and the Articles of Incorporation, in any offering by the Corporation of Common Stock, 50% of the shares to be offered must be reserved for offering and offered for purchase by authorized carriers. Shares reserved and offered to authorized carriers but not purchased by them may be offered to other persons.

Dividend Rights

Holders of Common Stock are entitled to receive such dividends, in cash, in property or in shares of stock of the Corporation, as may be declared by the Board of Directors. Holders of Common Stock, as such, have equal dividend rights, irrespective of the Series of shares of Common Stock held by them.

Liquidation

Upon any liquidation, dissolution or winding up of the Corporation, holders of shares of Common Stock, irrespective of the Series of such shares held by them, are entitled to receive, pro rata, the assets of the Corporation available for distribution.

Restrictions on Ownership and Transfer of Shares

Subject to the limitations referred to below, holders of Series I shares or of Series II shares may at any time sell or otherwise dispose of such shares to any person to whom shares of either Series may be issued and, upon surrender of the share certificate for transfer, the transferee will receive a certificate, representing the same number of shares as the surrendered certificate, for shares of the Series appropriate to him.

The ownership and transfer of shares of Common Stock are subject to the following provisions:

(i) Except for an authorized carrier, shares of Common Stock may not be owned or held, directly or indirectly, by any communications common carrier, or by a subsidiary or affiliated company of any communications common carrier, or by a trustee, director or officer of any of the foregoing. For these purposes, the term "communications common carrier" has the meaning of the term "common carrier" as used in the Communications Act of 1934, and also includes any person or entity which owns or controls, directly or indirectly, or is under direct or indirect common control with, any such carrier, but does not include the Corporation.

(ii) The aggregate number of shares of Common Stock owned or held, directly or indirectly, by authorized carriers may not at any time exceed 50% of the total number of shares of Common Stock issued and outstanding.

(iii) Not more than an aggregate of 20% of the number of shares of Common Stock owned or held by persons other than authorized carriers may be owned or held by persons of the classes described in paragraphs (1) through (5) of Section 310(a) of the Communications Act of 1934.

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The classes as described consist of aliens, foreign governments, representatives of aliens or foreign governments, and corporations organized under the laws of foreign governments (hereinafter collectively called Alien Persons); corporations of which any officer or director is an alien or of which more than 20% of the capital stock is owned of record or voted by Alien Persons; and, upon a determination of the FCC, a corporation which is directly or indirectly controlled by any other corporation of which any officer or more than one-fourth of the directors are aliens or of which more than 25% of the capital stock is owned of record or voted by Alien Persons.

(iv) As provided in the Act, the number of shares of Common Stock owned or held by any person (other than an authorized carrier) or syndicate or affiliated group of such persons may not at any time exceed 10% of the total number of shares of Common Stock at the time outstanding, or, as provided in the Articles of Incorporation, such lesser percentage thereof as the Board of Directors may from time to time determine for the purpose of encouraging the widest distribution of shares of Common Stock to the American public. Notice of any such determination by the Board of Directors must be mailed to each record holder of Common Stock not less than ten days prior to the effective date of such determination. The ownership of shares acquired before the effective date of any such determination is not affected thereby. Pursuant to such provisions of the Articles of Incorporation, the Board of Directors has fixed 1% as the maximum percentage of the outstanding shares of Common Stock which may be owned or held by any shareholder (other than an authorized carrier) or syndicate or affiliated group of such shareholders. The FCC has advised the Corporation that it has determined that any action by the Corporation fixing such a maximum percentage of less than 10% is subject to review by the FCC to ascertain its reasonableness in the light of the purposes and objectives of the Act. The Corporation has been advised by its special counsel, Messrs. Wilmer, Cutler & Pickering, Washington, D. C., that, in the opinion of such firm, the FCC does not have authority to review and set aside such action of the Board of Directors, and that any such action of the Board may be determined to be invalid under the Act only by the courts.

(v) No authorized carrier or affiliated group of such carriers may sell or transfer to persons other than authorized carriers shares of Common Stock totalling, in any consecutive 12-month period, more than 2% of the greatest number of Series II shares issued and outstanding at any time during such period, except pursuant to a general public offering or in conformity with regulations adopted by the Board of Directors to encourage the widest distribution of shares of Common Stock to the American public.

(vi) The FCC is authorized, upon application by any authorized carrier and after notice and hearing, to require any other authorized carrier which owns shares of Common Stock to transfer to the applicant, for a fair and reasonable consideration, such number of shares as the FCC determines will advance the public interest and the purposes of the Act.

Voting Rights

Holders of Common Stock have exclusive voting rights. Except as otherwise stated in the following three paragraphs, each share of Common Stock, irrespective of Series, is entitled to one vote on each matter submitted to a vote at a meeting of shareholders.

Holders of Series I shares of Common Stock are entitled to elect six directors. In voting for directors, each holder of Series I shares has the right to vote the number of shares held by him for six candidates, or to cumulate such shares and give one candidate as many votes as the number of his shares

of shares of its stock issuable under outstanding options at the beginning of the year; separate totals of changes in the number of shares of its stock under option resulting from issuance, exercise, expiration or cancellation of options; and the number of shares issuable under outstanding options at the close of the year, (2) the number of unoptioned shares available at the beginning and at the close of the year for the granting of options under an option plan, and (3) any changes in the exercise price of outstanding options, through cancellation and reissu-

multiplied by six shall equal, or to distribute such votes on the same principle among any number of candidates not exceeding six. No Series I share may be voted for the election of directors if such vote is subject to the direction or control of a person ineligible to own or hold Series I shares. See "Restrictions on Ownership and Transfer of Shares", above.

Holders of Series II shares of Common Stock are entitled to elect six directors. In voting for directors, each holder of Series II shares has the right to cumulate such shares and give one candidate as many votes as the number of shares held by him multiplied by six shall equal, or to distribute such votes on the same principle among any number of candidates not exceeding three. No holder of Series II shares or trustee for such holder may vote, directly or indirectly, for more than three candidates.

No share of Common Stock, irrespective of Series, may be voted on any matter at a meeting of shareholders if, at the time of such meeting, the share is owned or held in violation of the Act or any regulation promulgated thereunder or in violation of the Articles of Incorporation or any regulation or determination made by the Board of Directors thereunder; and the Corporation may, in accordance with regulations adopted by the Board of Directors, require that the holder of shares furnish appropriate information to this effect in connection with the voting of his shares.

The By-laws of the Corporation provide that, at any meeting of shareholders for the election of directors (a) a majority of the shares of Series I Common Stock entitled to vote thereat constitutes a quorum for the election of directors by holders of shares of such Series, and (b) a majority of shares of Series II Common Stock entitled to vote thereat constitutes a quorum for the election of directors by the holders of shares of such Series, provided that, with respect to each Series, if such quorum shall not have been attained within 30 days from the date of the meeting as originally called, one-third of the shares of such Series entitled to vote thereat constitutes a quorum for the purpose of election of directors by holders of shares of such Series. Except where a greater proportion is required by law, one-third of the total number of shares (Series I and Series II) entitled to vote thereat constitutes a quorum for the transaction of any business other than the election of directors.

It is the intention of the present Board of Directors, in the event that, upon completion of the distribution of the shares offered by this Prospectus, the aggregate number of shares of Common Stock held by authorized carriers constitutes substantially less than 50% of the total number of shares of Common Stock then outstanding, to submit to the Congress a request in substance to the effect that the Act be amended to provide that, as nearly as may be, the number of directors to be elected by shareholders which are authorized carriers (holders of Series II shares), and the number of directors to be elected by other shareholders (holders of Series I shares), shall be in proportion to the respective aggregate numbers of shares of Common Stock held by the holders of shares of each such Series.

Transfer Procedures

The Board of Directors is authorized to establish procedures with respect to the transfer of shares of Common Stock to enforce the limitations referred to under "Restrictions on Ownership and Transfer", above. Procedures established by the Board of Directors require that, in connection with each transfer of shares on the books of the Corporation, the transferee complete an application for transfer of the shares. Such application calls for information about the transferee's citizenship status, relationship with communications common carriers and other matters related to the limitations on ownership and transfer of shares of Common Stock. Such an application for transfer must also be completed by each person who purchases shares from any of the Underwriters.

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Neither the Act nor the Articles of Incorporation define the respective rights, as between themselves, of the seller and purchaser of shares where, because of the restrictions on the ownership and transfer of shares, the purchaser is not entitled to have the shares transferred to him on the books of the Corporation. The respective rights of the seller and purchaser in such a case would be determined under the laws or other rules applicable to such sale. The Articles of Incorporation provide, however, that nothing in the provisions thereof limiting the ownership and transfer of shares shall be deemed to affect the right of the purchaser in such a case to transfer his interest in the shares to any person who, under the provisions of the Act and the Articles, lawfully may acquire such interest.

Miscellaneous

No conversion rights, preemptive rights, redemption rights or sinking fund provisions are applicable to the Common Stock. Shares of Common Stock offered hereby will be fully-paid and non-assessable.

Under the provisions of the Act, shares of Common Stock owned by an authorized carrier are not eligible to be included in the rate base of such carrier.

The Corporation will furnish to its shareholders annually a report containing certified financial statements.

Under the provisions of the Act, the Corporation is authorized to issue, in addition to shares of Common Stock without par value, non-voting securities, bonds, debentures, and other certificates of indebtedness as it may determine. The Articles of Incorporation at present provide for the issuance only of Common Stock without par value having the voting rights described above. The issuance of any securities other than the shares offered by this Prospectus, and the borrowing of moneys or assumption of any obligation in respect of securities of others, are subject to authorization by the FCC.

of shares of its stock issuable under outstanding options at the beginning of the year; separate totals of changes in the number of shares of its stock under option resulting from issuance, exercise, expiration or cancellation of options; and the number of shares issuable under outstanding options at the close of the year, (2) the number of unoptioned shares available at the beginning and at the close of the year for the granting of options under an option plan, and (3) any changes in the exercise price of outstanding options, through cancellation and reissu-

OPINION OF INDEPENDENT PUBLIC ACCOUNTANTS

COMMUNICATIONS SATELLITE CORPORATION:

We have examined the financial statements of Communications Satellite Corporation listed below:

Statement of assets, preliminary survey, research, development, and organization expenses, and liabilities and capital, December 31, 1963.

Statement of cash receipts and disbursements for the period from February 1, 1963 (date of incorporation) to December 31, 1963.

Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying financial statements present fairly the assets, preliminary survey, research, development, and organization expenses, and liabilities and capital of the Corporation at December 31, 1963 and the cash receipts and disbursements of the Corporation for the period from February 1, 1963 to December 31, 1963, in conformity with generally accepted accounting principles consistently applied.

HASKINS & SELLS

Washington, D. C.,
February 28, 1964

last preceding fiscal year of the Corporation a balance sheet as of the end of such fiscal year, and a surplus and income statement for such fiscal year of the Corporation as a separate corporate entity and of each corporation in which it holds directly or indirectly a majority of the equity stock; or in lieu thereof, eliminating all intercompany transactions, a consolidated balance sheet of the Corporation and its subsidiaries as of the end of its last previous fiscal year, and a consolidated surplus statement and a consolidated income statement

COMMUNICATIONS SATELLITE CORPORATION

STATEMENT OF ASSETS, PRELIMINARY SURVEY, RESEARCH, DEVELOPMENT, AND ORGANIZATION EXPENSES, AND LIABILITIES AND CAPITAL
December 31, 1963 and (Unaudited) March 31, 1964

ASSETS, AND PRELIMINARY SURVEY, RESEARCH, DEVELOPMENT, AND ORGANIZATION EXPENSES

	December 31, 1963	March 31, 1964 (Unaudited)
PROPERTY AT COST:		
Furniture, office equipment, and automobiles	$ 80,405	$ 93,775
Leaseholds	20,983	34,891
Total	101,388	128,666
Less accumulated depreciation and amortization	14,192	20,504
Property—Net	87,196	108,162
CURRENT ASSETS:		
Cash	246,807	288,417
Advances and deposits	3,500	1,772
Prepayments—Insurance, rent, etc.	6,285	4,285
Total Current Assets	256,592	294,474
OTHER ASSETS	2,000	2,000
PRELIMINARY SURVEY, RESEARCH, DEVELOPMENT, AND ORGANIZATION EXPENSES (Note 1)	1,012,985	1,444,978
TOTAL	$1,358,773	$1,849,614

LIABILITIES AND CAPITAL

CAPITAL—Common stock—authorized, 100 shares without par value, issued and outstanding, 14 shares. (Authorized shares increased to 10,000,100 shares subsequent to March 31, 1964)—See "Description of Common Stock"	$ 1,400	$ 1,400
CURRENT LIABILITIES:		
Notes payable to banks (Note 2)	1,150,000	1,650,000
Accounts payable	157,245	111,840
Accrued interest	25,761	40,543
Other (accrued salaries and payroll taxes accrued and withheld)	24,367	45,831
Total Current Liabilities	1,357,373	1,848,214
COMMITMENTS (Note 4)		
TOTAL	$1,358,773	$1,849,614

The accompanying Notes to Financial Statements are an integral part of this Statement.

of shares of its stock issuable under outstanding options at the beginning of the year; separate totals of changes in the number of shares of its stock under option resulting from issuance, exercise, expiration or cancellation of options; and the number of shares issuable under outstanding options at the close of the year, (2) the number of unoptioned shares available at the beginning and at the close of the year for the granting of options under an option plan, and (3) any changes in the exercise price of outstanding options, through cancellation and reissu-

COMMUNICATIONS SATELLITE CORPORATION

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

For the Period from February 1, 1963 (Date of Incorporation) to December 31, 1963 and (Unaudited) for the Three Months Ended March 31, 1964

	February 1, 1963 to December 31, 1963	Three months ended March 31, 1964 (unaudited)
RECEIPTS:		
Bank loans	$1,150,000	$ 500,000
Sales of common stock	1,400	
Maturity of temporary investments (interest income has been deducted from interest expense)	198,754	
Total Receipts	1,350,154	500,000
DISBURSEMENTS:		
Purchases of furniture, office equipment and automobiles—net	80,405	13,462
Leasehold costs	20,983	13,908
Advances and deposits—net (credit)	3,500	(1,728)
Prepayments—Insurance, rent, etc.—net (credit)	6,285	(2,000)
Purchase of temporary investments	198,754	
Other assets	2,000	
Preliminary survey, research, development and organization expenses (Note 1)	1,012,985	431,993
Total Disbursements (accrual basis)	1,324,912	455,635
Add accounts payable and accrued liabilities at beginning of period (settled by cash disbursements or continued as liabilities at end of period)		207,373
Deduct amounts included above which have not involved cash disbursements and which are represented by the following at the end of the respective periods:		
Accounts payable, accrued interest, accrued salaries, and payroll taxes accrued and withheld	(207,373)	(198,214)
Allowance for depreciation and amortization	(14,192)	(6,404)
Total Disbursements (cash basis)	1,103,347	458,390
NET INCREASE IN CASH DURING PERIOD	246,807	41,610
CASH BALANCE AT BEGINNING OF PERIOD		246,807
CASH BALANCE AT END OF PERIOD	$ 246,807	$ 288,417

The accompanying Notes to Financial Statements are an integral part of this Statement.

last preceding fiscal year of the Corporation a balance sheet as of the end of such fiscal year, and a surplus and income statement for such fiscal year of the Corporation as a separate corporate entity and of each corporation in which it holds directly or indirectly a majority of the equity stock; or in lieu thereof, eliminating all intercompany transactions, a consolidated balance sheet of the Corporation and its subsidiaries as of the end of its last previous fiscal year, and a consolidated surplus statement and a consolidated income statement

COMMUNICATIONS SATELLITE CORPORATION

NOTES TO FINANCIAL STATEMENTS

December 31, 1963 and (Unaudited) March 31, 1964

1. PRELIMINARY SURVEY, RESEARCH, DEVELOPMENT, AND ORGANIZATION EXPENSES

These amounts represent expenditures for organization matters, hearings and negotiations, research and development, and other corporate activities incident to the formation of a program for the creation of an international communications satellite system. The amounts for the three months ended March 31, 1964 include legal and accounting fees and printing costs approximating $25,000 in connection with the proposed sale of capital stock contemplated by this Prospectus; and such amounts will constitute part of the capital stock expense of the issue. It is anticipated that as or after the system is developed, the expenditures described in this note, as well as additional expenditures of generally similar character, will be transferred to utility plant, amortized against income of future years, or otherwise disposed of as the Federal Communications Commission may approve or direct. A summary of these expenditures for the periods indicated is as follows:

	February 1, 1963 (Date of Incorporation) to December 31, 1963	Three Months Ended March 31, 1964 (Unaudited)	Total
Organization expenses (legal fees and other expenses prior to incorporation)	$ 81,692		$ 81,692
Salaries of officers and employees	459,381	$ 234,923	694,304
Fees of directors	23,600	5,200	28,800
Legal, accounting, and other professional fees	70,145	38,323	108,468
Travel and related expenses	36,316	27,294	63,610
Office rent and maintenance	33,783	18,921	52,704
Printing, stationery, and office expenses	34,182	25,038	59,220
Employees' relocation expenses and insurance benefit premiums	22,046	9,678	31,724
Technical consultants, data processing costs, and contract services incident to research program	173,457	31,641	205,098
Interest on notes payable (net of $1,246 interest received on temporary investments)	24,514	14,783	39,297
Taxes and licenses	13,208	9,116	22,324
Depreciation and amortization	14,192	6,404	20,596
Other expenditures	26,469	10,672	37,141
TOTAL	$1,012,985	$ 431,993	$1,444,978

2. NOTES PAYABLE TO BANKS

The notes payable to banks represent borrowings under a commitment of the lending banks to make loans to the Corporation, not exceeding $5,000,000, as the Corporation may from time to time request. Borrowings under the agreement are subject to specific authorizations of the Federal Communications

of shares of its stock issuable under outstanding options at the beginning of the year; separate totals of changes in the number of shares of its stock under option resulting from issuance, exercise, expiration or cancellation of options; and the number of shares issuable under outstanding options at the close of the year, (2) the number of unoptioned shares available at the beginning and at the close of the year for the granting of options under an option plan, and (3) any changes in the exercise price of outstanding options, through cancellation and reissu-

NOTES TO FINANCIAL STATEMENTS (Continued)

Commission. The Corporation has been authorized by the Federal Communications Commission to borrow $1,900,000. Orders of the Commission provide that funds obtained from such borrowings may not be used for operating expenses subsequent to May 30, 1964, without prior authorization of the Commission. Under the loan agreement, as amended and supplemented in February 1964, the commitment of the banks expires on June 30, 1964. The notes also mature on that date, subject to the provision of the agreement that each note is payable prior to its stated maturity date on the tenth day after receipt by the Corporation of proceeds of the sale of shares of its capital stock in connection with the initial offering of such shares.

3. Federal Communications Commission

The Corporation is subject to regulation by the Federal Communications Commission as explained under "Regulation". The Federal Communications Commission has not approved or reviewed the accounting procedures employed by the Corporation to date. The inclusion of the financial statements in this Prospectus should not be regarded as approval by the Federal Communications Commission as to the accuracy of any material therein nor of the accounting procedures used. The Federal Communications Commission may prescribe a system of accounts for the Corporation which may require modification of existing accounting procedures.

4. Commitments and General

The Corporation has certain commitments in connection with its program for the development and establishment of a commercial communications satellite system. For a summary of the program, the range of estimated costs, and significant contract information, see "Program of the Corporation". The Corporation also has entered into short-term leases, with renewal options, for office space. Reference is also made to the matters referred to under "The Venture and Its Risks".

last preceding fiscal year of the Corporation a balance sheet as of the end of such fiscal year, and a surplus and income statement for such fiscal year of the Corporation as a separate corporate entity and of each corporation in which it holds directly or indirectly a majority of the equity stock; or in lieu thereof, eliminating all intercompany transactions, a consolidated balance sheet of the Corporation and its subsidiaries as of the end of its last previous fiscal year, and a consolidated surplus statement and a consolidated income statement

UNDERWRITING

The Underwriters named below, acting through their Representatives named on the cover page of this Prospectus, propose to enter into a Purchase Contract with the Corporation pursuant to which they will severally agree, subject to the terms and conditions of the Purchase Contract, to purchase from the Corporation a number of shares of Common Stock to be set forth below opposite their respective names. Under certain circumstances involving default of Underwriters, less than all of such shares of Common Stock may be purchased by the remaining Underwriters. Under certain circumstances the commitments of non-defaulting Underwriters may be increased. Under the provisions of the Purchase Contract the obligation of the Underwriters to purchase the shares of Common Stock specified in the Purchase Contract will be subject, among other things, to the receipt by the Corporation from authorized carriers of the purchase price for at least 90% of the shares of Common Stock subscribed for by authorized carriers, after applying the allocation formula set forth under "Carrier Subscription Matters".

Name of Underwriter	Address of Underwriter	Number of Shares to be Purchased
Merrill Lynch, Pierce, Fenner & Smith Incorporated	70 Pine Street, New York 5, N. Y.	
Blyth & Co., Inc.	14 Wall Street, New York 5, N. Y.	
The First Boston Corporation	20 Exchange Place, New York 5, N. Y.	
Kidder, Peabody & Co. Incorporated	20 Exchange Place, New York 5, N. Y.	
Kuhn, Loeb & Co. Incorporated	30 Wall Street, New York 5, N. Y.	
Lazard Frères & Co.	44 Wall Street, New York 5, N. Y.	
Lehman Brothers	One William Street, New York 4, N. Y.	
Carl M. Loeb, Rhoades & Co.	42 Wall Street, New York 5, N. Y.	
Paine, Webber, Jackson & Curtis	25 Broad Street, New York 4, N. Y.	
White, Weld & Co. Incorporated	20 Broad Street, New York 5, N. Y.	
Dean Witter & Co.	45 Montgomery Street, San Francisco 6, Calif.	

[As stated under "Offering to Public", approximately 350 additional underwriters located throughout the United States are being invited to participate in the offering. The names and addresses of the additional Underwriters, and the number of shares to be purchased by each of the Underwriters, will be set forth in an amended Prospectus.]

In the proposed Purchase Contract the Underwriters will agree to use their best efforts to offer the Common Stock in a manner to encourage the widest distribution of the shares to the American public. See "Offering to Public". Reference is made to the Purchase Contract filed as an exhibit to the Registration Statement, for the terms of such agreement.

The Common Stock offered by the several Underwriters is offered subject to prior sale and when, as and if issued by the Corporation and accepted by the Underwriters, and subject to the approval of certain legal matters by their counsel, Messrs. Brown, Wood, Fuller, Caldwell & Ivey, and by counsel for the Corporation, Allen E. Throop, Esq., and Messrs. Wilmer, Cutler & Pickering, and the Underwriters reserve the right to withdraw, cancel or modify such offer and to reject orders in whole or in part.

of shares of its stock issuable under outstanding options at the beginning of the year; separate totals of changes in the number of shares of its stock under option resulting from issuance, exercise, expiration or cancellation of options; and the number of shares issuable under outstanding options at the close of the year, (2) the number of unoptioned shares available at the beginning and at the close of the year for the granting of options under an option plan, and (3) any changes in the exercise price of outstanding options, through cancellation and reissu-

The Representatives of the Underwriters have advised the Corporation that sales to certain dealers may be made at a concession of not in excess of per share.

The Corporation has agreed to indemnify the Underwriters against certain liabilities, including liabilities under the Securities Act of 1933.

CARRIER SUBSCRIPTION MATTERS

The FCC has reserved the right, by means of a specific reservation in the authorizations issued to carriers, to allocate stock among the authorized carriers in the event of an oversubscription of the stock reserved for sale to such carriers. By letter dated April 30, 1964, however, the FCC has informed the Corporation that it will not make any allocation of stock pursuant to this reservation, provided the Corporation allocates the stock in the manner and to the extent set forth below. The letter also stated that, in view of the FCC's authority under Section 304(f) of the Act to require one authorized carrier to sell shares of the Corporation to another authorized carrier, nothing contained in the allocation formula should be construed to limit or restrict in any way the right of any authorized carrier to apply to the FCC for relief pursuant to the provisions of the aforementioned Section, nor from obtaining relief pursuant to any action of the FCC instituted in accordance therewith.

In the event that the total number of shares subscribed for by all authorized carriers exceeds the number of shares (5,000,000) reserved for offering to such carriers, the reserved shares will be allocated among the subscribing carriers on the following basis (with adjustment of odd amounts, as the Corporation may determine to a multiple of 100 shares):

1. If there are two or more subscriptions each for more than 50% of the reserved shares, each such subscription shall be reduced to 50% of the reserved shares.

2. If there is a single subscription for more than 50% of the reserved shares, such subscription shall be reduced until it equals 50% of the reserved shares or until the amount of oversubscription is eliminated, whichever occurs first.

3. If no subscription is for more than 50% of the reserved shares, or if an oversubscription remains after reduction is made as provided for in paragraph 1 or 2 above, then all subscriptions for more than 5,000 shares (including the remainder of any subscriptions reduced to 50% of the reserved shares, as hereinabove provided) shall be reduced *pro rata*, on the basis of the amounts by which each such subscription exceeds 5,000 shares, until the amount of oversubscription is eliminated.

4. In no event shall the above formula be applied to any subscription for 5,000 or less shares or to reduce any subscription below 5,000 shares.

5. For the purpose of this formula, subscriptions of affiliated authorized carriers shall be treated as one combined subscription. An authorized carrier will be considered affiliated with another authorized carrier if it directly, or indirectly through one or more intermediaries, controls, or is controlled by, such other carrier or is under common control with such other carrier. In determining whether authorized carriers are affiliated, the Corporation will rely upon advice received from the Federal Communications Commission.

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6. When a reduction is made in a combined subscription consisting of subscriptions of two or more affiliated carriers, the reduction shall be applied *pro rata* among the respective constituent subscriptions of such affiliated carriers, notwithstanding the fact that any such constituent subscription is for 5,000 or less shares or would be reduced below 5,000 shares, but subject to adjustment of odd amounts to a multiple of 100 shares.

The determinations of the Corporation reasonably made in the application of the formula set forth above, including determinations made with respect to the combining of subscriptions of affiliated authorized carriers, the *pro rata* reduction of subscriptions, and the adjustment of subscriptions to multiples of 100 shares, shall be conclusive and binding upon all persons having an interest in the allocation of shares among authorized carriers.

LEGAL OPINIONS

The legality of the shares of Common Stock offered hereby will be passed upon for the Corporation by Allen E. Throop, Esq., Vice President and General Counsel of the Corporation, and Messrs. Wilmer, Cutler & Pickering, 900 17th Street, N.W., Washington, D. C., and for the Underwriters by Messrs. Brown, Wood, Fuller, Caldwell & Ivey, 70 Pine Street, New York, N. Y. In respect of matters of law of the District of Columbia, Mr. Throop and Messrs. Brown, Wood, Fuller, Caldwell & Ivey will rely on said opinion of Messrs. Wilmer, Cutler & Pickering.

EXPERTS

The Statement of Assets, Preliminary Survey, Research, Development, and Organization Expenses, and Liabilities and Capital (December 31, 1963) and the Statement of Cash Receipts and Disbursements for the Period from February 1, 1963 (date of incorporation) to December 31, 1963 included in this Prospectus have been examined by Haskins & Sells, independent public accountants, as stated in their opinion appearing herein, and have been so included in reliance upon such opinion given upon the authority of that firm as experts in accounting and auditing.

of shares of its stock issuable under outstanding options at the beginning of the year; separate totals of changes in the number of shares of its stock under option resulting from issuance, exercise, expiration or cancellation of options; and the number of shares issuable under outstanding options at the close of the year, (2) the number of unoptioned shares available at the beginning and at the close of the year for the granting of options under an option plan, and (3) any changes in the exercise price of outstanding options, through cancellation and reissu-

last preceding fiscal year of the Corporation a balance sheet as of the end of such fiscal year, and a surplus and income statement for such fiscal year of the Corporation as a separate corporate entity and of each corporation in which it holds directly or indirectly a majority of the equity stock; or in lieu thereof, eliminating all intercompany transactions, a consolidated balance sheet of the Corporation and its subsidiaries as of the end of its last previous fiscal year, and a consolidated surplus statement and a consolidated income statement of the Corporation and its subsidiaries for such fiscal year. If any such consolidated statement shall exclude corporations a majority of whose equity stock is owned directly or indirectly by the Corporation: (a) the caption of, or a note to, such statement will show the degree of consolidation; (b) the consolidated income account will reflect, either in a footnote or otherwise, the parent company's proportion of the sum of, or difference between, current earnings or losses and the dividends of such unconsolidated subsidiaries for the period of the report; and (c) the consolidated balance sheet will reflect, either in a footnote or otherwise, the extent to which the equity of the parent company in such subsidiaries has been increased or diminished since the date of acquisition as a result of profits, losses and distributions.

Appropriate reserves, in accordance with good accounting practice, will be made against profits arising out of all transactions with unconsolidated subsidiaries in either parent company statements or consolidated statements.

Such statements will reflect the existence of any default in interest, cumulative dividend requirements, sinking fund or redemption fund requirements of the Corporation and of any controlled corporation, whether consolidated or unconsolidated.

2. All financial statements contained in annual reports of the Corporation to its stockholders will be audited by independent public accountants qualified under the laws of some state or country, and will be accompanied by a copy of the certificate made by them with respect to their audit of such statements showing the scope of such audit and the qualifications, if any, with respect thereto.

The Corporation will promptly notify the Exchange if it changes its independent public accountants regularly auditing the books and accounts of the Corporation.

3. All financial statements contained in annual reports of the Corporation to its stockholders shall be at least as informative as the financial statements of the Corporation contained in the listing application in connection with which this Listing Agreement is made, and shall disclose any substantial items of unusual or non-recurrent nature.

4. In respect of the quarter beginning July 1, 1965, and in respect of each subsequent calendar quarter, the Corporation will publish quarterly statements of earnings on the basis of the same degree of consolidation as in the annual report. Such statements will disclose any substantial items of unusual or non-recurrent nature and will show either net income before and after federal income taxes or net income and the amount of federal income taxes. In respect of the quarter beginning July 1, 1964, and in respect of each subsequent quarter ending before July 1, 1965, the Corporation will publish information with respect to its activities toward the development and establishment of a commercial communications satellite system.

5. The Corporation will not make, nor will it permit any subsidiary directly or indirectly controlled by it to make, any substantial charges against capital surplus, without notifying the Exchange. If so requested by the Exchange, the Corporation will submit such charges to stockholders for approval or ratification.

6. The Corporation will not make any substantial change, nor will it permit any subsidiary directly or indirectly controlled by it to make any substantial change, in accounting methods, in policies as to depreciation and depletion or in bases of valuation of inventories or other assets, without notifying the Exchange and disclosing the effect of any such change in its next succeeding interim and annual report to its stockholders.

III

1. The Corporation will maintain in the Borough of Manhattan, City of New York, in accordance with the requirements of the Exchange:

a. An office or agency where the principal of and interest on all bonds of the Corporation listed on the Exchange shall be payable and where any such bonds which are registerable as to principal or interest may be registered.

b. An office or agency where

(1). All stock of the Corporation listed on the Exchange shall be transferable.

(2). Checks for dividends and other payments with respect to stock listed on the Exchange may be presented for immediate payment.

(3). Scrip issued to holders of a security listed on the Exchange and representing a fractional interest in a security listed on the Exchange will, during the period provided for consolidation thereof, be accepted for such purpose.

(4). A security listed on the Exchange which is convertible will be accepted for conversion.

If at any time the transfer office or agency for a security listed on the Exchange shall be located north of Chambers Street, the Corporation will arrange, at its own cost and expense, that its registrar's office, or some other suitable office satisfactory to the Exchange and south of Chambers Street, will receive and redeliver all securities there tendered for the purpose of transfer.

If the transfer books for a security of the Corporation listed on the Exchange should be closed permanently, the Corporation will continue to split up certificates for such security into certificates of smaller denominations in the same name so long as such security continues to be dealt in on the Exchange.

If checks for dividends or other payments with respect to stock listed on the Exchange are drawn on a bank located outside the City of New York, the Corporation will also make arrangements for payment of such checks at a bank, trust company or other agency located in the Borough of Manhattan, City of New York.

c. A registrar where stock of the Corporation listed on the Exchange shall be registerable. Such registrar shall be a bank or trust company not acting as transfer agent for the same security.

2. The Corporation will not appoint a transfer agent, registrar or fiscal agent of, nor a trustee under a mortgage or other instrument relating to, any security of the Corporation listed on the Exchange without prior notice to the Exchange, and the Corporation will not appoint a registrar for its stock listed on the Exchange unless such registrar, at the time of its appointment becoming effective, is qualified with the Exchange as a registrar for securities listed on the Exchange; nor will the Corporation select an officer or director of the Corporation as a trustee under a mortgage or other instrument relating to a security of the Corporation listed on the Exchange.

3. The Corporation will have on hand at all times a sufficient supply of certificates to meet the demands for transfer. If at any time the stock certificates of the Corporation do not recite the preferences of all classes of its stock, it will furnish to its stockholders, upon request and without charge, a printed copy of preferences of all classes of such stock.

4. The Corporation will publish immediately to the holders of any of its securities listed on the Exchange any action taken by the Corporation with respect to dividends or to the allotment of rights to subscribe or to any rights or benefits pertaining to the ownership of its securities listed on the Exchange; and will give prompt notice to the Exchange of any such action; and will afford the holders of its securities listed on the Exchange a proper period within which to record their interests and to exercise their rights; and will issue all such rights or benefits in form approved by the Exchange and will make the same transferable, exercisable, payable and deliverable in the Borough of Manhattan in the City of New York.

5. The Corporation will solicit proxies for all meetings of stockholders.

6. The Corporation will issue new certificates for securities listed on the Exchange replacing lost ones forthwith upon notification of loss and receipt of proper indemnity. In the event of the issuance of any duplicate bond to replace a bond which has been alleged to be lost, stolen or destroyed and the subsequent appearance of the original bond in the hands of an innocent bondholder, either the original or the duplicate bond will be taken up and cancelled and the Corporation will deliver to such holder another bond theretofore issued and outstanding.

7. In the event that, upon completion of the distribution of shares of Common Stock in connection with the initial offering of such shares, the aggregate number of shares of Common Stock held by communications common carriers (Series II shares) shall constitute substantially less than 50% of the total number of shares of Common Stock (Series I and Series II) then outstanding, the Corporation will submit to the Congress a request

in substance to the effect that the Communications Satellite Act of 1962 be amended to provide that, as nearly as may be, the number of directors to be elected by shareholders which are communications common carriers (holders of Series II shares), and the number of directors to be elected by other shareholders (holders of Series I shares) shall be in proportion to the respective aggregate numbers of shares of Common Stock held by the holders of shares of each such Series.

GENERAL INFORMATION

The fiscal year of the Corporation ends on December 31st.

The principal office of the Corporation is located at 3029 Klingle Road, N.W., Washington, D. C.

The first annual meeting of the shareholders of the Corporation will be held within 180 days after completion of the initial offering of Common Stock, at such place in the District of Columbia and on such days as may be stated in the notice of the meeting. Beginning in the year 1965, annual meetings of shareholders will be held at such place in the District of Columbia or elsewhere in the continental United States as may be stated in the notice of meeting, on the second Monday in April of each year, if not a legal holiday, but if a legal holiday then on the next business day following.

At any meeting of shareholders for the election of directors (a) a majority of the shares of Series I Common Stock entitled to vote thereat constitutes a quorum for the election of directors by holders of shares of such Series, (b) a majority of shares of Series II Common Stock entitled to vote thereat constitutes a quorum for the election of directors by the holders of shares of such Series, provided that, with respect to each Series, if such quorum shall not have been attained within 30 days from the date of the meeting as originally called, one-third of the shares of such Series entitled to vote thereat constitutes a quorum for the purpose of election of directors by holders of shares of such Series. Except where a greater proportion is required by law, one-third of the total number of shares (Series I and Series II) entitled to vote thereat constitutes a quorum for the transaction of any business (other than the election of directors).

The names and addresses of the Transfer Agents and Registrars of the Common Stock are as follows:

Transfer Agents

Continental Illinois National Bank and
Trust Company of Chicago
231 South LaSalle Street
Chicago, Illinois

Manufacturers Hanover Trust Company
44 Wall Street
New York, New York

Wells Fargo Bank
464 California Street
San Francisco, California

Registrars

The First National Bank of Chicago
38 South Dearborn Street
Chicago, Illinois

The Chase Manhattan Bank
1 Chase Manhattan Plaza
New York, New York

Bank of America National Trust
and Savings Association
300 Montgomery Street
San Francisco, California

COMMUNICATIONS SATELLITE CORPORATION

By LEO WELCH
Chairman and Chief Executive Officer

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NEW YORK STOCK EXCHANGE

LISTING FEE AGREEMENT—FORM A.

AGREEMENT made this 6th day of May 19 64 by Communications Satellite Corporation, a corporation duly organized and existing under the laws of the ~~State of~~ District of Columbia (hereinafter called the Company), with the New York Stock Exchange (hereinafter called the Exchange),

WITNESSETH:

WHEREAS, the Company has filed its application (hereinafter called the application) for listing upon the Exchange of 10,000,000 shares of Common Stock, without par value, and;

WHEREAS, it is a condition precedent to the consideration of the application that an initial fee accompany the application to cover all issued shares and/or those shares to be issued promptly following approval of the application and, in addition, that there be filed with the Exchange an agreement pertaining to the payment of initial fees and continuing annual fees;

NOW, THEREFORE, in consideration of the Exchange receiving and considering the application for the listing of the above-mentioned shares of stock, the Company hereby covenants and agrees as follows:

1. The initial fee shall be computed in accordance with the Schedule of Listing Fees hereto annexed, and made a part hereof, and shall be paid the Exchange as follows:

(a) The initial fee covering 10,000,000 shares ~~now issued and/or~~ to be issued promptly following approval of the application shall be paid forthwith.

(b) An additional initial fee shall be paid on the anniversary date of the admission of the shares to trading covering any additional shares issued with respect to which no initial fee has been paid, except that the Exchange may require such payment at any time following issuance of such shares.

(c) Any payment due under paragraph 1(b) shall be made, notwithstanding the fact that any of such shares are subsequently reacquired by the Company and/or surrendered to it for exchange, cancelation or retirement.

2. Provided any of the shares covered by the application are outstanding and listed on the Exchange on the anniversary date of the admission of the shares to trading, or such other date as has been agreed upon with the Exchange, the Company will pay to the Exchange on such date, in accordance with the Schedule of Listing Fees hereto annexed, a continuing annual fee based upon the total number of shares outstanding (including any shares reacquired and not canceled or retired) at that date and listed in respect of which less than fifteen of such annual payments have been made. For the purpose of this paragraph 2, if any shares be retired they shall be considered to be the shares first issued.

Any payments under paragraphs 1(b) and 2 shall be made within thirty days after the due date.

IN WITNESS WHEREOF, the Company has caused these presents to be executed by its proper officers thereunto duly authorized and its corporate seal to be hereunto affixed, as of the day and year first above written:

COMMUNICATIONS SATELLITE CORPORATION

by Leo D. Welch
(NAME AND TITLE)

Leo D. Welch,
Chairman and Chief
Executive Officer

[SEAL]

ATTEST:

David J. Melamed
(NAME AND TITLE)

David J. Melamed
Secretary

NEW YORK STOCK EXCHANGE

DEPARTMENT OF STOCK LIST

SCHEDULE OF LISTING FEES

January 1, 1964.

Listing applications should be accompanied by check to the order of "Treasurer, New York Stock Exchange" for the fees due at that time and, where applicable, an agreement to pay additional initial and continuing annual fees covering the shares to be listed under such application, in accordance with the following schedule.

I. Fees for Stock—Per Share Issued

Fee Bracket	*Initial Fee*	*Continuing Annual Fee*
First million shares	1¢	1/10¢
Second million shares	½¢	
Third million shares to 300 million shares	¼¢	1/20¢
In excess of 300 million shares	⅛¢	

The minimum initial fee payable at the time an application or supplement is processed is $250. Credit against initial fees will be limited to the number of shares determinable and issued at or about the time the application is processed.

The minimum continuing annual fee is $1,000 per annum, or $250 per stock issue, whichever is higher.

All fees will be calculated to the nearest dollar.

See Paragraph III for modifications of initial fees in special circumstances.

Notes re initial fees:

Where additional shares are applied for after the original listing of an issue, the total number of shares theretofore authorized for listing and issued will be used to determine the fee bracket.

Where application is made for listing securities to be issued upon exercise of option or conversion rights, or certificates of deposit, etc., are involved, or other similar contingencies where the amount which may be eventually issued cannot be foretold at the time that application is made, the initial fee due at the time of the application will cover only the number of shares determinable and issued at or about the time the application is processed The balance of the initial fee will accrue whenever shares are issued but will normally be billed only once each year on the nniversary date for the continuing annual fee.

Where a change in a listed security is effected which creates a new security or which alters any of the listed security's rights and preferences, the full initial and the continuing annual fee will apply.

(OVER)

Notes re continuing annual fee:

The continuing annual fee is payable annually for fifteen years but no longer than the stock remains listed. The fee will be calculated on the number of shares listed on the anniversary date of the admission of the issue to trading on the Exchange. When more than one issue is listed, a single anniversary date will be used wherever appropriate.

II. Fees for Bonds and Similar Securities—Per Million Principal Amount

Regular bonds, debentures, etc.	$120
Short term—Maturity 5 years or less	$ 60
Relisting previously listed bonds on assumption by another obligor involving no change in original terms	$ 30

Fees are payable at the time of listing. There is no continuing annual fee for bonds and similar securities.

III. Modifications of Initial Fees

1. Under the following special circumstances, the initial fee for issued shares will be one-fourth of the normal rate although the normal continuing annual fee schedule will apply:

a. Where a change in the state of incorporation or re-incorporation under the laws of the same state occurs which is only technical in nature and does not otherwise affect the company, its operations, or its shareholders.

b. Where certificates of deposit, trust certificates, deposit receipts, etc., for listed securities are being listed.

c. Where previously unlisted securities are being listed in exchange for listed certificates of deposit, trust certificates, deposit receipts, etc.

2. Where shares have never been subject to payments under the continuing annual fee schedule and a nominal change is made in a listed stock (such as a change in the name of the company or a change in the par value or designation of the stock) four annual payments in accordance with the continuing annual fee will be charged for such shares.

IV. Refunds and Credits

1. No cash or credit refunds of listing fees will be made in any case where final action on an application has been taken, authorizing a listing.

2. In cases where an application is not acted upon favorably, $250 will be retained for the consideration of the application.

V. Special Cases

The full listing fee applies in all cases unless otherwise herein provided. The Exchange will interpret the application of these schedules to cases not specifically covered by the foregoing in the light of the general principles indicated.

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NEW YORK STOCK EXCHANGE
ELEVEN WALL STREET
NEW YORK 5, N.Y.

G. KEITH FUNSTON
PRESIDENT

May 14, 1964

Mr. Joseph V. Charyk, President
Communications Satellite Corporation
3029 Klingle Road, N. W.
Washington, D. C.

Dear Mr. Charyk:

It is my pleasure to inform you that the Board of Governors of the Exchange approved your Company's listing application at its meeting today upon official notice of issuance, sale, and evidence of satisfactory distribution.

The Board of Governors joins me in extending to you and to other executives of your Company a cordial invitation to visit the Exchange the morning your Company's shares are admitted to trading. I would suggest that you arrive at Room 616 between 9:30 and 9:45 a.m. so that there will be sufficient time to reach the trading floor before the market opens.

I hope that you and your associates will be able to reserve the balance of the morning for a tour of the Exchange and then join me, a number of Exchange officials, and the specialist in your stock for luncheon. We feel that you acquaintance with the broad scope of our activities and services, which go much beyond the operation of the trading floor, will permit us to serve you more effectively in the future.

You are aware that admission of the shares to trading must await effectiveness of registration under the Securities Exchange Act of 1934 and final distribution. Since I cannot give you the exact date at this time, I will get in touch with you as soon as it is definitely known when the shares will be admitted to trading.

Sincerely yours,

G. Keith Funston

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LISTING APPLICATION TO
NEW YORK STOCK EXCHANGE

A-21845
June 18, 1964

COMMUNICATIONS SATELLITE CORPORATION

10,000,014 SHARES OF COMMON STOCK
Without Par Value
ORIGINAL LISTING

Number of shares issued and outstanding:	Number of shareholders of record*
10,000,014	

DESCRIPTION OF TRANSACTION

10,000,014 shares of Common Stock, without par value, are hereby applied for listing, upon official notice of issuance and evidence of satisfactory distribution thereof.

The Corporation has been created pursuant to authority granted by the Communications Satellite Act of 1962 (Public Law 87-624) ("the Act"), to develop, establish and operate, itself or in conjunction with foreign governments or business entities, a commercial communications satellite system.

Of the 10,000,014 shares of Common Stock applied for listing, 10,000,000 shares were issued on June 11, 1964, in connection with the initial offering of shares of Common Stock of the Corporation provided for by Section 304(a) of the Act. In accordance with the provisions of the Act, 50% of said 10,000,000 shares were reserved for subscription by, and were issued and sold on that date to certain communications common carriers authorized by the Federal Communications Commission to own shares of stock of the Corporation ("authorized carriers"). The remaining 50% of said 10,000,000 shares were issued and sold by the Corporation on that date to the Underwriters referred to in the Prospectus incorporated herein, for a public offering in a manner to encourage the widest distribution of shares to the American public. The 14 additional shares applied for listing are the shares which have been issued to, and are held by, the incorporators of the Corporation, respectively.

The Articles of Incorporation of the Corporation ("the Articles") have been approved by the President of the United States in accordance with the provisions of the Act. Under the Articles, shares of Common Stock are issuable in two series, designated respectively Series I and Series II. Shares of Common Stock issued to persons other than authorized carriers are Series I shares. Shares of Common Stock issued to authorized carriers are Series II shares. The Articles provide that, except as otherwise provided therein or in the Act, the rights of a holder of a Series I share, as such, and the rights of a holder of a Series II share, as such, shall be the same.

The Act and, in conformity with the Act, the Articles, contemplate that 50% of the total number of outstanding shares of Common Stock will be held by authorized carriers, and provide that the Board of Directors of the Corporation shall consist of six members elected annually by those shareholders which are authorized carriers, six members elected annually by other shareholders of the Corporation and three members appointed by the President of the United States with the advice and consent of the Senate.

The Board of Directors of the Corporation presently consists of 14 individuals appointed by the President of the United States, with the advice and consent of the Senate, as incorporators of the Corporation. Under the Act and the Articles, the present Board of Directors will remain in office until the date of the first annual meeting of shareholders following completion of the initial offering of shares of Common Stock or until their successors are elected and qualified.

* 56,432 shareholders as of the first record date (June 24, 1964).

The issuance and transfer of shares of Common Stock are restricted by, and are subject to restrictions imposed or which may be imposed under the authority of, the Act and the Articles. Reference is hereby made to the Prospectus incorporated herein for information with respect to such provisions of the Act and the Articles, and for information with respect to the Corporation generally.

AUTHORITY FOR ISSUANCE

The issuance of the shares applied for listing was authorized by the Board of Directors of the Corporation on April 29, 1964, May 18, 1964 and May 28, 1964 pursuant to the provisions of the Act and the Articles.

STOCKHOLDER RELATIONS

Upon completion of the distribution of shares of Common Stock in connection with the initial offering of such shares, the Corporation intends to follow the customary practices of listed companies of informing shareholders concerning its business and financial matters. As promptly as is practicable at the close of each fiscal year, the Corporation will furnish its stockholders with an annual report.

It is anticipated that the Corporation will not have operating revenues before mid-1965. In respect of the quarter beginning July 1, 1964, and in respect of each subsequent quarter ending before July 1, 1965, the Corporation intends to publish information with respect to its activities toward the development and establishment of a commercial communications satellite system. In respect of the quarter beginning July 1, 1965, and in respect of each subsequent quarter, the Corporation intends to release to the press for publication quarterly earnings statements.

Immediate publicity will be given through newspapers and by notices to statistical services of action on dividends or any other rights or benefits pertaining to the shares of Common Stock of the Corporation. The Corporation will solicit proxies for all meetings of shareholders.

ACCOUNTING POLICIES

Messrs. Haskins & Sells were appointed by the Board of Directors on October 21, 1963, to act as independent public accountants of the Corporation for a period terminating not later than the first annual meeting of shareholders following completion of the initial offering of Common Stock. Messrs. Haskins & Sells have acted in that capacity since that date. They make a periodic audit and have authority to examine all records and supporting evidence.

The By-laws of the Corporation provide that the shareholders, upon receiving a recommendation of the Board of Directors, shall appoint independent public accountants of the Corporation at each annual meeting. The Corporation intends to invite its independent public accountants to attend shareholders meetings and to answer questions raised by shareholders. The Corporation intends to continue the practice of periodic audit by its independent public accountants, and to continue to grant such accountants authority to examine all records and supporting evidence.

Under the By-laws of the Corporation, the principal accounting officer of the Corporation is the Comptroller, who is elected annually by the Board of Directors and who reports to the Chairman and Chief Executive Officer of the Corporation. Mr. Frederic M. Mead has been elected as Comptroller by the Board of Directors.

LISTING AGREEMENT

Nothing in the following Agreement shall be so construed as to require the Issuer to do any acts in contravention of law or in violation of any rule or regulation of any public authority exercising jurisdiction over the Issuer.

Communications Satellite Corporation (hereinafter called the "Corporation"), in consideration of the listing of the securities covered by this application, hereby agrees with the New York Stock Exchange (hereinafter called the "Exchange"), as follows:

I

1. The Corporation will promptly notify the Exchange of any change in the general character or nature of its business.

2. The Corporation will promptly notify the Exchange of any changes of officers or directors.

3. The Corporation will promptly notify the Exchange in the event that it or any company controlled by it shall dispose of any property or of any stock interest in any of its subsidiary or controlled companies, if such disposal will materially affect the financial position of the Corporation or the nature or extent of its operations.

4. The Corporation will promptly notify the Exchange of any change in, or removal of, collateral deposited under any mortgage or trust indenture, under which securities of the Corporation listed on the Exchange have been issued.

5. The Corporation will:

a. File with the Exchange four copies of all material mailed by the Corporation to its stockholders with respect to any amendment or proposed amendment to its Certificate of Incorporation.

b. File with the Exchange a copy of any amendment to its Certificate of Incorporation, or resolution of Directors in the nature of an amendment, certified by the Secretary of the state of incorporation, as soon as such amendment or resolution shall have been filed in the appropriate state office.

c. File with the Exchange a copy of any amendment to its By-laws, certified by a duly authorized officer of the Corporation, as soon as such amendment shall have become effective.

d. File with the Exchange four copies of each annual or other report transmitted by the Corporation to the President of the United States and the Congress pursuant to Section 404(b) of the Communications Satellite Act of 1962.

6. In the event that the Corporation establishes a stock option plan or grants any stock option, the Corporation will disclose in its annual report to shareholders, for the year covered by the report, (1) the number of shares of its stock issuable under outstanding options at the beginning of the year; separate totals of changes in the number of shares of its stock under option resulting from issuance, exercise, expiration or cancellation of options; and the number of shares issuable under outstanding options at the close of the year, (2) the number of unoptioned shares available at the beginning and at the close of the year for the granting of options under an option plan, and (3) any changes in the exercise price of outstanding options, through cancellation and reissuance or otherwise, except price changes resulting from the normal operation of anti-dilution provisions of the options.

7. The Corporation will report to the Exchange, within ten days after the close of a fiscal quarter, in the event any previously issued shares of any stock of the Corporation listed on the Exchange have been reacquired or disposed of, directly or indirectly, for the account of the Corporation during such fiscal quarter, such report showing separate totals for acquisitions and dispositions and the number of shares of such stock so held by it at the end of such quarter.

8. The Corporation will promptly notify the Exchange of all facts relating to the purchase, direct or indirect, of any of its securities listed on the Exchange at a price in excess of the market price of such security prevailing on the Exchange at the time of such purchase.

9. The Corporation will not select any of its securities listed on the Exchange for redemption otherwise than by lot or pro rata, and will not set a redemption date earlier than fifteen days after the date corporate action is taken to authorize the redemption.

10. The Corporation will promptly notify the Exchange of any corporate action which will result in the redemption, cancellation or retirement, in whole or in part, of any of its securities listed on the Exchange, and will notify the Exchange as soon as the Corporation has notice of any other action which will result in any such redemption, cancellation or retirement.

11. The Corporation will promptly notify the Exchange of action taken to fix a stockholders' record date, or to close the transfer books, for any purpose, and will take such action at such time as will permit giving the Exchange at least ten days' notice in advance of such record date or closing of the books.

12. In case the securities to be listed are in temporary form, the Corporation agrees to order permanent engraved securities within thirty days after the date of listing.

13. The Corporation will furnish to the Exchange on demand such information concerning the Corporation as the Exchange may reasonably require.

14. The Corporation will not make any change in the form or nature of any of its securities listed on the Exchange, nor in the rights or privileges of the holders thereof, without having given twenty days' prior notice to the Exchange of the proposed change, and having made application for the listing of the securities as changed if the Exchange shall so require.

15. The Corporation will make available to the Exchange, upon request, the names of member firms of the Exchange which are registered owners of stock of the Corporation listed on the Exchange if at any time the need for such stock for loaning purposes on the Exchange should develop, and in addition, if found necessary, will use its best efforts with any known large holders to make reasonable amounts of such stock available for such purposes in accordance with the rules of the Exchange.

16. The Corporation will promptly notify the Exchange of any diminution in the supply of stock available for the market occasioned by deposit of stock under voting trust agreements or other deposit agreements, if knowledge of any such actual or proposed deposits should come to the official attention of the officers or directors of the Corporation.

17. The Corporation will make application to the Exchange for the listing of additional amounts of securities listed on the Exchange sufficiently prior to the issuance thereof to permit action in due course upon such application.

II

1. The Corporation will publish at least once a year and submit to its stockholders at least fifteen days in advance of the annual meeting of such stockholders and not later than three months after the close of the last preceding fiscal year of the Corporation a balance sheet as of the end of such fiscal year, and a surplus and income statement for such fiscal year of the Corporation as a separate corporate entity and of each corporation in which it holds directly or indirectly a majority of the equity stock; or in lieu thereof, eliminating all intercompany transactions, a consolidated balance sheet of the Corporation and its subsidiaries as of the end of its last previous fiscal year, and a consolidated surplus statement and a consolidated income statement of the Corporation and its subsidiaries for such fiscal year. If any such consolidated statement shall exclude corporations a majority of whose equity stock is owned directly or indirectly by the Corporation: (a) the caption of, or a note to, such statement will show the degree of consolidation; (b) the consolidated income account will reflect, either in a footnote or otherwise, the parent company's proportion of the sum of, or difference between, current earnings or losses and the dividends of such unconsolidated subsidiaries for the period of the report; and (c) the consolidated balance sheet will reflect, either in a footnote or otherwise, the extent to which the equity of the parent company in such subsidiaries has been increased or diminished since the date of acquisition as a result of profits, losses and distributions.

Appropriate reserves, in accordance with good accounting practice, will be made against profits arising out of all transactions with unconsolidated subsidiaries in either parent company statements or consolidated statements.

Such statements will reflect the existence of any default in interest, cumulative dividend requirements, sinking fund or redemption fund requirements of the Corporation and of any controlled corporation, whether consolidated or unconsolidated.

2. All financial statements contained in annual reports of the Corporation to its stockholders will be audited by independent public accountants qualified under the laws of some state or country, and will be accompanied by a copy of the certificate made by them with respect to their audit of such statements showing the scope of such audit and the qualifications, if any, with respect thereto.

The Corporation will promptly notify the Exchange if it changes its independent public accountants regularly auditing the books and accounts of the Corporation.

3. All financial statements contained in annual reports of the Corporation to its stockholders shall be at least as informative as the financial statements of the Corporation contained in the listing application in connection with which this Listing Agreement is made, and shall disclose any substantial items of unusual or non-recurrent nature.

4. In respect of the quarter beginning July 1, 1965 and in respect of each subsequent calendar quarter,

PROSPECTUS

10,000,000 Shares

Communications Satellite Corporation

Common Stock
(without par value)

The Corporation is not an agency or establishment of the United States Government.

In conformity with the Communications Satellite Act of 1962, 50% of the shares of Common Stock to which this Prospectus relates were reserved for subscription by communications common carriers authorized by the Federal Communications Commission to own stock of the Corporation. As of the close of business on June 1, 1964, there were in effect subscriptions of authorized carriers, revocable until accepted by the Corporation, for all the reserved shares. The Underwriters are purchasing from the Corporation for sale to the public the 5,000,000 unreserved shares. See "Offering of Common Stock".

There is at present no market for the Common Stock of the Corporation. The New York, Midwest and Pacific Coast Stock Exchanges have approved the listing of the Common Stock on such Exchanges, subject to certain conditions. See "Description of Common Stock".

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	Offering Price	Underwriting Discount	Proceeds to Corporation*
Per Share:			
Public (5,000,000 shares)	$20	$.80	$19.20
Authorized Carriers (5,000,000 shares)	$20	None	$20
Total:	$200,000,000	$4,000,000	$196,000,000

*Before deducting expenses payable by the Corporation estimated at $650,000.

Merrill Lynch, Pierce, Fenner & Smith
Incorporated
Blyth & Co., Inc.
The First Boston Corporation
Kidder, Peabody & Co.
Incorporated
Kuhn, Loeb & Co.
Incorporated
Lazard Frères & Co.
Lehman Brothers
Carl M. Loeb, Rhoades & Co.
Paine, Webber, Jackson & Curtis
White, Weld & Co.
Incorporated
Dean Witter & Co.

June 2, 1964.

12. In case the securities to be listed are in temporary form, the Corporation agrees to order permanent engraved securities within thirty days after the date of listing.

13. The Corporation will furnish to the Exchange on demand such information concerning the Corporation as the Exchange may reasonably require.

No person is authorized to give any information or to make any representations not contained in this Prospectus, and any information or representation not contained herein must not be relied upon as having been authorized by the Corporation or by any Underwriter. This Prospectus does not constitute an offer of Common Stock by any person in any State or other jurisdiction to any person to whom it is unlawful to make such offer in such State or other jurisdiction, or an offer by the Corporation or any Underwriter to sell Common Stock to any person ineligible under the Communications Satellite Act of 1962 or the Articles of Incorporation of the Corporation to own shares of Common Stock of the Corporation.

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IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE COMMON STOCK AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH TRANSACTIONS MAY BE EFFECTED ON THE NEW YORK, MIDWEST OR PACIFIC COAST STOCK EXCHANGES OR IN THE OVER-THE-COUNTER MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

3. All financial statements contained in annual reports of the Corporation to its stockholders shall be at least as informative as the financial statements of the Corporation contained in the listing application in connection with which this Listing Agreement is made, and shall disclose any substantial items of unusual or non-recurrent nature.

4. In respect of the quarter beginning July 1, 1965, and in respect of each subsequent calendar quarter,

THE CORPORATION

Communications Satellite Corporation (the Corporation) was incorporated under District of Columbia law on February 1, 1963, as authorized by the Communications Satellite Act of 1962 (the Act). The Act states that it is the policy of the United States to establish, in cooperation with other countries, as expeditiously as practicable, a commercial communications satellite system, as part of an improved global communications network, and that United States participation in the system shall be in the form of a private corporation, subject to appropriate Government regulation. The Corporation has been created in pursuance of such national policy, but the Corporation is not an agency or establishment of the United States Government. *The United States Government has not guaranteed funds invested in the stock of the Corporation, the payment of dividends on shares of such stock, or the profitability of the venture in which the Corporation proposes to engage.*

In accordance with the Act, the Corporation plans to establish and operate a global commercial communications satellite system in cooperation with telecommunications entities in other countries, certain of which are agencies of foreign governments. Such a system would use satellites placed in orbit around the earth to relay telecommunications between terminal stations in the United States and in other countries. Terminal stations in the United States would be connected with communications systems owned and operated by common carriers that provide telephone and other telecommunications service to the public. Terminal stations in other countries would be connected with communications systems that provide such service there.

It is expected that (i) telecommunications entities in other countries will provide and operate terminal stations in such countries (without which there cannot be a satellite system for international telecommunications), and (ii) such entities will share with the Corporation the costs of establishing the space segment of the system (comprising the satellites and the command and control facilities on earth), which would be jointly owned by the Corporation and such entities in proportion to their respective investments. It is contemplated that equitable allocations of the communications capacity of the space segment would be made to such joint owners and others. The Corporation would utilize its allocation to furnish satellite channels for hire to United States communications common carriers and other authorized users. It is expected that the charges made to United States carriers for use of such channels would be a principal source of the Corporation's revenue. Arrangements with telecommunications entities in other countries have not yet been made. The Corporation intends to proceed with its program for the establishment of the system while such arrangements are being negotiated. See "International Arrangements for System".

The Act embodies a comprehensive plan for the conduct of the business and affairs of the Corporation. It includes provisions governing the Corporation with respect to matters that, in the case of other communications common carriers in the United States, are not ordinarily subject to Government supervision or control. The Act defines the powers of the Corporation and the relationships of the Corporation to the President of the United States and various agencies of the United States Government which have responsibilities in carrying out the purposes of the Act. Under the provisions of the Act, the President of the United States has approved the Corporation's Articles of Incorporation, and he is directed by the Act, among other things, to exercise authority over the relationships of the Corporation with foreign governments and entities. The Act directs the Federal Communications Commission (the FCC) to exercise authority over certain aspects of the affairs of the Corporation, including the rates charged by it. See "Regulation".

12. In case the securities to be listed are in temporary form, the Corporation agrees to order permanent engraved securities within thirty days after the date of listing.

13. The Corporation will furnish to the Exchange on demand such information concerning the Corporation as the Exchange may reasonably require.

Provisions of the Act also govern the ownership of shares of Common Stock of the Corporation and the composition and manner of selection of its Board of Directors. Among other things, such provisions contemplate that up to half the total number of shares of Common Stock of the Corporation is to be owned by United States communications common carriers, and direct that, effective upon completion of the first meeting of shareholders, the Board of Directors shall consist of six directors elected by those shareholders which are communications common carriers, six directors elected by other shareholders and three directors appointed by the President of the United States with the advice and consent of the Senate. See "Management" and "Description of Common Stock—Voting Rights". In the Act, Congress expressly has reserved the right to repeal, alter or amend the Act at any time.

THE VENTURE AND ITS RISKS

The Corporation proposes to engage solely in operations based on recent developments in space and communications technology. Careful consideration should be given to the matters referred to in the following summary, as well as to the information set forth elsewhere in this Prospectus.

(1) Experimental communications satellites have been placed in orbit and operated in programs conducted by the United States Government and private United States firms (other than the Corporation); but the establishment of a communications satellite system, capable of providing commercially useful service, has never before been attempted.

(2) Satellite systems of several different types are believed to be practicable for commercial purposes. To provide further information relevant to the selection of a type of system, the Corporation plans to conduct experiments and limited operations by means of a satellite to be launched by mid-1965. The program of the Corporation contemplates that the type of system to be established will not be determined before the latter part of 1965. It is anticipated that the system selected will be ready to provide service between certain areas beginning in 1966, but that the system will not be in full operation before the latter part of 1967. The dates referred to in this paragraph are approximations only, and every reference in this Prospectus to an anticipated date of a particular step in the program of the Corporation is subject to that qualification and to the qualification that unforeseen developments may either delay or prevent the carrying out of the program.

(3) It is anticipated that the Corporation will not have significant operating revenue until the system is in full operation. In view of the risks of the venture, the Corporation may not realize significant operating revenue for a period after full system operations commence, and the Corporation may operate at a loss for several years after commencement of full system operations. In view of such risks, the period during which operations are conducted at a loss may be even more extended. No dividends will be paid on the Common Stock for an indeterminate period.

(4) A communications satellite system of any type requires rockets or other launch vehicles that will place the satellites in the intended orbit, and the costs of launch vehicles will represent a major element in the costs of establishing a communications satellite system. It is contemplated that satellites for the system will be launched by vehicles developed in United States defense and space programs. The reliability of such vehicles is being further improved, but the risk of launch vehicle failure is an important risk inherent in an attempt to establish a satellite system of any type.

3. All financial statements contained in annual reports of the Corporation to its stockholders shall be at least as informative as the financial statements of the Corporation contained in the listing application in connection with which this Listing Agreement is made, and shall disclose any substantial items of unusual or non-recurrent nature.

4. In respect of the quarter beginning July 1, 1965, and in respect of each subsequent calendar quarter,

Consequences of launch vehicle failure will include loss of the vehicle and of the satellite or satellites carried by the vehicle, and, if the failed vehicle causes injuries or damage, may also include liability therefor.

(5) A communications satellite system of any type requires satellites which will remain operable for a considerable period. On the basis of information derived from experimental communications satellite programs, it is believed that satellite operating lifetimes of the duration necessary for a commercial system can be achieved, but the risk of early failure of satellites in orbit also is an important risk inherent in an attempt to establish a satellite system of any type. Failure of satellites in orbit may necessitate the launching of replacement satellites (involving additional launch vehicle costs) and may also cause interruption or suspension of service, with consequent loss of revenue.

(6) Certain techniques and devices, not yet proved in actual operations, are regarded as important to the commercial feasibility of certain types of satellite systems, or as important to highly efficient operations of any type of system. These include the launching of several communications satellites by a single launch vehicle (of importance to the commercial feasibility of a system consisting of a large number of satellites); techniques or devices to enable more than two terminal stations to communicate simultaneously via a single satellite without significant reduction in the satellite's communication capacity; and devices to control the attitude of satellites in orbit so that signals emitted by the satellite are directed toward the earth only.

(7) The demand for international telecommunications services (particularly telephone service) has increased continuously since the end of World War II, and, if the demand continues to increase, additional facilities of some kind will be required within the next few years to assure adequate telecommunications service between North America and Western Europe (commercially the most important route at present) and over certain other routes. The program of the Corporation to establish, in cooperation with other telecommmunications entities, a commercial communications satellite system is based on the belief that the demand for international telecommunications services will continue to grow and on the expectation that the satellite system, in competition with facilities operated by others, will serve an important and increasing volume of international telecommunications traffic. It is expected that, in the early years of system operations, revenues from the use of satellite channels for telephone service will constitute by far the most important element in total revenues from system operations, and that revenues from television transmissions will not be significant in terms of such total revenues.

(8) The satellite system will compete with submarine telephone cable systems between North America and Western Europe and on certain other routes, and with high-frequency radio facilities generally. Such cable systems and radio facilities are owned by certain of the United States carriers and telecommunications entities in other countries which are prospective users of the satellite system. American Telephone and Telegraph Company (AT&T) is the principal United States owner of submarine telephone cable systems. The submarine cable systems with which the satellite system will compete may include cable systems of greatly increased efficiency now under development by AT&T and others. AT&T has stated an intention, subject to certain conditions, to lease satellite system channels of commercial quality, and other United States carriers have indicated an interest in so doing; but the Corporation has not obtained firm commitments therefor. The competitive position of the Corporation will depend on its ability to develop and operate a satellite system that will provide

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service which compares favorably, in cost and efficiency, with the service provided by other telecommunication facilities. See "Competition".

(9) The venture depends on the cooperation of telecommunications entities in other countries. Although many of such entities have indicated interest in the venture, the Corporation has not obtained the commitments of any such entities to provide the foreign terminal stations essential to the operations of a satellite system, or to join with the Corporation in the ownership (and payment of the costs) of the space segment of the system, or to use the system.

(10) The negotiation and carrying out of international arrangements for the system may be impeded or prevented by international political developments that are not directly related to the system. Moreover, the system may not be designed to operate in spite of intentional interference (e.g., jamming) and, if the operations of the system are purposely interfered with by a foreign government, elimination of the interference would depend on action by the United States Government (or other interested governments).

(11) Other countries may have or may acquire the ability to establish and operate a satellite system which would compete with the system the Corporation proposes to establish. Governments of certain foreign countries from time to time have announced that communications satellite development activities are being pursued or considered in such countries; but the Corporation does not know of any plan for the establishment by any other country of a communications satellite system which would compete with the system contemplated by the program of the Corporation. Under provisions of law presently in effect, any such competing system could not provide telecommunications service between the United States and overseas points without authorization by the FCC.

(12) Under the provisions of the Act, the activities in which the Corporation has authority to engage are, in general, those related or incidental to the development, ownership and operation of a commercial communications satellite system as defined in the Act. In the event that future technological developments provide a basis for new types of communications systems which do not use earth satellites and satellite terminal stations on the earth's surface, the Corporation might be unable to take advantage of such developments without appropriate legislation. Such legislation might not necessarily be required by other enterprises.

(13) The Corporation has public responsibilities under the Act, as well as responsibilities to its shareholders. Among other things, in the interests of national policy, the Corporation may be required to provide certain communications services to particular foreign points in circumstances in which it would be contrary to the business judgment of the Corporation to do so.

(14) The Corporation does not presently hold any patent rights. The manufacture and operation of the equipment and facilities required for a commercial communications satellite system may involve the use of inventions which are or may be subject to patent rights held by others. However, it is believed that access to such patent rights, or to satisfactory alternatives, should be obtainable on reasonable terms. It is expected that although equipment and facilities for the system will generally be procured on a competitive basis, some items may be available only from a single source of supply because of know-how, production capacity or other unique qualifications possessed by such source. It is believed that access to such single sources of supply, or to satisfactory alternatives, should also be obtainable on reasonable terms.

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4. In respect of the quarter beginning July 1, 1965, and in respect of each subsequent calendar quarter,

OFFERING OF COMMON STOCK

Offering to Authorized Carriers

In conformity with the Act and the Corporation's Articles of Incorporation, 50% of the 10,000,000 shares of Common Stock to which this Prospectus relates were reserved until the close of business on May 26, 1964, for subscription by communications common carriers authorized by the FCC to own stock of the Corporation (authorized carriers). As of that time, 163 authorized carriers had submitted subscriptions, revocable until accepted by the Corporation, for an aggregate of 6,354,250 shares of Common Stock. There are set forth below, as of the close of business on June 1, 1964, (a) the name of each authorized carrier whose subscription relates to 5% or more of the 5,000,000 reserved shares and the number of shares to which the subscription of each such carrier relates, and (b) the aggregate number of shares to which the subscriptions of authorized carriers (other than those named) relate. The number of shares shown opposite American Telephone and Telegraph Company is the number of shares subscribed for by it, reduced by the application of the allocation formula set forth under "Carrier Subscription Matters".

Name	Number of Shares
American Telephone and Telegraph Company	2,895,750 shares
International Telephone and Telegraph Corporation	1,050,000 shares
General Telephone & Electronics Corporation	350,000 shares
RCA Communications, Inc.	250,000 shares
Other Authorized Carriers	454,250 shares
Total	5,000,000 shares

The subscriptions referred to above are subject to revocation (in full but not in part) at any time prior to the acceptance thereof by the Corporation after the effectiveness of the Registration Statement covering the shares of Common Stock to which this Prospectus relates (the Registration Statement).

Upon (i) the issuance and sale to authorized carriers of the number of shares of Common Stock to which their respective subscriptions relate (adjusted, in the case of AT&T, as set forth above), and (ii) the issuance and sale to the Underwriters of 5,000,000 shares of Common Stock pursuant to the Purchase Contract referred to below, AT&T will own shares constituting approximately 29%, and International Telephone and Telegraph Corporation (ITT) will own shares constituting 10.5%, of the total number of shares of Common Stock then issued and outstanding, and no other person will own of record or, to the knowledge of the Corporation, beneficially but not of record, shares constituting more than 10% of the total number of shares then issued and outstanding. The Corporation may enter into transactions with AT&T and/or ITT or companies controlled by them, respectively. See "Experimental Operational Satellites" and "System Development".

The obligations of authorized carriers to purchase shares subscribed for by them are subject to certain conditions, including the conditions that (a) the Registration Statement shall have become and shall remain effective, and (b) the sum of the aggregate purchase price for shares covered by accepted subscriptions of authorized carriers and the net proceeds (after underwriting discount but before expenses) received by the Corporation for shares purchased by the Underwriters under the Purchase Contract referred to below shall amount to not less than $190,000,000. The subscription of each authorized carrier which has subscribed for shares includes the agreement of such carrier that, unless compelled by the FCC in accordance with the provisions of the Act to transfer shares to another carrier, it will not, during a period of 60 days after the delivery to it of the shares of Common Stock purchased by it pursuant to the offering made by this Prospectus, sell or otherwise dispose of such shares otherwise

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than to an authorized carrier affiliated with it which is a party to a similar agreement with respect t the sale or other disposition of such shares during such 60-day period.

On May 28, 1964, the FCC issued a statement, the text of which appears under "Carrier Subscrip tion Matters", advising authorized carriers that authorizations to own shares of Common Stock o the Corporation granted by FCC presuppose that shares acquired by authorized carriers will be acquire for investment purposes and not for speculative purposes.

Offering to Public

The Underwriters have agreed to purchase from the Corporation for sale to the public the 5,000,00 unreserved shares. In the Purchase Contract between the Underwriters and the Corporation, the Under writers have agreed to use their best efforts to offer the Common Stock in a manner to encourage th widest distribution of the shares to the American public. In addition to offering a portion of the share directly to the public, the Underwriters will offer shares to over 800 dealers for resale to the public.

Underwriters and dealers will not be required to accept or fill all orders received. In the Purchas Contract the Underwriters have agreed, except under certain circumstances, in making sales to person other than dealers, to limit the number of shares allotted to any purchaser and to require each deale to enter into an agreement to the same effect covering the shares sold by such dealer. The text of th provision of the Purchase Contract stating such agreement of the Underwriters is set forth under "Under writing".

At the request of the Corporation, an arrangement has been made whereby up to 25 shares of Com mon Stock will be allotted at the public offering price to any employee of the Corporation who ma enter an order with Merrill Lynch, Pierce, Fenner & Smith Incorporated. The maximum number o shares purchasable under this arrangement is approximately 2,000 shares.

The decisions of authorized carriers to purchase shares may be based on business considerations not applicable to purchasers other than carriers.

CAPITALIZATION

The following table sets forth the capitalization of the Corporation as of June 1, 1964 and as adjusted to give effect to the sale of 5,000,000 shares of Common Stock to authorized carriers, th sale of 5,000,000 such shares to the Underwriters and the application of a portion of the proceeds o such sales to the payment of bank loans of the Corporation, as described under "Application of Proceeds"

Title of Class	Authorized	Outstanding	Adjusted
Bank loans due June 30, 1964.....	—	$1,850,000	None
Common Stock, without par value*..	10,000,100 shs.	14 shs.	10,000,014 shs.

* The shares of Common Stock are issuable in two Series, designated Series I and Series II. As more fully se forth under "Description of Common Stock", and subject to the provisions of the Act and the Articles of Incorporation of the Corporation referred to therein, Series I shares are issuable to the public and Series II shares are issuable t communications common carriers authorized by the FCC to own stock of the Corporation.

APPLICATION OF PROCEEDS

The net proceeds from the sale of the 10,000,000 shares of Common Stock are estimated at approxi mately $195,350,000, after deducting estimated expenses. Approximately $1,903,000 of such net proceeds will be applied to the payment of bank loans of the Corporation. The balance of such net proceeds ($193,447,000) will be applied to pay the costs and expenses to be incurred by the Corporation in carrying out its program over the next few years for the development and establishment of a commercial communi cations satellite system, and for related purposes. See "Program of the Corporation". It is contemplate

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4. In respect of the quarter beginning July 1, 1965, and in respect of each subsequent calendar quarter,

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that funds not at the time required for such purposes will be invested in obligations of the United States Government or in other interest-bearing obligations or deposits.

As indicated under "Program of the Corporation", the range of the costs which it is estimated will be incurred in carrying out the program of the Corporation is from $190,000,000 to $230,000,000. It is believed that the net proceeds from the sale of Common Stock, together with interest income and possible revenues from the operations of the experimental operational satellite proposed to be launched in 1965, will provide an amount sufficient to pay substantially all of the program costs which will be required to be paid by the Corporation. However, in view of the risks associated with the program and the possibility of changes in the program (including such changes as might result from modification of the program so as to satisfy certain requirements of the National Communications System), the actual costs may considerably exceed present estimates. See "National Communications System Program". The Corporation has not made any arrangements to provide such additional funds as may be required.

It is expected that telecommunications entities in other countries may become joint owners with the Corporation of the space segment (comprising the satellites and the command and control facilities) of the communications satellite system and may provide part of the capital necessary to pay the costs of establishing the space segment. The Corporation has not obtained the commitment of any such entity to bear any part of such costs. Other than as indicated above, the Corporation at present has no plans for the use of any of the net proceeds of this financing which, because of the sharing of costs by the telecommunications entities in other countries, or for any other reasons, may not be required by it to defray the costs of the program.

SATELLITE COMMUNICATIONS

Nature of Satellite Communications

A communications satellite system would consist of satellites placed in orbit around the earth for the purpose of relaying telecommunications between terminal stations at different places on the earth's surface. Telecommunications which would be so relayed would include telephone messages, television signals, and "record traffic" of various types (message and other telegraph traffic, teleprinter exchange traffic (telex), and facsimile, photogram and data transmissions). Terminal stations would be operationally connected with telephone systems and other telecommunications facilities. Telecommunications would be transmitted (i) from the place of origin, through telephone lines or other facilities, to a terminal station, (ii) from the terminal station to a satellite in orbit, (iii) from the satellite to another terminal station, and (iv) from the receiving terminal station, through telephone lines or other facilities, to the place of destination.

Communication by satellite between two terminal stations is possible only when a satellite is above the horizon (is "visible") at both terminal stations. If the satellite's orbit carries it below the horizon of one of the terminal stations, communication between the stations will not be possible until the satellite again becomes visible to both stations or another satellite becomes visible to both stations. In such a case, to enable continuous communication between two terminal stations, a number of satellites would be necessary, so that before the last satellite visible to both terminal stations moves below the horizon of one of the stations, at least one other satellite will have become visible to both stations.

The number of satellites necessary to enable continuous communication between a pair of terminal stations depends primarily on the altitude and inclination of the orbits from the plane of the Equator and on whether the spacings between the satellites are controlled. Fewer satellites would be necessary at any

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altitude than would be necessary in an orbit of the same inclination at a lower altitude. The spacings between satellites at the same altitude will not be uniform unless such spacings are established, after the satellites are in orbit, by use of "position control" equipment included in the satellites. A system of satellites the spacings between which are controlled during orbit (a controlled system) need include fewer satellites than a system of satellites at the same altitude which are not subject to such control (a random system). Altitudes within the range of from 5,000 to 10,000 miles are generally proposed for a system (controlled or random) which is to consist of a number of satellites that in turn disappear below the horizon and in turn become visible again. Satellites in orbit at such altitudes (medium altitudes) could be used for communication between terminal stations over transoceanic distances.

The orbital period of a satellite and the length of the time that a satellite would be above the horizon of a particular terminal station increase as the altitude of the orbit increases. In particular, if the velocity of a satellite in orbit above the Equator at an altitude of 22,300 miles is effectively controlled, the orbital period of such a satellite would be 24 hours—an orbital period synchronized with the rotation of the earth. A satellite in such an orbit (synchronous orbit) would be visible to terminal stations within an area including approximately one third of the earth's surface and would be visible to terminal stations within that area during its entire orbital period of 24 hours. To an observer at such a terminal station, the satellite would appear to remain stationary in the sky. A satellite in such a synchronous orbit could be used at any time for communication between terminal stations within that area located up to 10,000 miles apart. The orbit of a satellite at an altitude of 22,300 miles, which deviates slightly from the plane of the Equator, is also referred to in this Prospectus as a synchronous orbit. The usefulness for communications of a satellite in such an orbit would be substantially the same as that of a satellite in a true "stationary" orbit, exactly above the Equator. A true "stationary" orbit (or an orbit of such slight deviation) has not yet been achieved.

The quality of telephone communication by means of a satellite in synchronous orbit would be reduced by reason of the length of the time (approximately three-tenths of a second) required for transmission of the signal to the satellite and back to earth (a delay which tends to interfere with the normal rhythms of conversation), and by the inter-acting effects of echo suppressors of existing types which must be used. There is not yet sufficient experience to indicate clearly whether or not telephone service by means of satellites in synchronous orbit will be of a quality that is generally acceptable to the public.

The principal components of any satellite which relays signals between terminal stations are (i) a receiver and related antenna, for the reception of signals from terminal stations, (ii) a transmitter and related antenna, to amplify and return signals to terminal stations, and (iii) a system to provide electrical energy for the satellite's receiver and transmitter. The principal components of a terminal station for any satellite system are, in addition to a source of electric power, a transmitter, a receiver, and at least one antenna. The orbital configuration of a satellite system greatly influences the nature of additional equipment which satellites and terminal stations must include. Placing and maintaining a satellite in synchronous orbit require that the satellite itself have position control equipment, to help achieve the synchronous orbit in the first instance and to overcome the effects of drift from such orbit. Satellites in a controlled medium altitude system also must have position control equipment, to establish the desired spacings between the satellites. Satellites in a random system need not include such equipment. To conduct the same operations, a terminal station for a medium altitude system must include twice the number of antennas required in a terminal station for a synchronous satellite system.

Command and control facilities (including computers and other equipment for tracking, guidance and control of satellites) also are necessary to satellite system operations.

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Launching of Satellites

Rockets or other launch vehicles capable of placing objects of substantial weight in orbit are essential to a communications satellite system. Such vehicles have been developed in the United States in recent years in connection with United States Government space and defense programs. The reliability of such vehicles has been improved in the course of such programs, and agencies of the Government and others engaged therein are carrying out activities intended to increase launch vehicle reliability to a further degree; but the risk that one or more launch vehicles will fail to place satellites in a planned orbit may continue to be a significant factor throughout the period during which the Corporation proposes to create a commercial satellite system.

Costs of launch vehicles, and related vehicle launching expenses, are a major part of the aggregate cost of creating any satellite system. A medium altitude system may not be commercially feasible unless several satellites can be placed in the intended orbit by a single launch vehicle. In experiments conducted by agencies of the United States Government, as many as five objects have been placed in orbit by a single launch vehicle. Such objects were not communications satellites, and the orbits achieved were orbits at substantially lower altitudes than those contemplated for the satellites of a medium altitude system. The techniques necessary for a "multiple launch" of communications satellites would be the same as those successfully employed in such experiments; but no attempt has thus far been made in the United States to place more than one communications satellite in orbit by use of a single launch vehicle.

Satellite Lifetime

Satellites in orbit are subject to being damaged by radiation, by collision with natural objects and by other events in space. Damage resulting from any of such causes, or a failure of satellite components for other reasons, may interrupt or terminate the operation of the satellite. Certain of the experimental satellites launched in the United States experienced damage or failure of components within relatively short times after being placed in orbit. Three of the experimental satellites have operated for periods of nine months or longer (the longest such period being approximately 16 months). Certain of the experimental satellites launched in the United States are still in operation. See "Experimental Communications Satellites".

Failure of a satellite in orbit may impair or prevent communication service between the terminal stations to which the satellite is visible. In the case of a medium altitude system, the failure of a satellite is likely to result in interruptions of service during periods of predictable occurrence and length, corresponding to the periods during which the inoperative satellite is the only satellite visible to the terminal stations. Such periods of interruption will be longer if the system is a controlled system than if the system is a random system. If communication between two terminal stations is provided by a single synchronous satellite and there is not a "standby" satellite in orbit, failure of the satellite will prevent communication at any time until the satellite is replaced. Costs of replacing a satellite that has failed in orbit include the costs of the replacement satellite, the costs of a launch vehicle and related vehicle launching expenses. For a commercial system, the impairment or suspension of service resulting from satellite failure may also result in loss of substantial revenue until service can be restored by the successful launching of the replacement satellite.

Experimental Communications Satellites

Experimental communications satellites have been developed and placed in orbit in programs conducted by agencies of the United States Government and by private American companies other than the

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Corporation. The following table sets forth information with respect to the principal experimental communications satellites (other than passive "reflector" satellites) launched in the United States:

Experimental Communications Satellites (United States)

Name(a)	Launch Date	Altitude of Initial Orbit (statute miles)	Operating Lifetime of Telecommunications System	Telecommunications Transmissions
Score	December 18, 1958	115 to 914	13 days (design life)	Voice and telegraph, including delayed signal repetition and rebroadcast of recorded message.
Courier I-A	August 18, 1960	Failed to orbit (launch vehicle exploded)	—	—
Courier I-B	October 4, 1960	586 to 767	17 days	Voice, telegraph and telephoto, including voice transmission to Puerto Rico.
Telstar I	July 10, 1962	593 to 3,503	199 days(b)	Television, voice, telegraph, data and telephoto, including trans-oceanic transmissions.
Relay I	December 13, 1962	819 to 4,612	484 days(c)(d)	Television, voice, telegraph, data and telephoto, including transmissions between the U. S. and Western Europe and South America, and between the U. S. and Japan.
Syncom I	February 13, 1963	21,268 to 22,974	Communication lost at injection into orbit.	—
Telstar II	May 7, 1963	604 to 6,713	359 days(d)(e)	Similar to Telstar I.
Syncom II	July 26, 1963	22,240 to 22,247 (orbit very nearly circular and synchronous)	305 days(d)	Voice, telegraph, data and telephoto, including transmissions between the U. S., Western Europe and Africa.
Relay II	January 21, 1964	1,325 to 4,600	127 days(d)	Similar to Relay I.

(a) Of the satellites referred to in the table, (i) Telstar I and Telstar II were designed and constructed by American Telephone and Telegraph Company, (ii) Relay I and Relay II were designed and constructed by Radio Corporation of America (RCA) under contract with the National Aeronautics and Space Administration (NASA), (iii) Syncom I and Syncom II were designed and constructed by Hughes Aircraft Company under contract with NASA, (iv) communications equipment for Score was constructed by RCA for the Department of Defense, and (v) Courier IA and IB were constructed by Philco Corporation for the Department of Defense.

(b) Exclusive of a 27-day interruption (attributed to damage caused by radiation) in the operating lifetime stated. Termination of lifetime is attributed to damage so caused.

(c) Exclusive of (i) a 20-day period, immediately following launch, during which malfunction in satellite components prevented telecommunications transmission, and (ii) a 26-day period in April and May, 1964, during which the telecommunications system was inoperable.

(d) Computed to May 26, 1964, at which time the telecommunications system of the satellite was still operable.

(e) Exclusive of a 27-day interval during which the telecommunications system was inoperable for unknown reasons.

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The experimental satellites Telstar I and II and Relay I and II have been used successfully for transmission of the principal kinds of telecommunications which a commercial system would serve over distances comparable to those which commercial service would require. The experimental satellite Syncom II has also been used successfully for the transmission over such distances of the principal kinds of telecommunications which commercial service would require, except that television signals transmitted through Syncom II have not been of commercial quality. In addition, the experimental satellite programs have provided much information relevant to the design of satellites for a commercial system.

The improvements in experimental satellites which are essential for the satellites of a commercial system are primarily those related to the achievement of reliability of components through careful selection and intensive testing. In addition, certain anticipated developments in components or techniques generally are regarded as important to communications satellite operations of highest efficiency, *viz.*, (i) development of techniques which will enable a satellite to communicate simultaneously with more than two terminal stations without material reduction in the satellite's overall communication capacity, and (ii) development of devices which can be used to control the attitude of satellites for extended periods of time, so that signals emitted by the satellite are directed toward the earth only.

The terminal station facilities principally used in connection with the operation of the experimental satellites referred to in the table have been, in respect of facilities in the United States, experimental terminal stations constructed by communications common carriers or facilities of the United States Government, and, in respect of facilities outside the United States, experimental terminal stations constructed by foreign telecommunications entities, including such facilities in the United Kingdom, France, Italy, Brazil and Japan. Telecommunications entities in other foreign countries (including Canada and the Federal Republic of Germany) are engaged in the construction of terminal station facilities in such countries.

PROGRAM OF THE CORPORATION

Activities to Date

The Corporation has been engaged in various activities leading to the creation of a commercial communications satellite system. It has established its offices in leased premises in Washington, D. C. Technical and economic studies are being carried out by the staff of the Corporation and by firms under contract with the Corporation, including studies of factors affecting the design of a satellite system, studies with respect to potential telecommunications traffic which such a system might serve, and studies relating to the minimum specifications and characteristics of an initial communications satellite system. Expenses incurred in connection with these activities have been financed by bank borrowings.

Summary of Program and Estimated Costs

The Board of Directors of the Corporation has approved a program for the development and establishment of a commercial communications satellite system. The principal elements of the Corporation's program, and the estimated costs of each element in the program, are summarized below. The cost estimates shown are approximations only, and, in view of various factors referred to below, the actual costs of the program as a whole, or of particular elements in the program, may considerably exceed such estimates. The estimates do not reflect such additional costs as would be involved if the program were modified to satisfy certain requirements of the National Communications System. See "National Communications System Program". The cost estimates in the summary do not include any amount covering the expenses to be incurred in maintaining an established system.

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Experimental Operational Satellites	
Conduct of certain communications tests and limited operations by means of an experimental operational satellite proposed to be placed in synchronous orbit above the Atlantic Ocean in mid-1965.....	$ 14,000,000 – $ 20,000,000
System Development	
Preparation of satellite engineering designs and development of prototype satellites of various types, preparatory to a decision, proposed to be made in the latter part of 1965, as to whether the commercial satellite system will be a medium altitude system or a synchronous system	$ 55,000,000 – $ 65,000,000
Manufacture and placing in orbit of satellites constituting a commercial communications satellite system, to provide limited service estimated to begin in 1966 and to be in full operation in the latter part of 1967	$ 75,000,000 – $ 90,000,000
Construction in the United States by mid-1966 of a command and control center for the satellite system	$ 9,000,000 – $ 10,000,000
Proposed Terminal Stations	
Construction by the Corporation of satellite terminal stations required in the United States*	$ 17,000,000 – $ 20,000,000
Research and Development and Administration	
Additional research and development and administrative activities ..	$ 20,000,000 – $ 25,000,000
Total	$190,000,000 – $230,000,000

* Contingent on matters referred to under "Proposed Terminal Stations".

The Corporation has entered into an agreement for the design and manufacture of the experimental operational satellites, and has received proposals for the preparation of the satellite engineering designs, referred to in the foregoing summary. Except with respect to the equipment and services to which such agreement and proposals relate, the cost estimates in the foregoing summary are not based upon bids to provide equipment or services. Such estimates are based on information furnished to the Corporation by the United States Government and United States firms which have engaged in satellite experiments and in other phases of space programs. The Corporation expects to invite at the appropriate time competitive bids or proposals for the equipment and services required by its program, and does not presently plan to manufacture itself any of such equipment. The actual costs of the program summarized above may vary considerably from estimated costs, depending upon the characteristics of the system, unforeseen factors affecting adversely launching costs or costs of components, and technological developments or other factors. In view of the risks of the venture, the taking of any particular step in the program may be delayed for extended periods beyond the approximate date for such step referred to in the summary above.

The program of the Corporation summarized above may be changed in material respects by reason of unforeseen developments. Whether or not any such development occurs, the program is also subject to change by the Board of Directors of the Corporation that will succeed the present Board. See "Management". Changes in the program may also be made by reason of modification of the program to satisfy certain requirements of the National Communications System or by reason of the nature

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or terms of the international arrangements to be negotiated for the system. See "National Communications System Program" and "International Arrangements for System". The carrying out of any program for the establishment of a commercial communications satellite system is subject, among other things, to the continued effectiveness of the provisions of the Act which authorize the Corporation to carry out such a program, and to the authority of the agencies of the United States Government referred to under "Regulation".

Experimental Operational Satellites

The Corporation plans to conduct communications tests and to provide certain commercial communications services by means of a satellite to be placed in synchronous orbit over the Atlantic Ocean in mid-1965. The principal objectives of the program for such a satellite are to obtain information relevant to the selection and design of a commercial system (including information about public attitudes toward the time delays and echo suppression effects involved in telephone conversation via satellite in synchronous orbit) and also to provide experience in the conduct of operations. The particular satellite to be used in the program will be designed to provide up to 240 two-way telephone grade circuits between appropriately equipped terminal stations in North America and Western Europe. Such circuits could be used for telephone conversations, or for record traffic, or for the transmission of television signals. The capacity provided by one two-way telephone grade circuit is sufficient for the simultaneous transmission of 22 or more telegraph messages, depending on the terminal equipment used. The construction, launching and operation of the satellite are subject to the approval of the FCC. The Corporation has obtained such approval for the construction of the satellite, but has not yet made application for the other necessary approvals.

The Corporation has entered into an agreement with Hughes Aircraft Company, Culver City, California (Hughes Aircraft), for the design, manufacture, assembly and testing of two such satellites, for the manufacture of components for a third such satellite and for the performance of certain related services. The agreement provides for delivery of the first satellite in April, 1965, and for delivery of the second satellite later that year. Under the provisions of the agreement, the aggregate amount payable by the Corporation to Hughes Aircraft depends on whether the satellites are successfully implaced in orbit and, if successfully implaced, on the length of the period during which either of the two satellites is operable in accordance with certain operating standards specified in the agreement. Under such provisions, if neither satellite is successfully implaced in orbit, the aggregate amount payable by the Corporation to Hughes Aircraft would be $7,885,000. If both satellites are successfully implaced, the minimum aggregate amount payable by the Corporation, whether or not either satellite is operable for any period, is $6,335,000, and the maximum aggregate amount payable by the Corporation, which would be payable if each of the two satellites is operable for a period of 18 months or longer, would be $10,835,000. The agreement also provides for additional payments by the Corporation to Hughes Aircraft in the event of the delivery of the first satellite in advance of the scheduled delivery date.

The Corporation expects to enter into an agreement with the National Aeronautics and Space Administration (NASA), an agency of the United States Government, for the furnishing to the Corporation by NASA of launch vehicles and launching services for two such satellites. The Act provides that NASA shall furnish launching services to the Corporation on a reimbursable basis. The Corporation has held preliminary discussions with NASA with respect to the furnishing by NASA of such launching services, but the terms of an agreement between the Corporation and NASA have not been determined.

It is expected that the vehicle to be used in the launching of each such satellite would be a Thor Delta rocket vehicle with three augmenting rockets attached. A total of 24 launchings of the Thor Delta rocket vehicle (without such augmenting rockets) has been attempted to date in connection with national

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space programs. Of such launching attempts, 22 were successful, including the launchings of the experimental satellites Syncom I and Syncom II. The launchings of Syncom I and Syncom II are the only launchings of the Thor Delta rocket vehicle to date for the purpose of placing an object into synchronous orbit. The Thor Delta rocket vehicle with such augmenting rockets has not been launched to date in national space programs.

The program of the Corporation contemplates that, in the event the first launch attempt fails or the first satellite is inoperable, an attempt will be made to launch the second satellite into synchronous orbit over the Atlantic Ocean. If the first launch is successful, it will then be determined whether to launch the second satellite into orbit over the Atlantic Ocean (to provide additional or stand-by capacity) or to launch it into orbit over the Pacific Ocean, or to hold it in reserve.

The Corporation is discussing with AT&T the terms of arrangements for the modification of AT&T's experimental terminal station facilities at Andover, Maine, and for the use of such facilities in the conduct of tests and operation of such satellites. Such arrangements and use will be subject to the approval of the FCC. It is expected that experimental terminal station facilities now existing or to be constructed in other countries will be used in the conduct of such tests and operations, but arrangements therefor have not yet been made. The Corporation proposes to offer to United States communication common carriers and other authorized users, for hire, channels of communication by means of the satellite in synchronous orbit above the Atlantic Ocean, between such terminal station in the United States and such terminal stations in Western Europe. AT&T has advised the FCC that it intends to seek FCC authorization to lease 100 circuits in the experimental operational satellite as soon as such circuits are commercially available; but the Corporation has not obtained the commitment of AT&T (or of any other carrier or entity) to lease any such circuits.

System Development

In December, 1963, the Corporation invited 15 United States firms to submit proposals for the preparation of engineering designs of satellites for a commercial system. In response to such invitation, proposals were submitted by (i) AT&T and Radio Corporation of America (RCA), jointly, (ii) Hughes Aircraft, (iii) Philco Corporation, and (iv) Space Technology Laboratories, Inc. (STL) in association with International Telephone and Telegraph Corporation (ITT). The AT&T-RCA proposal and the Philco Corporation proposal are each for the design of satellites for a medium altitude random system. The STL-ITT proposal is for the design of satellites for a medium altitude controlled system. The Hughes Aircraft proposal is for the design of satellites for a synchronous satellite system. The Corporation is negotiating with, and expects to enter into agreements with, AT&T–RCA and STL–ITT for the preparation of engineering designs on the basis of the proposals submitted by them, subject to arriving at mutually satisfactory terms of the proposed agreements and subject to compliance with regulations prescribed by the FCC, which require notification to and review by the FCC of such proposed agreements before they may be entered into. Each such agreement would provide for the completion of the design within a period of six months from the effective date of the agreement. In addition, the Corporation expects to enter into an agreement with Hughes Aircraft for the conduct of studies of synchronous satellite development which could improve the satellites now under development by Hughes Aircraft, as described under "Experimental Operational Satellites", for possible subsequent synchronous satellite use.

The program of the Corporation for the development of a global commercial satellite system contemplates that (a) in the latter part of 1964, after evaluation of the engineering designs referred to above, the Corporation will enter into an agreement or agreements for the development of prototype satellites for systems of one or more types; and (b) in the latter part of 1965, it will be determined whether the commercial system will be a medium altitude random system, a medium altitude controlled system

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or a synchronous system. It is expected that the choice of a system type will be made after evaluation of the results of the operation of the synchronous satellite to be launched in 1965, and in the light of other information then available. The construction and technical characteristics of any operational system are subject to the prior approval of the FCC. See "Regulation".

The satellites of the system selected would be designed to provide at least 270 two-way telephone grade circuits initially, which could be used for the simultaneous transmission between two terminal stations of up to that number of telephone conversations or for the transmission of other forms of telecommunications. If development of efficient attitude stabilizing devices is completed in time and such devices are incorporated in the satellites, the design capacity of the satellites may be increased to up to 1200 such circuits.

There is set forth below, with respect to each of the alternative projected systems, information as to the characteristics of the system and the contemplated development schedule for such a system, should it be selected as the commercial system.

Medium Altitude System. A commercial medium altitude system would consist of satellites in orbit at an altitude of approximately 6,000 miles. Such a system might be either (i) a random system of approximately 18 satellites at that altitude, or (ii) a controlled system of a lesser number of satellites at that altitude, with desired spacings between the satellites being achieved through the use of position control equipment included in each satellite. It is expected that such a medium altitude system, when in full operation, would provide channels of communication on a substantially continuous basis between appropriate pairs of suitably equipped terminal stations located in various parts of the world.

Plans for such a system (if selected) contemplate that the first satellites would be launched in mid-1966, and that launchings necessary to complete the system would be carried out within a period of approximately a year from the date of such launchings. It also is contemplated that more than one satellite would be placed in orbit by each launch vehicle. The program of the Corporation for the replacement of satellites of a medium altitude system assumes that the satellites will have operating lifetimes of not less than three years. To date, none of the experimental communications satellites launched in the United States has had an operating lifetime in excess of 16 months, and the "multiple launching" technique has not yet been attempted with communications satellites. See "Satellite Communications". A series of failures in "multiple launching" attempts, or a general failure of satellites to achieve planned operating lifetimes, would have a serious adverse effect on the commercial feasibility of such a system.

Synchronous System. A commercial synchronous system would consist of at least three satellites in synchronous orbit at an altitude of approximately 22,300 miles. Such satellites would be stationed at appropriate points so as to be able to provide channels of communication on a continuous basis between appropriate pairs of suitably equipped terminal stations located in various parts of the world.

Plans for such a system (if selected) contemplate that, in mid-1966, two satellites will be placed in synchronous orbit above the Atlantic Ocean and one satellite will be placed in such an orbit above the Pacific Ocean. A second Pacific Ocean satellite or an Indian Ocean satellite, or both, might be launched in the following year. It is expected that satellites would be launched singly. The program of the Corporation for the replacement of satellites of a synchronous system assumes that the satellites will have operating lifetimes of not less than one year. The satellites of such a synchronous system would be in addition to those referred to under "Experimental Operational Satellites".

Combined Systems. It is envisioned that the initial global system to be established will not combine the use of satellites in synchronous orbit and random orbit. However, since the program of the Corporation involves placing an experimental operational synchronous satellite in orbit in 1965, it is possible that for a time use could be made of two different types of satellites. It is also possible that a com-

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mercial communications satellite system could ultimately consist of a combination of satellites of different types.

Command and Control Facilities. The Corporation plans to arrange for the design, construction and equipping of a command and control center for the system, to be located in the continental United States. The center would include computers, and would include or be linked to equipment for the tracking, guidance, control and command of the satellites constituting the system. It is expected that the construction and equipping of such center will be completed by mid-1966, to provide for the type of system theretofore selected.

Launching Services. The Corporation expects to enter into agreements with NASA providing for the purchase from NASA of the launching and associated services necessary to establish and maintain the system. The Corporation has held preliminary discussions with NASA with respect to the launching schedule contemplated by the program of the Corporation, the types of launch vehicles proposed to be used, and related matters, but the terms and provisions of such agreements have not been negotiated.

The Corporation expects that launch vehicles of types developed (or under development) in connection with the national space programs will be used in the launchings of satellites of the commercial communications satellite system. Launch vehicles of several types (the cost of which ranges from approximately $3 million to $10 million per vehicle) are believed to be suitable for such use. The Corporation has not yet determined the type of vehicle which would be used to launch the satellites of a medium altitude system or the satellites of a synchronous system. It is expected that such determination will be made at the time it is decided whether the system is to be a synchronous system, or a medium altitude random system or a medium altitude controlled system.

Proposed Terminal Stations

The program of the Corporation contemplates that (i) if the commercial communications satellite system is a medium altitude system, there would initially be three terminal stations in the continental United States (northeast, northwest and southeast quarters) and a terminal station in the State of Hawaii, and (ii) if the commercial system is a synchronous system, there would initially be two terminal stations in the continental United States (eastern half and western half) and a terminal station in the State of Hawaii. Under the provisions of the Act, a license to own and operate any of such terminal stations may be granted by the FCC only to the Corporation or to one or more communications common carriers, or to the Corporation and one or more such carriers jointly. The number and location of terminal stations in the United States actually licensed by the FCC may differ from the number and location of the stations contemplated by the program of the Corporation. As of the date of this Prospectus, neither the Corporation nor any carrier has filed with the FCC an application for such a license. AT&T and ITT each have constructed and own experimental terminal station facilities in the United States. Pursuant to authorizations by the FCC under the Communications Act of 1934, such stations have engaged in various telecommunications experiments.

AT&T and certain other carriers engaged in international telecommunications have stated, expressly or in substance, an intention to apply to the FCC at the appropriate time for authorization to own and operate, or to participate in the ownership and operation of, one or more United States terminal stations. The Corporation intends to apply to the FCC at the appropriate time for authorization to own and operate each terminal station in the United States (including the State of Hawaii) or to carry out arrangements with carriers which would give the Corporation operating control over United States terminal stations to be owned by such carriers. The Corporation has not negotiated any such arrangement with AT&T

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or any other carrier. It is possible that the ownership and operation of terminal stations in the United States will be the subject of contested proceedings before the FCC among the Corporation and one or more communications common carriers.

The construction and operation of suitably equipped terminal stations in foreign countries are essential to the operations of the commercial communications satellite system. It is presently expected that terminal stations in foreign countries will be constructed, owned and operated by telecommunications entities or authorities other than the Corporation.

In the event that the proposed program referred to under "National Communications System Program" is undertaken, terminal station facilities required for the use of the Government in connection with such program would be owned by the United States Government. See "National Communications System Program".

National Communications System Program

By Executive Order of the President there was established in August, 1963 the National Communications System, which is responsible for the administration of all communications facilities serving the Government of the United States, including the Department of State, the Department of Defense, the General Services Administration, the Federal Aviation Agency, and all other governmental departments and agencies. Under this Executive Order, the Secretary of Defense is the Executive Agent for the President.

For some time there have been discussions, which are continuing, between the office of the Secretary of Defense and the Corporation with a view to ascertaining whether a feasible program can be developed under which the National Communications System would be provided with satellite communications capability adapted to its needs, consistently with the development and establishment of a commercial communications satellite system.

As stated above under "System Development", the program of the Corporation contemplates active research and development on both synchronous and medium altitude communications satellite systems, with the ultimate decision to be made in 1965 as to whether the commercial system will be a medium altitude random system, a medium altitude controlled system, or a synchronous system. The office of the Secretary of Defense has advised the Corporation that, in order to minimize the risks of "jamming", and for other reasons, a medium altitude random system is needed. Accordingly, the discussions which have been had with the office of the Secretary of Defense have sought, on the one hand, to explore the possibilities of satisfying the requirements of the National Communications System if such a medium altitude system is selected, and on the other hand to spell out arrangements whereby the products of work done on a medium altitude random system could be utilized for the benefit of the Government on terms satisfactory to the Corporation and the Government in the event that another type of system is selected for the commercial satellite system.

If agreement should be reached with the Government under which, in the event of selection of a medium altitude random system as the commercial system, the National Communications System would be provided with capability to satisfy certain of its requirements, the range of estimated costs for the manufacture and placing in orbit of satellites constituting the system would be substantially greater than the $75,000,000-$90,000,000 range of such estimated costs in the case of a purely commercial system, as shown under "Summary of Program and Estimated Costs", and the time required for the design and the complete establishment of the system would probably be somewhat increased. In addition, launchings of replacement satellites would be required more frequently in the case of a system which provided service both to the Government and to other customers than in the case of a purely commercial system; and, accordingly, the expense of maintaining a system which served both the Government and other customers would be greater than the expense of maintaining a purely commercial system of the same

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capability. However, the parties are continuing to explore in their discussions whether, as the result of a program for such a "combined" system, (i) the portion of the total "combined" system cost properly allocable to the establishment and maintenance of system facilities (other than facilities to meet the Government's special requirement) would be less than the cost of a purely commercial system, and (ii) the portion of such total "combined" system cost properly allocable to the establishment and maintenance of the facilities to meet the Government's special requirements would be less than the cost of a separate system established by the Government to meet such requirements only. It is contemplated that if agreement were reached with the Government under which the National Communications System were provided with a portion of the capability of a medium altitude random system, charges would be made to the Government which would be such as to provide a resonable return on the portion of the total cost of the "combined" system properly allocable to such capability. Such charges may be subject to regulation by the FCC. It is not contemplated that the Government would contribute to the payment of the cost of establishing and maintaining such a "combined" system otherwise than through such charges.

Many technical and administrative problems would be involved in carrying out a program such as that outlined above, and many aspects of it are subject to the approval of the FCC, as well as other participants. Furthermore, the nature of such international arrangements as are made with the telecommunications entities in other countries, discussed below under "International Arrangements for System", may affect the feasibility of any such program or the manner in which it would be carried out. Although the Corporation believes that, if the proposed program could be carried out, it would offer advantages to both the Corporation and the Government, there is substantial question whether the problems inherent in the program can be resolved and as to the extent to which modifications in the program would affect the costs thereof or the time or manner in which it would be carried out.

Research and Development

The Corporation proposes to engage in communications satellite research and development activities as a part of the program for the establishment and operation of a commercial system. Certain of such research and development activities will be related to matters affecting the design of satellites which would be launched to establish the commercial satellite system. Other such activities will be directed toward matters affecting the design of satellites which would be launched after the system is in being, either as replacements for inoperative satellites of the system or for the purpose of increasing the capability of the system.

INTERNATIONAL ARRANGEMENTS FOR SYSTEM

In accordance with the policies of the United States Government, which favor the development of a single global system, telecommunications entities in other countries have been and will be given the opportunity of participating with the Corporation in the establishment of the space segment (comprising the satellites and the command and control facilities) of the commercial communications satellite system. Officers of the Corporation and representatives of the United States Government have met with representatives of other governments and other telecommunications entities for the purpose of discussing international arrangements for such participation. In these discussions, the Corporation and the United States Government have proposed that the telecommunications entities in other countries might share with the Corporation the costs of establishing the space segment, which would be jointly owned by the Corporation and such entities in proportion to their respective investments. According to this proposal, each participant's share of the total investment in the space segment would be based upon its share of world telecommunications traffic which is suitable for transmission by a communications satellite system and upon the participant's anticipated use of the system. On this basis, the Corporation's share would exceed the shares of all other participants combined.

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Under the proposal a committee representing the joint owners would be established, to which would be delegated the responsibility and authority for certain major decisions relating to the design, establishment and operation of the space segment. Thus, in the event that the proposed arrangements become effective, such decisions would not be made by the Corporation alone, but would require the concurrence of some of the other participants. However, the other participants would not have the power to make such decisions without the concurrence of the Corporation.

The proposal contemplates that the Corporation would act as manager on behalf of the joint owners in the designing, establishing and operating of the space segment and would be compensated for such services. It also contemplates that each of the investing participants would be allocated an equitable portion of the space segment capacity and that the Corporation would utilize its allocation to furnish satellite channels for hire to the United States communications common carriers and other authorized users. It is expected that the charges made to United States carriers for use of such channels would be a principal source of the Corporation's revenue.

The Corporation and the United States Government have proposed that appropriate interim arrangements covering the establishment and operation of the proposed system in its early stages be negotiated as soon as possible among prospective participants who are prepared to make immediate commitments for substantial investments of capital in the space segment, with provision for new investors to become participants at a later date. Certain of these arrangements would be among governments and other arrangements would be among the participating communications entities. Preliminary discussions are taking place in London with representatives of the governments and telecommunications entities of a number of countries, including Western European nations, Canada, Japan and Australia with respect to the proposed interim arrangements. It is expected that such discussions will be followed by negotiations with the governments and telecommunications entities of the above-mentioned countries during the middle and latter part of June. The outcome of such discussions and negotiations, and the terms of the interim arrangements which may result from them, cannot be predicted. In order to insure the development of a communications satellite system as promptly as possible, the Corporation intends to proceed with its program while discussions and negotiations with other governments and other telecommunications entities are pending, and it is prepared if necessary to finance the entire cost of establishing the system (exclusive of the costs of foreign terminal stations). Early in 1963 the United States Government suggested to the Government of the U.S.S.R. that it might be useful to have discussions relative to the establishment of a single global commercial communications satellite system. Recently that Government indicated that it would be prepared to hold such discussions, and the United States Government responded with the suggestion that a meeting for that purpose, in which the Corporation would participate, be held in June of this year.

The international allocation of frequency bands for space radio-communication services is a prerequisite to the conduct of the operations of a commercial communications satellite system. Important steps in this area were taken at the Extraordinary Administrative Radio Conference on Space Communications, held in Geneva, Switzerland, in October and early November, 1963. The Conference, which was held under the auspices of the International Telecommunication Union (ITU), a specialized agency of the United Nations, allocated for communications satellite services (a) two 50 megacycle bands of frequency space, on an exclusive basis, and (b) 2500 to 2700 megacycles of frequency space, on a shared basis with existing radio services. A number of ITU members (including certain countries in Western Europe) have stated that, in their countries, certain existing radio services would continue to use either or both of the two 50 megacycle bands allocated by the Conference to communications satellite services

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on an exclusive basis. The Corporation believes that the frequency allocations so made by the Conference, which are subject to ratification by ITU members, make satisfactory provision for the requirements of the communications satellite system contemplated by the program of the Corporation.

INTERNATIONAL TELECOMMUNICATIONS

Facilities for International Telecommunications

Telecommunications service between the United States and overseas points is provided by United States communications common carriers (U. S. carriers), in most instances in collaboration with telecommunications entities in foreign countries. The U. S. carriers are subject to regulation by the FCC under the Communications Act of 1934, and other provisions of law, with respect to the construction and operation of facilities for such service and the rates charged therefor. The collaborating telecommunications entities in foreign countries are either government-owned or privately owned, but subject to regulation or control by the governments of such countries. International service between points outside the United States is provided by agencies of foreign governments, by other foreign telecommunications entities and by U. S. carriers.

International telecommunications service is provided primarily by means of submarine telephone cables, high-frequency radio facilities and submarine telegraph cables, and, in respect of service between contiguous countries, also by terrestrial (overland) facilities.

Submarine Telephone Cables. Submarine telephone cables carry all forms of record traffic, as well as telephone traffic. Existing telephone cables, and those planned to be in service by December 31, 1965, are not designed to transmit high-quality television signals. The first oceanic telephone cable (Florida-Cuba) began service in 1950 and the first trans-Atlantic telephone cable was placed in operation in 1956. Other important submarine telephone cable systems have been placed in operation at various times since 1956. Further advances in cable and related technology have greatly increased the initial capacity of telephone cables most recently placed in service. In addition, significant increases have been made in the capacity of earlier telephone cables, primarily by the installation of additional cable terminal equipment ("TASI equipment"), which automatically utilizes capacity resulting from intervals in one conversation for the transmission of another conversation. AT&T and others are carrying out programs to place additional telephone cable systems in operation at various future dates.

The following table sets forth information with respect to the principal submarine telephone cable systems in operation at December 31, 1960, and December 31, 1963, or scheduled to be in operation at December 31, 1965, other than those within Europe or between Europe and North Africa:

Cable System (a)	Number of Two-way Telephone Grade Circuits in Service at December 31		
	1960 (b)	1963 (b)	1965 (Est.) (b)
NORTH ATLANTIC			
U.S. or Canada—U.K. or France			
Primarily for U.S. traffic	170	298	426(c)
Other systems	—	104(d)	104(d)
WESTERN HEMISPHERE(e)			
U.S.—Alaska	36	48	48
U.S.—Puerto Rico	48	85	85
U.S.—Bermuda	—	80	80

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Cable System (a)	Number of Two-way Telephone Grade Circuits in Service at December 31		
	1960 (b)	1963 (b)	1965 (Est.) (b)
U.S.—Jamaica	—	128	128
Jamaica—Canal Zone	—	128	128
Canal Zone—Colombia	—	—	80
U.S.—Virgin Islands	—	—	128
Virgin Islands—Venezuela	—	—	80
PACIFIC AREA			
U.S.—Hawaii	48	85	213
Canada—Hawaii	—	80	80
Hawaii—Guam—Japan	—	—	128
Guam—Philippines	—	—	128
Hawaii—New Zealand	—	80	80
Australia—New Zealand	—	80	80
Australia—Malaysia—Hong Kong	—	—	80

(a) As used in the table, U.S. refers to points within the 48 contiguous States of the United States and U.K. refers to the United Kingdom.

(b) Numbers of circuits in service at December 31, 1960 and December 31, 1963 include circuits provided by TASI equipment installed at said dates. Estimates of circuits to be in service at December 31, 1965, are based on assumptions that (i) systems planned for completion by that date will be so completed and will then provide planned capacity, and (ii) systems in operation at December 31, 1963, will be in operation at December 31, 1965, and will then provide the same capacity as provided at December 31, 1963. The design capacity of cable systems planned to be constructed before December 31, 1965, and the capacity of certain of the cable systems in service at December 31, 1963 (including certain of the North Atlantic systems) could be increased substantially for traffic of certain types (including message telephone service) by the installation of TASI equipment. The FCC, which heretofore has not required that its authorization be obtained for installation of TASI equipment, recently has stated that such authorization should be required of U.S. carriers for future installation of such equipment.

(c) Includes the initial planned capacity (128 two-way telephone grade circuits) of a cable between New Jersey and France, the construction of which by mid-1965 the FCC, on March 17, 1964, determined to be required by the public interest, convenience and necessity. Such determination was made in proceedings upon applications of AT&T for authority to construct such a cable over that route, and of Mackay Radio and Telegraph Company (Mackay), an affiliate of ITT, for authority to construct a trans-Atlantic cable over a different route. AT&T's application estimated that its share of the costs of the cable proposed by it (in which AT&T would have an ownership interest of approximately 65%) would be $34,347,000. The FCC's determination provided that the new cable should be authorized in the name of all the United States overseas telecommunication entities (both record and telephone) which desire to participate in such ownership. Pursuant to such determination, upon applications by the entities hereinafter referred to, the FCC on May 6, 1964, authorized AT&T, Mackay, Press Wireless, Inc., RCA Communications, Inc. and Western Union International, Inc. to construct and operate such cable.

(d) Includes the capacity (24 two-way telephone grade circuits) provided by cable systems extending from Canada to Iceland and from Iceland to the United Kingdom, used exclusively by the international airlines of North Atlantic countries to provide communication services necessary for the conduct of their operations.

(e) In addition to the Western Hemisphere cable systems shown above, the Corporation is advised that ITT and AT&T propose, subject to the obtaining of various requisite governmental approvals, jointly to construct and operate a cable, with a design capacity of 160 two-way telephone grade circuits, from the Canal Zone down the west coast of South America to Chile, which it is contemplated would be completed by the end of 1965. See "Competition".

Of the cable systems included in the foregoing table, AT&T owns, or has ownership interests in (or, in respect of systems to be constructed before December 31, 1965, is expected to own or have ownership interests in), (i) all the North Atlantic cable systems reflected in the numbers of circuits shown opposite "Primarily for U. S. Traffic", (ii) each of the cable systems referred to under the

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heading "Western Hemisphere", (iii) the U. S.-Hawaii cable systems, and (iv) the Hawaii-Guam-Japan and the Guam-Philippines cable systems. Hawaiian Telephone Company also has ownership interests in the U. S.-Hawaii cable systems and the Hawaii-Guam-Japan cable system. Affiliates of ITT have ownership interests in the U. S.-Puerto Rico, the U. S.-Virgin Islands, the U. S.-Jamaica and the Jamaica-Canal Zone cable systems.

AT&T and others are engaged in the development of improved submarine telephone cables. See "Competition".

High-Frequency Radio Facilities. High-frequency radio (HFR) facilities serve telephone and record traffic on routes served by telephone cables and, in addition, provide the only telephone and record service to the many areas of the world which do not have cable connections. Communication by HFR circuits is subject to fading, distortion and blackout because of disturbances in the ionosphere.

HFR facilities began extensive service for international record traffic shortly before World War I and for international telephone traffic in 1927. All international telephone traffic (except that carried by overland facilities) was carried on HFR circuits until the introduction of submarine telephone cables in 1956. Submarine telephone cables now carry a far greater part of international telephone traffic than is carried by HFR facilities between places having both telephone cable and HFR service. On routes which have submarine telephone cable service, HFR facilities are operated primarily on a standby basis.

In addition, communications circuits for all forms of telecommunication are provided by tropospheric scatter radio systems and ionospheric scatter radio systems. Tropospheric scatter systems are used for communication over relatively short distances (i.e., 300 miles or less). Ionospheric scatter systems are also used for communication over longer routes. The capacity of scatter systems in comparison with the capacity of submarine telephone cables is not significant.

Submarine Telegraph Cables. Service provided by submarine telegraph cables is limited to message telegraph and other telegraph transmissions. The capacity of such cables in comparison with the capacity of submarine telephone cables is not significant. Beginning in 1960, U. S. carriers which operate submarine telegraph cables have leased circuits in submarine telephone cables for transmission of telegraph and other forms of record traffic, and since that time an increasing proportion of the record traffic between the United States and overseas points has been transmitted through such leased circuits. With the approval of the FCC, certain U. S. carriers recently have abandoned submarine telegraph cables (including trans-Atlantic telegraph cables) theretofore operated by them.

Traffic and Revenues

Telephone traffic and record traffic between the United States and overseas places constitute an important part of all telephone and record traffic between different continents or areas of the world. It is estimated that, in 1963, overseas telephone messages originating or terminating in the continental United States represented approximately 70% of the total number of intercontinental telephone messages, and that approximately one-half the revenues from overseas telephone messages originating or terminating in the United States were received by U. S. carriers.

Telephone and record traffic between the United States and overseas places has increased continuously since the end of World War II. In respect of record traffic, the most rapid growth has been in forms of service other than message telegraph service, principally teleprinter exchanges service (telex) and leased circuit services. The following table sets forth information, for each of the years indicated, with respect to telephone traffic between the continental United States and places outside

3. All financial statements contained in annual reports of the Corporation to its stockholders shall be at least as informative as the financial statements of the Corporation contained in the listing application in connection with which this Listing Agreement is made, and shall disclose any substantial items of unusual or non-recurrent nature.

4. In respect of the quarter beginning July 1, 1965, and in respect of each subsequent calendar quarter,

the continental United States (except Canada and Mexico). The table shows, in respect of such routes, the total number of chargeable telephone calls transmitted by the principal U. S. telephone carriers, and the gross revenues of the U. S. telephone carriers from such calls:

	No. of Chargeable Calls (Thousands)	Gross Revenues from Chargeable Calls (Thousands of $)*
1947	517	$ 5,833
1950	745	8,198
1955	1,194	13,001
1956	1,394	15,802
1957	2,178	22,679
1958	2,427	27,841
1959	2,736	33,110
1960	3,301	42,322
1961	3,945	50,906
1962	4,461	61,387
1963 (est.)	4,825	69,410

*Exclusive of any revenues (approximately $12,700,000 in 1962) derived by U. S. telephone carriers from leases of circuits, principally to U. S. telegraph carriers and to agencies of the United States Government. Information in the table (except estimates for 1963) is from statistical publications of the FCC for the years indicated.

The revenues of the U. S. carriers shown in the table reflect (1) charges for the domestic segment of the telephone calls (including terminal handling), as well as charges for the overseas segment of the calls, and (2) rates established for a "retail" communications service, rendered directly to the public. In contrast, any revenue which the Corporation would receive from leases of satellite system channels would relate only to the overseas segment of the service, and would reflect rates to be established for a "wholesale" service rendered to the carriers and not directly to the public. Accordingly, any revenues of the Corporation under leases of satellite system channels to U. S. carriers would be less than the revenues which the U. S. carriers would receive from their customers for providing overseas telephone service through such satellite system channels. The revenues shown in the table include revenues of U. S. carriers from calls over certain routes (e.g., between the U. S. and places in the Caribbean) which would not necessarily be served by satellite system channels in the early years of a commercial satellite system.

Of the gross revenues of the U. S. telephone carriers from overseas chargeable calls in 1962, as shown in the foregoing table, $22,668,000 (37%) relate to chargeable calls classified as "Trans-Atlantic and Bermuda", $21,927,000 (36%) relate to chargeable calls classified as "Central America, South America and Caribbean" and $16,792,000 (27%) relate to chargeable calls classified as "Trans-Pacific".

The aggregate amount paid by U. S. telegraph carriers for the rental of circuits in submarine telephone cables from U. S. telephone carriers and others is estimated at approximately $4,662,000 for 1963. The gross revenues of the U. S. telegraph carriers from record traffic service between the United States and overseas places are a much larger amount, reflecting not only such leased circuit costs but charges in respect of the HFR or telegraph cable facilities operated by them for traffic not transmitted through such leased circuits, charges attributable to transmission services in the United States from points of origin to gateways for overseas transmission, and charges in respect of non-transmission services.

The demand for telecommunications service between Western Europe and North America, and on certain other overseas routes, exceeded the capacity of available facilities during peak demand hours in 1963.

12. In case the securities to be listed are in temporary form, the Corporation agrees to order permanent engraved securities within thirty days after the date of listing.

13. The Corporation will furnish to the Exchange on demand such information concerning the Corporation as the Exchange may reasonably require.

Future International Telecommunications Traffic

The rate of growth in the demand for international telecommunications service is influenced by many factors, including population growth, the extent of international trade and travel, the extent of improvements in domestic telecommunications systems and rates for international telecommunications service. Estimates with respect to the demand for international telecommunications service at various times through 1980 have been published in recent years by U. S. carriers, by representatives of such carriers and by international bodies and other persons. Such estimates, which are not necessarily based on the same information with respect to relevant matters or on the same assumptions with respect to factors which may affect the demand for international telecommunications service, differ substantially from each other in certain respects. All such estimates of which the officers of the Corporation have knowledge, however, reflect the view that, during the periods to which such estimates, respectively, relate, there will be a continuous growth in the demand for telephone and record traffic service between the continental United States or North America and other areas of the world, and that the demand for telephone and record traffic service between the continental United States and Western Europe will exceed the capacity of telephone cables now in existence or now scheduled for construction through 1965 within a period of not more than a year thereafter. Estimates of future demand for international telecommunications service necessarily are based on assumptions and predictions with respect to factors which may affect the growth of such demand, and the accuracy of such estimates may depend upon the substantial correctness of the assumptions and predictions on which the estimates are based.

Although the need for a commercial communications satellite system derives primarily from the anticipated growth in demand for international telecommunications services and the relationship of such demand to the capacity of present and proposed submarine telephone cables, it is possible that, once such a system has been established, it may be used to provide service between intracontinental points separated by long distances. The Corporation is unable to predict the extent of such intracontinental use of the proposed system.

Submarine cable systems (and/or other telecommunications facilities), in addition to those now planned, may be constructed and placed in operation at or before the time the commercial communications satellite system is established, to meet the anticipated increase in demand for international telecommunications service. See "Competition".

COMPETITION

The U. S. carriers and telecommunications entities in other countries to which satellite system channels will be offered own and operate the submarine telephone cable systems and HFR facilities with which the satellite system will compete. In respect of telephone and record traffic between the continental United States and overseas points, the facilities of the satellite system will compete principally with those of AT&T and the U. S. telegraph carriers.

The amount of the revenues from the operations of the satellite system will depend in the first instance on the ability of the system to provide communication channels of commercial quality. The amount of such revenues will also be affected by the extent of the growth of international telecommunications traffic and the extent of the construction of submarine telephone cable systems or other telecommunications facilities. The competitive position of the Corporation will depend on its ability to develop and operate a satellite system which compares favorably, in cost and efficiency, with service provided by cable systems or other telecommunications facilities.

3. All financial statements contained in annual reports of the Corporation to its stockholders shall be at least as informative as the financial statements of the Corporation contained in the listing application in connection with which this Listing Agreement is made, and shall disclose any substantial items of unusual or non-recurrent nature.

4. In respect of the quarter beginning July 1, 1965, and in respect of each subsequent calendar quarter,

AT&T and others are engaged in the development of improved submarine telephone cables. The cables under development by AT&T include cables in which transistors would be used for the first time in certain submerged components of the cable. A 3,000-mile cable in which transistors are so utilized would have a design capacity of up to 720 two-way telephone grade circuits and could provide service, between the places connected by such cables, for all the forms of telecommunications traffic which the satellite system might serve. None of the trans-oceanic cables shown in the table under "International Telecommunications—Facilities for International Telecommunications" as scheduled to be in operation by December 31, 1965, will be a transistorized cable. The design capacity of the trans-Atlantic telephone cable recently authorized by the FCC to be constructed in 1965 is 128 two-way telephone grade circuits.

Under the Communications Act of 1934, and other provisions of law, the construction and operation of a submarine telephone cable between the United States and an overseas point may not be undertaken unless the FCC has determined that the present or future public convenience and necessity require or will require the construction and operation of the cable.

In December, 1963, AT&T advised the Corporation, among other things, to the effect that (a) AT&T sees a place and a need for both satellite and cable communications, in order to provide for anticipated increases in the volume of trans-oceanic communications and to provide diversity in means of communication, (b) if satellite system circuits of satisfactory quality and costs reasonably related to the costs of providing communication circuits by alternative means are available in late 1966 or early 1967 on North Atlantic routes, AT&T would prefer, in order to provide diversity of facilities in meeting additional needs, to use satellite circuits instead of placing additional cables in service on such routes, subject to the giving to AT&T during 1964 of assurances that suitable satellite circuits would be available in 1966 or early 1967, the obtaining of the agreement of the interested European telecommunications entities (which AT&T would take all reasonable steps to help obtain), and the obtaining of necessary authorizations from the FCC, and (c) it appears to AT&T that such preference for satellite circuits would continue until North Atlantic routes were served by approximately equal numbers of cable system voice circuits and satellite system voice circuits. Regardless of the type of system selected, the present program for system development contemplates the emplacement by early 1967 of at least a number of satellites providing North Atlantic circuits satisfactory in quality and having costs bearing a reasonable relationship to alternative methods, which would be sufficient to provide an average grade of service (percentage of total number of customer calls for which circuits are available immediately) equivalent to that obtained by means of North Atlantic cable circuits at the present time. See "System Development".

The Corporation is informed that ITT (subsidiaries of which operate telecommunications systems in various South and Central American countries) and AT&T have recently transmitted letters to the Department of State stating that they desire to construct by the end of 1965, and participate in the ownership and operation of, a submarine telephone cable which would extend from the Canal Zone down the west coast of South America to Chile. This cable, which would have a design capacity of 160 two-way telephone grade circuits, would constitute a continuation of a submarine telephone cable recently put in operation between the United States and the Canal Zone via Jamaica. The Corporation is informed that this cable may subsequently be connected with facilities, to be constructed, which would provide a continuation of similar telecommunications service across the Andes to Argentina and, by submarine cable, along the east coast of South America, to Brazil. In their letters to the Department of State, ITT and AT&T expressed the view that both cable and satellite facilities are needed. In its letter ITT also stated that it had initiated discussions with the governments of various South American countries looking toward the granting of franchises for both cable facilities and satellite terminal stations. The Corporation is

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unable to state the extent to which the cable program described above, if the requisite approvals of governmental authorities in the United States and other countries are obtained and the cable system is constructed, might adversely affect the establishment of or the revenues from satellite communications services between the United States and South American countries or between South American countries.

In respect of telecommunications traffic between places outside the United States, the facilities of the satellite system will compete principally with facilities of foreign telecommunications entities, which may include facilities not now scheduled to be constructed.

REGULATION

The Corporation is subject to regulation by the FCC under the provisions of the Act and, as a communications common carrier, under certain provisions of the Communications Act of 1934. The matters as to which the FCC has regulatory authority include, among other things, (a) the procurement by the Corporation of equipment and services required for the establishment and operation of the satellite system and terminal stations, (b) the use by communications common carriers of the facilities of the satellite system and terminal stations, including the charges to be made therefor, (c) the making of additions with respect to the facilities of the satellite system or terminal stations, including authority to insure that no substantial additions are made by the Corporation or carriers with respect to facilities of the satellite system or terminal stations unless such additions are required by the public interest, convenience, and necessity, and authority to require the establishment of service to particular foreign points upon advice of the Secretary of State of the United States that such service should be established in the national interest, (d) the technical characteristics of the satellite system and terminal stations, including the technical compatibility and operational interconnection of the system and terminal stations with each other and with existing communications facilities, (e) accounting systems, and (f) the issuance of securities (other than the issuance of the shares of Common Stock to which this Prospectus relates) and the borrowing of funds. Under the provisions of such Act or Acts, in respect of rates charged by the Corporation for service to communications common carriers and other authorized users, the FCC may limit the Corporation to a reasonable rate of return, and the FCC is also directed by the Act to engage in such rate-making procedures as will insure that any economies made possible by a communications satellite system are appropriately reflected in rates for public communications services. The Act also provides that the FCC shall authorize the construction and operation of each satellite terminal station by the Corporation or one or more communications common carriers authorized to provide services by means of communications satellites, or by the Corporation and one or more such carriers jointly, without preference to either the Corporation or such carriers, as will best serve the public interest, convenience and necessity.

Under the provisions of the Act, the Corporation is required to meet certain responsibilities to representatives or agencies of the United States Government other than the FCC. The Act provides that (a) the President of the United States shall exercise such supervision over the relationships of the Corporation with foreign governments, foreign entities and international bodies as may be appropriate to assure that such relationships are consistent with the national interest and foreign policy of the United States, and that the President shall exercise various other powers relating to the establishment and operation of a commercial communications satellite system; (b) the Corporation shall notify the Department of State whenever it enters into business negotiations with a foreign or international entity relating to the Corporation's facilities, operations or services, shall receive the advice of that Department with respect to relevant foreign policy considerations and, throughout

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such negotiations, shall keep the Department informed with respect to such considerations; (c) NASA shall, among other things, consult with the Corporation with respect to the technical characteristics of the satellite system; cooperate, to the extent deemed appropriate by it, in the Corporation's research and development program; and provide, on a reimbursable basis, satellite launching and associated services deemed necessary by NASA in connection with the research and development program of the Corporation or required for the establishment, operation and maintenance of the communications satellite system; (d) the Corporation shall transmit to the President of the United States and to the United States Congress, detailed reports of its operations, activities and accomplishments under the Act; and (e) the Attorney General of the United States may institute appropriate court proceedings to prevent or terminate actions by the Corporation which are inconsistent with the policies and purposes declared in the Act or which involve or threaten a refusal or failure by the Corporation to comply with the provisions of the Act.

Under the provisions of the NASA Authorization Act for the 1964 fiscal year, the Corporation is required to reimburse NASA for any scientific or technological services furnished at the request of the Corporation for its exclusive benefit.

Communication via the satellite system with a telecommunications entity in any other country may also be subject to regulation or control by the government of such country.

MANAGEMENT

Directors

In accordance with the provisions of the Act, the present Board of Directors of the Corporation consists of persons appointed by the President of the United States, with the advice and consent of the United States Senate, as incorporators of the Corporation. The name and principal occupation of each such person are as follows:

Name	Principal Occupation
Joseph V. Charyk	President of the Corporation, Washington, D. C.
John T. Connor	President, Merck & Co., Rahway, New Jersey
George J. Feldman	Vice President and Counsel, Mastan Co., New York, N. Y.
Beardsley Graham	President, Spindletop Research, Inc., Lexington, Kentucky
Sam Harris	Attorney, New York, N. Y.
Edgar F. Kaiser	President, Kaiser Industries Corporation, Oakland, California*
David M. Kennedy	Chairman, Continental Illinois National Bank and Trust Company of Chicago, Chicago, Illinois*
George Killion	President, American President Lines, San Francisco, California
Byrne Litschgi	Attorney, Tampa, Florida
Leonard H. Marks	Attorney, Washington, D. C.
Bruce G. Sundlun	Attorney, Washington, D. C.
Sidney J. Weinberg	Partner, Goldman, Sachs & Co., New York, N. Y.
Leo D. Welch	Chairman and Chief Executive Officer of the Corporation, Washington, D. C.*
Leonard Woodcock	Vice President, UAW-CIO, Detroit, Michigan

* Continental Illinois National Bank and Trust Company of Chicago, of which Mr. Kennedy is a director and Chairman of the Board, Bank of America National Trust and Savings Association, of which Mr. Kaiser is a director, and First National City Bank, of which Mr. Welch is a director, are among the banks which are parties to the Corporation's bank credit agreement. See "Notes to Financial Statements".

12. In case the securities to be listed are in temporary form, the Corporation agrees to order permanent engraved securities within thirty days after the date of listing.

13. The Corporation will furnish to the Exchange on demand such information concerning the Corporation as the Exchange may reasonably require.

The present Board of Directors will serve until the first annual meeting of shareholders following completion of the offering made by this Prospectus. It is expected that such shareholders meeting will be held on or about September 1, 1964. As provided in the Act and the Articles of Incorporation of the Corporation, the Board of Directors thereafter will consist of 15 individuals, of whom (a) three will be appointed by the President of the United States, by and with the advice and consent of the Senate, for terms of three years (except that the first three directors so appointed will continue in office for terms of one, two and three years, respectively), (b) six will be elected annually by those holders of Common Stock which are communications common carriers (holders of Series II shares), and (c) six will be elected annually by holders of Common Stock who are not communications common carriers or persons having specified relationships to any such carrier (holders of Series I shares). See "Description of Common Stock—Voting Rights", below. The Articles of Incorporation provide that each director, regardless of the method of his appointment or election, shall have the same fiduciary duty to the Corporation and its shareholders.

Under the provisions of the By-laws of the Corporation presently in effect, no vote may be counted for the election of any person as a director unless (a) such person was proposed for nomination to be a candidate by written notice signed by a shareholder of the appropriate Series and mailed to the Secretary of the Corporation not less than 10 nor more than 50 days before the date of the meeting, (b) such person has filed with the Secretary of the Corporation a statement of his interests in any communications common carrier, and (c) a statement of the interests of such person in any communications common carrier shall have been included in each written solicitation of proxies in favor of his election made by such person or by his proposer.

It is the intention of the present Board of Directors, as holders of Series I shares, to nominate six candidates for election as directors by holders of Series I shares (public shareholders) at the first annual meeting of shareholders, and to solicit proxies for the election of such candidates. Such candidates may include members of the present Board of Directors. The identity of such candidates has not been determined.

Officers and Staff Division Heads

The names of the executive officers and heads of the principal staff divisions of the Corporation are as follows:

Name	Office or Position
Leo D. Welch	Chairman and Chief Executive Officer*
Joseph V. Charyk	President*
Allen E. Throop	Vice President and General Counsel*
Siegfried H. Reiger	Vice President (Technical)*
Lewis C. Meyer**	Treasurer*
Frederic M. Mead	Comptroller*
David J. Melamed	Secretary*
John A. Johnson	Director of International Arrangements
Sidney Metzger	Manager, Engineering Division
Matthew Gordon	Director of Information

* Executive officer elected by the Board of Directors.
** Mr. Meyer is also Finance Coordinator of the Corporation.

3. All financial statements contained in annual reports of the Corporation to its stockholders shall be at least as informative as the financial statements of the Corporation contained in the listing application in connection with which this Listing Agreement is made, and shall disclose any substantial items of unusual or non-recurrent nature.

4. In respect of the quarter beginning July 1, 1965, and in respect of each subsequent calendar quarter,

Mr. Welch has served as Chairman and Chief Executive Officer of the Corporation since March 31, 1963. From 1944 to that date, he served in various capacities with Standard Oil Company (New Jersey), including service as a vice president (September 6, 1956 to April 2, 1958), executive vice president and member of the executive committee (April 3, 1958 to April 30, 1960) and chairman of the board and vice chairman of the executive committee (May 1, 1960 to March 31, 1963).

Dr. Charyk has served as President of the Corporation since February 28, 1963. From January 1959 to that date, he served in various civilian capacities with the United States Department of the Air Force, including service as Chief Scientist of the Air Force (January, 1959 to June, 1959), Assistant Secretary of the Air Force for Research and Development (June, 1959 to January, 1960), and Under Secretary of the Air Force (January, 1960 to February, 1963). Before such service with the Department of the Air Force, Dr. Charyk was General Manager of the Space Technology Division of Aeronutronic Systems, Inc. (a subsidiary of the Ford Motor Company) and was a director of the Aerophysics and Chemistry Laboratory of Lockheed Aircraft Corporation.

Mr. Throop has served as Vice President and General Counsel of the Corporation since May 31, 1963. From 1945 to that date he was a member of the law firm of Messrs. Shearman & Sterling, New York, N. Y.

Mr. Reiger was elected Vice President (Technical) of the Corporation, effective May 15, 1964. From June 3, 1963 to that date he served as the Corporation's Manager for Systems Analysis. From January, 1959 to June 3, 1963, he served as a Senior Staff Member of The Rand Corporation, Santa Monica, California.

Mr. Meyer has served as Finance Coordinator of the Corporation since June 2, 1963, and as Treasurer and Finance Coordinator since April 10, 1964. From July, 1958 until his employment by the Corporation, he served in various civilian capacities with the United States Department of the Air Force, including service as Chief, Missile and Space Systems Division, Office of the Comptroller of the Air Force (July, 1958 to August 1962), and as Deputy for Financial Analysis, Office of the Assistant Secretary of the Air Force (Financial Management) (August, 1962 to June 2, 1963).

Mr. Mead was elected Comptroller of the Corporation, effective May 1, 1964. From March 1, 1958 to April 30, 1964, he served in various capacities with Mallinckrodt Chemical Works, St. Louis, Missouri, including service as Controller (April 4, 1961 to April 30, 1964).

Mr. Melamed served as Assistant Counsel to the Chairman of the Incorporators of the Corporation from November 6, 1962 to January 31, 1963, as Assistant Secretary of the Corporation from February 1, 1963 to September 15, 1963, and has served as Secretary of the Corporation since that time. From August 11, 1956 to November 5, 1962, he was an associate with the law firm of Messrs. Cravath, Swaine & Moore, New York, N. Y.

Mr. Johnson has served as Director of International Arrangements since December 9, 1963. From October, 1958 to that date, he served as General Counsel of the National Aeronautics and Space Administration.

Mr. Metzger has served as Manager, Engineering Division, since June 6, 1963. From 1954 to that date, he served in various capacities with Radio Corporation of America (RCA), including service as Manager, Communications Engineering, of the Astro-Electronics Division of RCA and Manager of RCA's New York Communications System Laboratory.

12. In case the securities to be listed are in temporary form, the Corporation agrees to order permanent engraved securities within thirty days after the date of listing.

13. The Corporation will furnish to the Exchange on demand such information concerning the Corporation as the Exchange may reasonably require.

Mr. Gordon has served as Director of Information, including public relations and government relations, since May 20, 1963. From March, 1946, to September, 1961 Mr. Gordon was in charge of press services at the United Nations. From the latter date until May 20, 1963, he was in private business, primarily as a consultant to technological companies.

Remuneration

The following table sets forth the aggregate direct remuneration for services in all capacities estimated to be payable by the Corporation in 1964 (a) to each director, and each of the three highest-paid officers, of the Corporation whose aggregate direct remuneration in such year is estimated will exceed $30,000, and (b) to all directors and officers of the Corporation as a group:

Name of Individual or Identity of Group	Capacities In Which Remuneration Was Received	Aggregate Direct Remuneration*
Leo D. Welch	Chairman and Chief Executive Officer	$125,000
Joseph V. Charyk	President	80,000
Allen E. Throop	Vice President and General Counsel	50,000
All directors and officers as a group (including those named above) ..		404,000

* It is estimated that the following additional amounts will be payable by the Corporation in 1964 as life insurance premiums in respect of the officers named under policies other than the Corporation's contributory group insurance policy: Mr. Welch, $4,481; Dr. Charyk, $714; Mr. Throop, $1,183.

The Corporation does not have an employment contract with any of its officers or employees, or any plan or arrangement for the payment of retirement benefits to any of its directors, officers or employees.

Personnel

At June 1, 1964 the Corporation employed 79 persons, of whom 43 were administrative or professional employees. None of the employees of the Corporation is represented by a collective bargaining agent. It is expected that increases in the number of employees of the Corporation will be required in the carrying out of the program to establish a commercial communications satellite system, and also in the operation of the system, including command and control facilities and such of the terminal stations in the United States as may be operated by the Corporation.

DESCRIPTION OF COMMON STOCK

For a full description of the Common Stock of the Corporation, reference is made to the Communications Satellite Act of 1962, and to the Articles of Incorporation, as amended, of the Corporation, a copy of which is filed as an Exhibit to the Registration Statement. The statements herein summarizing certain provisions of said Articles and the Act are qualified by such reference.

The New York Stock Exchange, the Midwest Stock Exchange and the Pacific Coast Stock Exchange each has approved the listing on such Exchange of the shares of Common Stock to which this Prospectus relates, subject to official notice of issuance, the furnishing of evidence of satisfactory distribution of the shares and the furnishing of certain other documents. The date for the commencement of trading of such shares on these Exchanges has not been determined, and is subject, among other things, to the prior registration of such shares under the Securities Exchange Act of 1934.

3. All financial statements contained in annual reports of the Corporation to its stockholders shall be at least as informative as the financial statements of the Corporation contained in the listing application in connection with which this Listing Agreement is made, and shall disclose any substantial items of unusual or non-recurrent nature.

4. In respect of the quarter beginning July 1, 1965, and in respect of each subsequent calendar quarter,

The transfer agents for the Common Stock are Continental Illinois National Bank and Trust Company of Chicago, Chicago, Ill.; Manufacturers Hanover Trust Company, New York, N. Y.; and Wells Fargo Bank, San Francisco, Calif.

The registrars for the Common Stock are The First National Bank of Chicago, Chicago, Ill.; The Chase Manhattan Bank, New York, N. Y.; and Bank of America National Trust and Savings Association, San Francisco, Calif.

By amendment of the Articles of Incorporation effective May 6, 1964, the authorized capital of the Corporation was increased from 100 shares of Common Stock, without par value, to 10,000,100 such shares.

Series I and Series II Shares

Shares of Common Stock are issuable in two series designated respectively Series I and Series II. Except as stated below under "Restrictions on Ownership and Transfer of Shares" and "Voting Rights", the rights of a holder of a Series I share, as such, and the rights of a holder of a Series II share, as such, are the same.

Shares issued or transferred to persons other than authorized carriers are Series I shares. Shares issued or transferred to authorized carriers are Series II shares. Authorized carriers are those communications common carriers, as defined below, which have been authorized by the FCC to own shares of stock of the Corporation. Shares of either Series may not be issued or transferred to a communications common carrier which is not an authorized carrier or to persons having certain relationships with a communications common carrier. See "Restrictions on Ownership and Transfer of Shares".

Under the provisions of the Act and the Articles of Incorporation, in any offering by the Corporation of Common Stock, 50% of the shares to be offered must be reserved for offering and offered for purchase by authorized carriers. Shares reserved and offered to authorized carriers but not purchased by them may be offered to other persons.

Dividend Rights

Holders of Common Stock are entitled to receive such dividends, in cash, in property or in shares of stock of the Corporation, as may be declared by the Board of Directors. Holders of Common Stock, as such, have equal dividend rights, irrespective of the Series of shares of Common Stock held by them.

Liquidation

Upon any liquidation, dissolution or winding up of the Corporation, holders of shares of Common Stock, irrespective of the Series of such shares held by them, are entitled to receive, pro rata, the assets of the Corporation available for distribution.

Restrictions on Ownership and Transfer of Shares

Subject to the limitations referred to below, holders of Series I shares or of Series II shares may at any time sell or otherwise dispose of such shares to any person to whom shares of either Series may be issued and, upon surrender of the share certificate for transfer, the transferee will receive a certificate, representing the same number of shares as the surrendered certificate, for shares of the Series appropriate to him.

12. In case the securities to be listed are in temporary form, the Corporation agrees to order permanent engraved securities within thirty days after the date of listing.

13. The Corporation will furnish to the Exchange on demand such information concerning the Corporation as the Exchange may reasonably require.

The ownership and transfer of shares of Common Stock are subject to the following provisions:

(i) Except for an authorized carrier, shares of Common Stock may not be owned or held, directly or indirectly, by any communications common carrier, or by a subsidiary or affiliated company of any communications common carrier, or by a trustee, director or officer of any of the foregoing. For these purposes, the term "communications common carrier" has the meaning of the term "common carrier" as used in the Communications Act of 1934, and also includes any person or entity which owns or controls, directly or indirectly, or is under direct or indirect common control with, any such carrier, but does not include the Corporation. Reference is made to the definition, in the By-laws of the Corporation, of the terms "subsidiary" and "affiliated company" of a "communications common carrier". See "Voting Rights".

(ii) The aggregate number of shares of Common Stock owned or held, directly or indirectly, by authorized carriers may not at any time exceed 50% of the total number of shares of Common Stock issued and outstanding.

(iii) Not more than an aggregate of 20% of the number of shares of Common Stock owned or held by persons other than authorized carriers may be owned or held by persons of the classes described in paragraphs (1) through (5) of Section 310(a) of the Communications Act of 1934. The classes as described consist of aliens, foreign governments, representatives of aliens or foreign governments, and corporations organized under the laws of foreign governments (hereinafter collectively called Alien Persons); corporations of which any officer or director is an alien or of which more than 20% of the capital stock is owned of record or voted by Alien Persons; and a corporation which is directly or indirectly controlled by any other corporation of which any officer or more than one-fourth of the directors are aliens or of which more than 25% of the capital stock is owned of record or voted by Alien Persons.

(iv) As provided in the Act, the number of shares of Common Stock owned or held by any person (other than an authorized carrier) or syndicate or affiliated group of such persons may not at any time exceed 10% of the total number of shares of Common Stock at the time outstanding, or, as provided in the Articles of Incorporation, such lesser percentage thereof as the Board of Directors may from time to time determine for the purpose of encouraging the widest distribution of shares of Common Stock to the American public. Notice of any such determination by the Board of Directors must be mailed to each record holder of Common Stock not less than ten days prior to the effective date of such determination. The ownership of shares acquired before the effective date of any such determination is not affected thereby. Pursuant to such provisions of the Articles of Incorporation, the Board of Directors has fixed 1% as the maximum percentage of the outstanding shares of Common Stock which may be owned or held by any shareholder (other than an authorized carrier) or syndicate or affiliated group of such shareholders. The FCC has advised the Corporation that it has determined that any action by the Corporation fixing such a maximum percentage of less than 10% is subject to review by the FCC to ascertain its reasonableness in the light of the purposes and objectives of the Act. The Corporation has been advised by its special counsel, Messrs. Wilmer, Cutler & Pickering, Washington, D. C., that, in the opinion of such firm, the FCC does not have authority to review and set aside such action of the Board of Directors, and that any such action of the Board may be determined to be invalid under the Act only by the courts.

(v) No authorized carrier or affiliated group of such carriers may sell or transfer to persons other than authorized carriers shares of Common Stock totalling, in any consecutive 12-month

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4. In respect of the quarter beginning July 1, 1965, and in respect of each subsequent calendar quarter, period, more than 2% of the greatest number of Series II shares issued and outstanding at any time during such period, except pursuant to a general public offering or in conformity with regulations adopted by the Board of Directors to encourage the widest distribution of shares of Common Stock to the American public.

(vi) The FCC is authorized, upon application by any authorized carrier and after notice and hearing, to require any other authorized carrier which owns shares of Common Stock to transfer to the applicant, for a fair and reasonable consideration, such number of shares as the FCC determines will advance the public interest and the purposes of the Act.

Voting Rights

Holders of Common Stock have exclusive voting rights. Except as otherwise stated in the following three paragraphs, each share of Common Stock, irrespective of Series, is entitled to one vote on each matter submitted to a vote at a meeting of shareholders.

Holders of Series I shares of Common Stock are entitled to elect six directors. In voting for directors, each holder of Series I shares has the right to vote the number of shares held by him for six candidates, or to cumulate such shares and give one candidate as many votes as the number of his shares multiplied by six shall equal, or to distribute such votes on the same principle among any number of candidates not exceeding six. No Series I share may be voted for the election of directors if such vote is subject to the direction or control of a person ineligible to own or hold Series I shares. See "Restrictions on Ownership and Transfer of Shares", above.

Holders of Series II shares of Common Stock are entitled to elect six directors. In voting for directors, each holder of Series II shares has the right to cumulate such shares and give one candidate as many votes as the number of shares held by him multiplied by six shall equal, or to distribute such votes on the same principle among any number of candidates not exceeding three. Under the Act and the Articles of Incorporation no holder of Series II shares and no trustee for such a holder may vote, either directly or indirectly, through the votes of subsidiary or affiliated companies, nominees or any persons subject to his direction or control, for more than three candidates. The By-laws of the Corporation provide that, in the event that any holder of Series II shares or a trustee for such holder casts votes, either directly or indirectly, through subsidiary or affiliated companies, nominees, or persons subject to his direction or control, for more than three candidates, only the votes so cast for those three of such candidates who receive the highest number of the votes so cast shall be counted, and the votes so cast for any other such candidates shall not be counted. The By-laws also provide that an association, joint-stock company, trust, corporation or other entity shall be deemed to be a subsidiary of a communications common carrier, as defined above, if more than 50% of its shares entitled under normal circumstances to elect a majority of its board of directors or trustees are owned or controlled directly or indirectly by such carrier, and that any such entity shall be deemed to be an affiliated company of a communications common carrier if it is otherwise directly or indirectly subject to the control of, or is under direct or indirect common control with, such carrier.

No share of Common Stock, irrespective of Series, may be voted on any matter at a meeting of shareholders if, at the time of such meeting, the share is owned or held in violation of the Act or any regulation promulgated thereunder or in violation of the Articles of Incorporation or any regulation or determination made by the Board of Directors thereunder; and the Corporation may, in accordance with

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regulations adopted by the Board of Directors, require that the holder of shares furnish appropriate information to this effect in connection with the voting of his shares.

The By-laws of the Corporation provide that, at any meeting of shareholders for the election of directors (a) a majority of the shares of Series I Common Stock entitled to vote thereat constitutes a quorum for the election of directors by holders of shares of such Series, and (b) a majority of shares of Series II Common Stock entitled to vote thereat constitutes a quorum for the election of directors by the holders of shares of such Series, provided that, with respect to each Series, if such quorum shall not have been attained within 30 days from the date of the meeting as originally called, one-third of the shares of such Series entitled to vote thereat constitutes a quorum for the purpose of election of directors by holders of shares of such Series. Except where a greater proportion is required by law, one-third of the total number of shares (Series I and Series II) entitled to vote thereat constitutes a quorum for the transaction of any business other than the election of directors.

It is the intention of the present Board of Directors, in the event that, upon completion of the distribution of the shares offered by this Prospectus, the aggregate number of shares of Common Stock held by authorized carriers constitutes substantially less than 50% of the total number of shares of Common Stock then outstanding, to submit to the Congress a request in substance to the effect that the Act be amended to provide that, as nearly as may be, the number of directors to be elected by shareholders which are authorized carriers (holders of Series II shares), and the number of directors to be elected by other shareholders (holders of Series I shares), shall be in proportion to the respective aggregate numbers of shares of Common Stock held by the holders of shares of each such Series.

Transfer Procedures

The Board of Directors is authorized to establish procedures with respect to the transfer of shares of Common Stock to enforce the limitations referred to under "Restrictions on Ownership and Transfer", above. Procedures established by the Board of Directors require that, in connection with each transfer of shares on the books of the Corporation, the transferee complete an application for transfer of the shares. Such application calls for information about the transferee's citizenship status, relationship with communications common carriers and other matters related to the limitations on ownership and transfer of shares of Common Stock. Such an application for transfer must also be completed by each person who purchases shares from any of the Underwriters.

Neither the Act nor the Articles of Incorporation define the respective rights, as between themselves, of the seller and purchaser of shares where, because of the restrictions on the ownership and transfer of shares, the purchaser is not entitled to have the shares transferred to him on the books of the Corporation. The respective rights of the seller and purchaser in such a case would be determined under the laws or other rules applicable to such sale. The Articles of Incorporation provide, however, that nothing in the provisions thereof limiting the ownership and transfer of shares shall be deemed to affect the right of the purchaser in such a case to transfer his interest in the shares to any person who, under the provisions of the Act and the Articles, lawfully may acquire such interest.

Miscellaneous

No conversion rights, preemptive rights, redemption rights or sinking fund provisions are applicable to the Common Stock. Shares of Common Stock offered hereby will be fully-paid and non-assessable.

3. All financial statements contained in annual reports of the Corporation to its stockholders shall be at least as informative as the financial statements of the Corporation contained in the listing application in connection with which this Listing Agreement is made, and shall disclose any substantial items of unusual or non-recurrent nature.

4. In respect of the quarter beginning July 1, 1965, and in respect of each subsequent calendar quarter,

Under the provisions of the Act, shares of Common Stock owned by an authorized carrier are not eligible to be included in the rate base of such carrier.

The Corporation will furnish to its shareholders annually a report containing certified financial statements.

Under the provisions of the Act, the Corporation is authorized to issue, in addition to shares of Common Stock without par value, non-voting securities, bonds, debentures, and other certificates of indebtedness as it may determine. The Articles of Incorporation at present provide for the issuance only of Common Stock without par value having the voting rights described above. The issuance of any securities other than the shares offered by this Prospectus, and the borrowing of moneys or assumption of any obligation in respect of securities of others, are subject to authorization by the FCC.

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OPINION OF INDEPENDENT PUBLIC ACCOUNTANTS

COMMUNICATIONS SATELLITE CORPORATION:

We have examined the financial statements of Communications Satellite Corporation listed below:

Statement of assets, preliminary survey, research, development, and organization expenses, and liabilities and capital, December 31, 1963.

Statement of cash receipts and disbursements for the period from February 1, 1963 (date of incorporation) to December 31, 1963.

Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying financial statements present fairly the assets, preliminary survey, research, development, and organization expenses, and liabilities and capital of the Corporation at December 31, 1963 and the cash receipts and disbursements of the Corporation for the period from February 1, 1963 to December 31, 1963, in conformity with generally accepted accounting principles consistently applied.

HASKINS & SELLS

Washington, D. C.,
February 28, 1964

3. All financial statements contained in annual reports of the Corporation to its stockholders shall be at least as informative as the financial statements of the Corporation contained in the listing application in connection with which this Listing Agreement is made, and shall disclose any substantial items of unusual or non-recurrent nature.

4. In respect of the quarter beginning July 1, 1965, and in respect of each subsequent calendar quarter,

COMMUNICATIONS SATELLITE CORPORATION

STATEMENT OF ASSETS, PRELIMINARY SURVEY, RESEARCH, DEVELOPMENT, AND ORGANIZATION EXPENSES, AND LIABILITIES AND CAPITAL

December 31, 1963 and (Unaudited) March 31, 1964

ASSETS, AND PRELIMINARY SURVEY, RESEARCH, DEVELOPMENT, AND ORGANIZATION EXPENSES

	December 31, 1963	March 31, 1964 (Unaudited)
PROPERTY AT COST:		
Furniture, office equipment, and automobiles	$ 80,405	$ 93,775
Leaseholds	20,983	34,891
Total	101,388	128,666
Less accumulated depreciation and amortization	14,192	20,504
Property—Net	87,196	108,162
CURRENT ASSETS:		
Cash	246,807	288,417
Advances and deposits	3,500	1,772
Prepayments—Insurance, rent, etc.	6,285	4,285
Total Current Assets	256,592	294,474
OTHER ASSETS	2,000	2,000
PRELIMINARY SURVEY, RESEARCH, DEVELOPMENT, AND ORGANIZATION EXPENSES (Note 1)	1,012,985	1,444,978
TOTAL	$1,358,773	$1,849,614

LIABILITIES AND CAPITAL

CAPITAL—Common stock—authorized, 100 shares without par value, issued and outstanding, 14 shares. (Authorized shares increased to 10,000,100 shares subsequent to March 31, 1964)—See "Description of Common Stock"	$ 1,400	$ 1,400
CURRENT LIABILITIES:		
Notes payable to banks (Note 2)	1,150,000	1,650,000
Accounts payable	157,245	111,840
Accrued interest	25,761	40,543
Other (accrued salaries and payroll taxes accrued and withheld)	24,367	45,831
Total Current Liabilities	1,357,373	1,848,214
COMMITMENTS (Note 4)		
TOTAL	$1,358,773	$1,849,614

The accompanying Notes to Financial Statements are an integral part of this Statement.

12. In case the securities to be listed are in temporary form, the Corporation agrees to order permanent engraved securities within thirty days after the date of listing.

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COMMUNICATIONS SATELLITE CORPORATION

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

For the Period from February 1, 1963 (Date of Incorporation) to December 31, 1963 and (Unaudited) for the Three Months Ended March 31, 1964

	February 1, 1963 to December 31, 1963	Three months ended March 31, 1964 (unaudited)
RECEIPTS:		
Bank loans	$1,150,000	$ 500,000
Sales of common stock	1,400	
Maturity of temporary investments (interest income has been deducted from interest expense)	198,754	
Total Receipts	1,350,154	500,000
DISBURSEMENTS:		
Purchases of furniture, office equipment and automobiles—net	80,405	13,462
Leasehold costs	20,983	13,908
Advances and deposits—net (credit)	3,500	(1,728)
Prepayments—Insurance, rent, etc.—net (credit)	6,285	(2,000)
Purchase of temporary investments	198,754	
Other assets	2,000	
Preliminary survey, research, development and organization expenses (Note 1)	1,012,985	431,993
Total Disbursements (accrual basis)	1,324,912	455,635
Add accounts payable and accrued liabilities at beginning of period (settled by cash disbursements or continued as liabilities at end of period)		207,373
Deduct amounts included above which have not involved cash disbursements and which are represented by the following at the end of the respective periods:		
Accounts payable, accrued interest, accrued salaries, and payroll taxes accrued and withheld	(207,373)	(198,214)
Allowance for depreciation and amortization	(14,192)	(6,404)
Total Disbursements (cash basis)	1,103,347	458,390
NET INCREASE IN CASH DURING PERIOD	246,807	41,610
CASH BALANCE AT BEGINNING OF PERIOD		246,807
CASH BALANCE AT END OF PERIOD	$ 246,807	$ 288,417

The accompanying Notes to Financial Statements are an integral part of this Statement.

3. All financial statements contained in annual reports of the Corporation to its stockholders shall be at least as informative as the financial statements of the Corporation contained in the listing application in connection with which this Listing Agreement is made, and shall disclose any substantial items of unusual or non-recurrent nature.

4. In respect of the quarter beginning July 1, 1965, and in respect of each subsequent calendar quarter,

COMMUNICATIONS SATELLITE CORPORATION

NOTES TO FINANCIAL STATEMENTS

December 31, 1963 and (Unaudited) March 31, 1964

1. PRELIMINARY SURVEY, RESEARCH, DEVELOPMENT, AND ORGANIZATION EXPENSES

These amounts represent expenditures for organization matters, hearings and negotiations, research and development, and other corporate activities incident to the formation of a program for the creation of an international communications satellite system. The amounts for the three months ended March 31, 1964 include legal and accounting fees and printing costs approximating $25,000 in connection with the proposed sale of capital stock contemplated by this Prospectus; and such amounts will constitute part of the capital stock expense of the issue. It is anticipated that as or after the system is developed, the expenditures described in this note, as well as additional expenditures of generally similar character, will be transferred to utility plant, amortized against income of future years, or otherwise disposed of as the Federal Communications Commission may approve or direct. A summary of these expenditures for the periods indicated is as follows:

	February 1, 1963 (Date of Incorporation) to December 31, 1963	Three Months Ended March 31, 1964 (Unaudited)	Total
Organization expenses (legal fees and other expenses prior to incorporation)	$ 81,692		$ 81,692
Salaries of officers and employees	459,381	$ 234,923	694,304
Fees of directors	23,600	5,200	28,800
Legal, accounting, and other professional fees	70,145	38,323	108,468
Travel and related expenses	36,316	27,294	63,610
Office rent and maintenance	33,783	18,921	52,704
Printing, stationery, and office expenses	34,182	25,038	59,220
Employees' relocation expenses and insurance benefit premiums	22,046	9,678	31,724
Technical consultants, data processing costs, and contract services incident to research program	173,457	31,641	205,098
Interest on notes payable (net of $1,246 interest received on temporary investments)	24,514	14,783	39,297
Taxes and licenses	13,208	9,116	22,324
Depreciation and amortization	14,192	6,404	20,596
Other expenditures	26,469	10,672	37,141
TOTAL	$1,012,985	$ 431,993	$1,444,978

2. NOTES PAYABLE TO BANKS

The notes payable to banks represent borrowings under a commitment of the lending banks to make loans to the Corporation, not exceeding $5,000,000, as the Corporation may from time to time request. Borrowings under the agreement are subject to specific authorizations of the Federal Communications

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NOTES TO FINANCIAL STATEMENTS (Continued)

Commission. The Corporation has been authorized by the Federal Communications Commission to borrow $1,900,000. Orders of the Commission provide that funds obtained from such borrowings may not be used for operating expenses subsequent to June 19, 1964, without prior authorization of the Commission. Under the loan agreement, as amended and supplemented in February 1964, the commitment of the banks expires on June 30, 1964. The notes also mature on that date, subject to the provision of the agreement that each note is payable prior to its stated maturity date on the tenth day after receipt by the Corporation of proceeds of the sale of shares of its capital stock in connection with the initial offering of such shares.

3. Federal Communications Commission

The Corporation is subject to regulation by the Federal Communications Commission as explained under "Regulation". The Federal Communications Commission has not approved or reviewed the accounting procedures employed by the Corporation to date. The inclusion of the financial statements in this Prospectus should not be regarded as approval by the Federal Communications Commission as to the accuracy of any material therein nor of the accounting procedures used. The Federal Communications Commission may prescribe a system of accounts for the Corporation which may require modification of existing accounting procedures.

4. Commitments and General

The Corporation has certain commitments in connection with its program for the development and establishment of a commercial communications satellite system. For a summary of the program, the range of estimated costs, and significant contract information, see "Program of the Corporation". The Corporation also has entered into short-term leases, with renewal options, for office space. Reference is also made to the matters referred to under "The Venture and Its Risks".

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4. In respect of the quarter beginning July 1, 1965, and in respect of each subsequent calendar quarter,

UNDERWRITING

The Underwriters named below, acting through their Representatives named on the cover of this Prospectus, have entered into a Purchase Contract with the Corporation pursuant to which they have severally agreed, subject to the terms and conditions of the Purchase Contract, to purchase from the Corporation the number of shares of Common Stock set forth below opposite their respective names. Under certain circumstances involving default of Underwriters, less than all of such shares of Common Stock may be purchased by the Underwriters. Under certain circumstances the commitments of non-defaulting Underwriters may be increased. Under the provisions of the Purchase Contract the obligation of the Underwriters to purchase the shares of Common Stock specified in the Purchase Contract is subject, among other things, to the receipt by the Corporation from authorized carriers of the purchase price for at least 90% of the shares of Common Stock subscribed for by authorized carriers, after applying the allocation formula set forth under "Carrier Subscription Matters".

Name of Underwriter	Address of Underwriter	Number of Shares to be Purchased
Merrill Lynch, Pierce, Fenner & Smith Incorporated	70 Pine Street, New York 5, N. Y.	100,000
Blyth & Co., Inc.	14 Wall Street, New York 5, N. Y.	100,000
The First Boston Corporation	20 Exchange Place, New York, N. Y. 10005	100,000
Kidder, Peabody & Co. Incorporated	20 Exchange Place, New York 5, N.Y.	100,000
Kuhn, Loeb & Co. Incorporated	30 Wall Street, New York 5, N. Y.	100,000
Lazard Frères & Co.	44 Wall Street, New York 5, N. Y.	100,000
Lehman Brothers	One William Street, New York 4, N. Y.	100,000
Carl M. Loeb, Rhoades & Co.	42 Wall Street, New York 5, N. Y.	100,000
Paine, Webber, Jackson & Curtis	25 Broad Street, New York 4, N. Y.	100,000
White, Weld & Co. Incorporated	20 Broad Street, New York 5, N. Y.	100,000
Dean Witter & Co.	45 Montgomery Street, San Francisco 6, California	100,000
Eastman Dillon, Union Securities & Co.	One Chase Manhattan Plaza, New York 5, N. Y.	50,000
Glore, Forgan & Co.	45 Wall Street, New York 5, N. Y.	50,000
Harriman Ripley & Co., Incorporated	60 Broad Street, New York 4, N. Y.	50,000
Hornblower & Weeks	1 Chase Manhattan Plaza, New York 5, N. Y.	50,000
Smith, Barney & Co. Incorporated	20 Broad Street, New York 5, N. Y.	50,000
Stone & Webster Securities Corporation	90 Broad Street, New York 4, N. Y.	50,000
Bache & Co.	36 Wall Street, New York 5, N. Y.	29,000
Bear, Stearns & Co.	One Wall Street, New York 5, N. Y.	29,000
A. G. Becker & Co. Incorporated	120 South La Salle Street, Chicago 3, Illinois	29,000
Clark, Dodge & Co. Incorporated	61 Wall Street, New York 5, N. Y.	29,000
Dominick & Dominick, Incorporated	14 Wall Street, New York 5, N. Y.	29,000
Drexel & Co.	1500 Walnut Street, Philadelphia 1, Pennsylvania	29,000
Hallgarten & Co.	44 Wall Street, New York 5, N. Y.	29,000
Hayden, Stone Incorporated	25 Broad Street, New York, N. Y. 10004	29,000
Hemphill, Noyes & Co.	8 Hanover Street, New York 4, N. Y.	29,000
E. F. Hutton & Company Inc.	One Chase Manhattan Plaza, New York 5, N. Y.	29,000

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13. The Corporation will furnish to the Exchange on demand such information concerning the Corporation as the Exchange may reasonably require.

Name of Underwriter	Address of Underwriter	Number of Shares to be Purchased
W. E. Hutton & Co.	14 Wall Street, New York, N. Y. 10005	29,000
Lee Higginson Corporation	20 Broad Street, New York 5, N. Y.	29,000
F. S. Moseley & Co.	60 Broad Street, New York, N. Y. 10004	29,000
Reynolds & Co.	120 Broadway, New York 5, N. Y.	29,000
Shearson, Hammill & Co.	14 Wall Street, New York 5, N. Y.	29,000
Wertheim & Co.	1 Chase Manhattan Plaza, New York 5, N. Y.	29,000
Alex. Brown & Sons	135 East Baltimore Street, Baltimore 2, Maryland	25,500
Equitable Securities Corporation	Two Wall Street, New York 5, N. Y.	25,500
Goodbody & Co.	2 Broadway, New York 4, N. Y.	25,500
Johnston, Lemon & Co.	Southern Bldg., Washington 5, D. C.	25,500
Ladenburg, Thalmann & Co.	25 Broad Street, New York 4, N. Y.	25,500
R. W. Pressprich & Co.	80 Pine Street, New York 5, N. Y.	25,500
L. F. Rothschild & Co.	120 Broadway, New York 5, N. Y.	25,500
Salomon Brothers & Hutzler	Sixty Wall Street, New York, N. Y. 10005	25,500
Shields & Company Incorporated	44 Wall Street, New York 5, N. Y.	25,500
F. S. Smithers & Co.	45 Wall Street, New York 5, N. Y.	25,500
Spencer Trask & Co.	60 Broad Street, New York, N. Y. 10004	25,500
Tucker, Anthony & R. L. Day	120 Broadway, New York 5, N. Y.	25,500
G. H. Walker & Co. Incorporated	45 Wall Street, New York 5, N. Y.	25,500
Wood, Struthers & Co., Inc.	20 Exchange Place, New York 5, N. Y.	25,500
Allen & Company	30 Broad Street, New York 4, N. Y.	23,500
American Securities Corporation	25 Broad Street, New York 4, N. Y.	23,500
Bacon, Whipple & Co.	135 South La Salle Street, Chicago 3, Illinois	23,500
Robert W. Baird & Co., Incorporated	731 North Water Street, Milwaukee 1, Wisconsin	23,500
Baker, Weeks & Co.	One Wall Street, New York 5, N. Y.	23,500
William Blair & Company	135 South La Salle Street, Chicago 3, Illinois	23,500
Blair & Co., Granbery, Marache Incorporated	20 Broad Street, New York 5, N. Y.	23,500
Blunt Ellis & Simmons	111 West Monroe Street, Chicago 3, Illinois	23,500
J. C. Bradford & Co.	414 Union Street, Nashville 3, Tennessee	23,500
J. M. Dain & Co., Inc.	110 South Sixth Street, Minneapolis 2, Minnesota	23,500
Dick & Merle-Smith	48 Wall Street, New York 5, N. Y.	23,500
R. S. Dickson & Company, Incorporated	30 Broad Street, New York 4, N. Y.	23,500
F. Eberstadt & Co.	65 Broadway, New York 6, N. Y.	23,500
Estabrook & Co.	15 State Street, Boston 9, Massachusetts	23,500
W. C. Langley & Co.	115 Broadway, New York 6, N. Y.	23,500
McDonald & Company	Union Commerce Bldg., Cleveland 14, Ohio	23,500
New York Securities Co.	52 Wall Street, New York 5, N. Y.	23,500
The Ohio Company	51 North High Street, Columbus 15, Ohio	23,500
Piper, Jaffray & Hopwood	115 South Seventh Street, Minneapolis 2, Minnesota	23,500
Schwabacher & Co.	100 Montgomery Street, San Francisco 4, California	23,500
William R. Staats & Co. Incorporated	640 South Spring Street, Los Angeles 14, California	23,500
Ball, Burge & Kraus	1414 Union Commerce Bldg., Cleveland 14, Ohio	18,500
J. Barth & Co.	404 Montgomery Street, San Francisco, California 94104	18,500
Burnham and Company	60 Broad Street, New York 4, N. Y.	18,500
Coffin & Burr	64 Wall Street, New York 5, N. Y.	18,500
Courts & Co.	11 Marietta Street, N.W., Atlanta 3, Georgia	18,500
Dempsey-Tegeler & Co., Inc.	1000 Locust Street, St. Louis 1, Missouri	18,500
First of Michigan Corporation	2 Wall Street, New York 5, N. Y.	18,500
Folger, Nolan, Fleming & Co. Incorporated	725 15th Street, N.W., Washington 5, D. C.	18,500

3. All financial statements contained in annual reports of the Corporation to its stockholders shall be at least as informative as the financial statements of the Corporation contained in the listing application in connection with which this Listing Agreement is made, and shall disclose any substantial items of unusual or non-recurrent nature.

4. In respect of the quarter beginning July 1, 1965, and in respect of each subsequent calendar quarter,

Name of Underwriter	Address of Underwriter	Number of Shares to be Purchased
Fulton, Reid & Co., Inc.	2100 East Ohio Bldg., Cleveland 14, Ohio	18,500
Robert Garrett & Sons	South & Redwood Streets, Baltimore 3, Maryland	18,500
Hayden, Miller & Co.	Union Commerce Bldg., Cleveland 14, Ohio	18,500
H. Hentz & Co.	72 Wall Street, New York 5, N. Y.	18,500
Hirsch & Co., Incorporated	25 Broad Street, New York 4, N. Y.	18,500
Irving Lundborg & Co.	310 Sansome Street, San Francisco 4, California	18,500
McDonnell & Co. Incorporated	120 Broadway, New York 5, N. Y.	18,500
Merrill, Turben & Co., Inc.	1612 Union Commerce Bldg., Cleveland 14, Ohio	18,500
Model, Roland & Co.	120 Broadway, New York 5, N. Y.	18,500
Moore, Leonard & Lynch	Union Trust Bldg., Pittsburgh 19, Pennsylvania	18,500
Newhard, Cook & Co.	400 Olive Street, St. Louis 2, Missouri	18,500
Reinholdt & Gardner	400 Locust Street, St. Louis 2, Missouri	18,500
Riter & Co.	40 Wall Street, New York 5, N. Y.	18,500
The Robinson-Humphrey Company, Inc.	2000 Rhodes-Haverty Bldg., Atlanta, Georgia 30303	18,500
Shuman, Agnew & Co.	155 Sansome Street, San Francisco 4, California	18,500
Singer, Deane & Scribner	Union Trust Bldg., Pittsburgh 19, Pennsylvania	18,500
Stroud & Company, Incorporated	123 South Broad Street, Philadelphia 9, Pennsylvania	18,500
Watling, Lerchen & Co.	Ford Bldg., Detroit 26, Michigan	18,500
Arnhold and S. Bleichroeder, Inc.	30 Broad Street, New York 4, N. Y.	12,500
Auchincloss, Parker & Redpath	Two Broadway, New York 4, N. Y.	12,500
Baker, Watts & Co.	Calvert & Redwood Streets, Baltimore 3, Maryland	12,500
Bateman, Eichler & Bingham Incorporated	453 South Spring Street, Los Angeles 13, California	12,500
Boettcher and Company	828 17th Street, Denver 2, Colorado	12,500
Bosworth, Sullivan & Company, Inc.	660-17th Street, Denver 2, Colorado	12,500
Butcher & Sherrerd	1500 Walnut Street, Philadelphia 2, Pennsylvania	12,500
Chapman, Howe & Co.	208 South La Salle Street, Chicago 4, Illinois	12,500
Julien Collins & Company	105 South La Salle Street, Chicago 3, Illinois	12,500
Crowell, Weedon & Co.	629 South Spring Street, Los Angeles 14, California	12,500
Eppler, Guerin & Turner, Inc.	1600 Fidelity Union Tower, Dallas 1, Texas	12,500
Fahnestock & Co.	65 Broadway, New York 6, N. Y.	12,500
First California Company Incorporated	300 Montgomery Street, San Francisco, California 94104	12,500
First Southwest Company	Mercantile Bank Bldg., Dallas 1, Texas	12,500
Halle & Stieglitz	52 Wall Street, New York 5, N. Y.	12,500
The Illinois Company Incorporated	231 South La Salle Street, Chicago, Illinois 60604	12,500
The Johnson, Lane, Space, Smith Corporation	101 East Bay Street, Savannah, Georgia	12,500
Laird & Company, Corporation	Wilmington Trust Bldg., Wilmington 99, Delaware	12,500
Laird, Bissell & Meeds	120 Broadway, New York 5, N. Y.	12,500
Legg & Co.	22 Light Street, Baltimore 3, Maryland	12,500
Lester, Ryons & Co.	623 South Hope Street, Los Angeles 17, California	12,500
Loewi & Co. Incorporated	225 East Mason Street, Milwaukee 2, Wisconsin	12,500
A. E. Masten & Co.	First National Bank Bldg., Pittsburgh 22, Pennsylvania	12,500
McCormick & Co.	135 South La Salle Street, Chicago 3, Illinois	12,500
The Milwaukee Company	207 East Michigan Street, Milwaukee 2, Wisconsin	12,500
Mitchum, Jones & Templeton, Incorporated	510 South Spring Street, Los Angeles 13, California	12,500
Pacific Northwest Company	1000 Second Avenue, Seattle, Washington 98104	12,500
Rauscher, Pierce & Co., Inc.	1200 Mercantile Dallas Bldg., Dallas 1, Texas	12,500
Wm. C. Roney & Co.	2 Buhl Bldg., Detroit 26, Michigan	12,500

12. In case the securities to be listed are in temporary form, the Corporation agrees to order permanent engraved securities within thirty days after the date of listing.

13. The Corporation will furnish to the Exchange on demand such information concerning the Corporation as the Exchange may reasonably require.

Name of Underwriter	Address of Underwriter	Number of Shares to be Purchased
Rotan, Mosle & Co.	1510 Bank of the Southwest Bldg., Houston 2, Texas	12,500
Stein Bros. & Boyce, Inc.	One Charles Center, Baltimore 1, Maryland	12,500
Stern Brothers & Co.	1009-15 Baltimore Avenue, Kansas City 5, Missouri	12,500
Stifel, Nicolaus & Company, Incorporated	314 North Broadway, St. Louis 2, Missouri	12,500
Stone & Youngberg	1314 Russ Bldg., San Francisco 4, California	12,500
Sutro & Co.	460 Montgomery Street, San Francisco 4, California	12,500
Underwood, Neuhaus & Co. Incorporated	Houston Club Bldg., Houston 2, Texas	12,500
Weeden & Co. Incorporated	25 Broad Street, New York 4, N. Y.	12,500
Winslow, Cohu & Stetson Incorporated	26 Broadway, New York 4, N. Y.	12,500
Abbott, Proctor & Paine	911 East Main Street, Richmond 14, Virginia	8,000
Anderson & Strudwick	913 East Main Street, Richmond 12, Virginia	8,000
Brush, Slocumb & Co. Inc.	465 California Street, San Francisco 4, California	8,000
Carolina Securities Corporation	Insurance Bldg., Raleigh, North Carolina	8,000
Richard W. Clarke Corporation	535 Fifth Avenue, New York 17, N. Y.	8,000
Common, Dann & Co.	502 Marine Trust Bldg., 237 Main Street, Buffalo, N. Y. 14203	8,000
Cooley & Company	100 Pearl Street, Hartford 4, Connecticut	8,000
Dallas Union Securities Co., Inc.	1001 Adolphus Tower, Dallas 2, Texas	8,000
Davis, Skaggs & Co.	111 Sutter Street, San Francisco 4, California	8,000
DeHaven & Townsend, Crouter & Bodine	1500 Chestnut Street, Philadelphia 2, Pennsylvania	8,000
Dewar, Robertson & Pancoast	Milam Bldg., San Antonio 5, Texas	8,000
Dittmar & Company, Inc.	201 North St. Mary's Street, San Antonio 6, Texas	8,000
Dreyfus & Co.	Two Broadway, New York 4, N. Y.	8,000
Eddleman, Pollok & Fosdick Inc.	440 Bank of the Southwest Bldg., Houston 2, Texas	8,000
A. G. Edwards & Sons	409 North Eighth Street, St. Louis 1, Missouri	8,000
Elworthy & Co., Incorporated	111 Sutter Street, San Francisco 4, California	8,000
Emanuel, Deetjen & Co.	120 Broadway, New York 5, N. Y.	8,000
Fahey, Clark & Co.	1737 Union Commerce Bldg., Cleveland 14, Ohio	8,000
Faulkner, Dawkins & Sullivan	60 Broad Street, New York 4, N. Y.	8,000
Ferris & Company	611 Fifteenth Street, N. W., Washington 5, D. C.	8,000
Gregory & Sons	40 Wall Street, New York 5, N. Y.	8,000
Hallowell, Sulzberger, Jenks, Kirkland & Co.	Philadelphia National Bank Bldg., Philadelphia 7, Pennsylvania	8,000
J. J. B. Hilliard & Son	419 West Jefferson Street, Louisville 2, Kentucky	8,000
Howard, Weil, Labouisse, Friedrichs and Company	211 Carondelet Street, New Orleans, Louisiana 70130	8,000
Janney, Battles & E. W. Clark, Inc.	Central-Penn National Bank Bldg., 1401 Walnut Street, Philadelphia 2, Pennsylvania	8,000
Edward D. Jones & Co.	101 North Fourth Street, St. Louis 2, Missouri	8,000
Jones, Kreeger & Co.	1625 Eye Street, N. W., Washington 6, D. C.	8,000
Joseph, Mellen & Miller, Inc.	1400 East Ohio Bldg., Cleveland 14, Ohio	8,000
Mackall & Coe	738 15th Street, N. W., Washington 5, D. C.	8,000
Manley, Bennett, McDonald & Co.	1100 Buhl Bldg., Detroit, Michigan 48226	8,000
Mead, Miller & Co.	Charles and Chase Streets, Baltimore 1, Maryland	8,000
Mitchell, Hutchins & Co., Incorporated	231 South La Salle Street, Chicago 4, Illinois	8,000
Moroney, Beissner & Co., Inc.	Bank of the Southwest Bldg., Houston 2, Texas	8,000
Mullaney, Wells & Company	135 South La Salle Street, Chicago 3, Illinois	8,000
Newburger & Co.	1401 Walnut Street, Philadelphia 2, Pennsylvania	8,000
Putnam & Co.	6 Central Row, Hartford, Connecticut 06103	8,000
Saunders, Stiver & Co.	One Terminal Tower, Cleveland 13, Ohio	8,000
Chas. W. Scranton & Co.	209 Church Street, New Haven 7, Connecticut	8,000

3. All financial statements contained in annual reports of the Corporation to its stockholders shall be at least as informative as the financial statements of the Corporation contained in the listing application in connection with which this Listing Agreement is made, and shall disclose any substantial items of unusual or non-recurrent nature.

4. In respect of the quarter beginning July 1, 1965, and in respect of each subsequent calendar quarter,

Name of Underwriter	Address of Underwriter	Number of Shares to be Purchased
I. M. Simon & Co.	315 North Fourth Street, St. Louis 2, Missouri	8,000
Stern, Frank, Meyer & Fox	Union Bank Bldg., Los Angeles, California 90014	8,000
J. S. Strauss & Co.	155 Montgomery Street, San Francisco 4, California	8,000
C. E. Unterberg, Towbin Co.	61 Broadway, New York, N. Y. 10006	8,000
Van Alstyne, Noel & Co.	40 Wall Street, New York 5, N. Y.	8,000
Wagenseller & Durst, Inc.	626 South Spring Street, Los Angeles 14, California	8,000
Adams & Peck	120 Broadway, New York, N. Y. 10005	6,500
Bioren & Co.	1424 Walnut Street, Philadelphia 2, Pennsylvania	6,500
Boenning & Co.	The Alison Bldg., Rittenhouse Square, Philadelphia 3, Pennsylvania	6,500
Burgess & Leith	53 State Street, Boston 9, Massachusetts	6,500
Chace, Whiteside & Winslow, Inc.	24 Federal Street, Boston 10, Massachusetts	6,500
Chaplin, McGuiness & Co.	Peoples Bank Bldg., Pittsburgh 22, Pennsylvania	6,500
Clayton Securities Corporation	147 Milk Street, Boston 9, Massachusetts	6,500
Cunningham, Schmertz & Co., Inc.	First National Bank Bldg., Pittsburgh 22, Pennsylvania	6,500
Davenport & Co.	1113 East Main Street, Richmond 19, Virginia	6,500
Shelby Cullom Davis & Co.	116 John Street, New York 38, N. Y.	6,500
Elkins, Morris, Stokes & Co.	428 Land Title Bldg., Philadelphia 10, Pennsylvania	6,500
Evans & Co. Incorporated	300 Park Avenue, New York 22, N. Y.	6,500
W. D. Gradison & Co.	408 Dixie Terminal Bldg., Cincinnati 2, Ohio	6,500
Hickey & Co.	135 South La Salle Street, Chicago 3, Illinois	6,500
Hill Richards & Co., Incorporated	621 South Spring Street, Los Angeles 14, California	6,500
Hulme, Applegate & Humphrey, Inc.	586 Union Trust Bldg., Pittsburgh 19, Pennsylvania	6,500
Indianapolis Bond and Share Corporation	120 East Market Street, Indianapolis 4, Indiana	6,500
Ingalls & Snyder	100 Broadway, New York 5, N. Y.	6,500
Kalman & Company, Inc.	136 Endicott Bldg., St. Paul 1, Minnesota	6,500
Kay, Richards & Company	Union Trust Bldg., Pittsburgh 19, Pennsylvania	6,500
Mason-Hagan, Inc.	1017 East Main Street, Richmond 10, Virginia	6,500
McKelvy & Company	1146 Union Trust Bldg., Pittsburgh 19, Pennsylvania	6,500
Middendorf, Colgate & Co.	51 Broad Street, New York 4, N. Y.	6,500
Newburger, Loeb & Co.	5 Hanover Square, New York 4, N. Y.	6,500
Pierce, Wulbern, Murphey, Inc.	222 West Adams Street, Jacksonville 1, Florida	6,500
Wm. E. Pollock & Co., Inc.	45 Wall Street, New York 5, N. Y.	6,500
Russ & Company, Incorporated	Alamo National Bldg., San Antonio, Texas	6,500
Scherck, Richter Company, Inc.	408 Olive Street, St. Louis, Missouri 63102	6,500
Schmidt, Roberts & Parke	123 South Broad Street, Philadelphia 9, Pennsylvania	6,500
Scott & Stringfellow	P. O. Box 1575, Richmond 13, Virginia	6,500
Silberberg & Co.	40 Wall Street, New York 5, N. Y.	6,500
Stix & Co.	509 Olive Street, St. Louis 1, Missouri	6,500
Thomas & Company	305 Porter Bldg., Pittsburgh 19, Pennsylvania	6,500
Townsend, Dabney & Tyson	10 Post Office Square, Boston, Massachusetts 02105	6,500
H. C. Wainwright & Co.	60 State Street, Boston 1, Massachusetts	6,500
J. C. Wheat & Co.	1001 East Main Street, Richmond 19, Virginia	6,500
Arthur Wiesenberger & Co.	61 Broadway, New York 6, N. Y.	6,500
Yarnall, Biddle & Co.	1528 Walnut Street, Philadelphia 2, Pennsylvania	6,500
Abraham & Co.	120 Broadway, New York 5, N. Y.	5,000
Almstedt Brothers	425 West Market Street, Louisville 2, Kentucky	5,000
Arthurs, Lestrange & Co.	2 Gateway Center, Pittsburgh 22, Pennsylvania	5,000
Barret, Fitch, North & Co. Incorporated	111 West Tenth Street, Kansas City 5, Missouri	5,000
Jack M. Bass & Company	315 Fourth Avenue, North, Nashville 3, Tennessee	5,000

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Name of Underwriter	Address of Underwriter	Number of Shares to be Purchased
Birr, Wilson & Co., Inc.	155 Sansome Street, San Francisco 4, California	5,000
Blewer, Glynn & Co.	1536 Railway Exchange Bldg., St. Louis 1, Missouri	5,000
George D. B. Bonbright & Co.	100 Powers Bldg., Rochester 14, N. Y.	5,000
Branch, Cabell & Co.	814 East Main Street, Richmond 19, Virginia	5,000
P. W. Brooks & Co. Incorporated	120 Broadway, New York, N. Y. 10005	5,000
Caldwell Phillips, Inc.	First National Bank Bldg., St. Paul 1, Minnesota	5,000
C. F. Cassell & Co., Inc.	114 Third Street, N.E., Charlottesville, Virginia	5,000
Childs Securities Corporation	One Liberty Street, New York 5, N. Y.	5,000
City Securities Corporation	Circle Tower, Indianapolis 4, Indiana	5,000
Clark, Landstreet & Kirkpatrick, Inc.	Life & Casualty Tower, Nashville 3, Tennessee	5,000
Collin, Norton & Co.	Gardner Bldg., 506 Madison Avenue, Toledo 4, Ohio	5,000
C. C. Collings and Company, Inc.	Fidelity-Philadelphia Trust Bldg., Philadelphia 9, Pennsylvania	5,000
Craigie & Co., Inc.	616 E. Main Street, Richmond, Virginia 23215	5,000
Curtiss, House & Co.	Union Commerce Bldg., Cleveland 14, Ohio	5,000
Doolittle & Co.	Liberty Bank Bldg., Buffalo 2, N. Y.	5,000
Field, Richards & Co.	1107 Central Trust Bank Tower, Cincinnati, Ohio 45202	5,000
First Nebraska Securities Corporation	1001 O Street, Lincoln 1, Nebraska	5,000
First Southeastern Company	103 Twelfth Street, Columbus, Georgia	5,000
Freehling & Co.	120 South La Salle Street, Chicago 3, Illinois	5,000
Fridley & Frederking	617 Texas National Bank Bldg., Houston 2, Texas	5,000
Funk, Hobbs & Hart, Inc.	1012 National Bank of Commerce Bldg., San Antonio 5, Texas	5,000
Alester G. Furman Co., Inc.	South Carolina National Bank Bldg., Greenville, South Carolina	5,000
Fusz-Schmelzle & Co., Inc.	522 Olive Street, St. Louis 1, Missouri	5,000
Greene & Ladd	Third National Bldg., Dayton 2, Ohio	5,000
Hamershlag, Borg & Co.	25 Broad Street, New York 4, N. Y.	5,000
Hanrahan & Co., Inc.	332 Main Street, Worcester 8, Massachusetts	5,000
Harrison & Co.	123 South Broad Street, Philadelphia 9, Pennsylvania	5,000
Hess, Grant & Remington Incorporated	123 South Broad Street, Philadelphia 9, Pennsylvania	5,000
J. H. Hilsman & Co., Inc.	Citizens & Southern Bldg., Atlanta 1, Georgia	5,000
Interstate Securities Corporation	Johnston Bldg., Charlotte 2, North Carolina	5,000
Investment Corporation of Norfolk	215 East Plume Street, Norfolk 10, Virginia	5,000
Kenower, MacArthur & Co.	Ford Bldg., Detroit 26, Michigan	5,000
The Kentucky Company	320 South Fifth Street, Louisville 2, Kentucky	5,000
Kirkpatrick-Pettis Company	540 Omaha National Bank Bldg., Omaha, Nebraska	5,000
Kohlmeyer & Co.	217 Carondelet Street, New Orleans 30, Louisiana	5,000
Lentz, Newton & Co.	Alamo National Bldg., San Antonio 5, Texas	5,000
S. D. Lunt & Co.	906 Marine Trust Bldg., Buffalo 3, N. Y.	5,000
W. L. Lyons & Co.	235 South Fifth Street, Louisville 2, Kentucky	5,000
D. B. Marron & Co., Incorporated	63 Wall Street, New York, N. Y. 10005	5,000
Mason Brothers	1130 First Western Bldg., Oakland 12, California	5,000
McCarley & Company, Inc.	35 Page Avenue, P. O. Box 14, Asheville, North Carolina	5,000
McCourtney-Breckenridge & Company	1030 Boatmen's Bank Bldg., St. Louis 2, Missouri	5,000
Milburn, Cochran & Company, Inc.	110 East First Street, Wichita 2, Kansas	5,000
Murch & Co., Inc.	330 Hanna Bldg., Cleveland 15, Ohio	5,000
W. H. Newbold's Son & Co.	1517 Locust Street, Philadelphia 2, Pennsylvania	5,000
Orvis Brothers & Co.	30 Broad Street, New York 4, N. Y.	5,000

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4. In respect of the quarter beginning July 1, 1965, and in respect of each subsequent calendar quarter,

Name of Underwriter	Address of Underwriter	Number of Shares to be Purchased
Charles A. Parcells & Co.	639 Penobscot Bldg., Detroit 26, Michigan	5,000
Parker, Eisen, Waeckerle, Adams & Purcell, Inc.	1012 Baltimore Avenue, Kansas City 5, Missouri	5,000
H. O. Peet & Co.	23 West 10th Street, Kansas City 5, Missouri	5,000
Powell, Kistler & Co.	110 Old Street, Fayetteville, North Carolina	5,000
Quinn & Co.	200 Second Street, N.W., Albuquerque, New Mexico	5,000
Raffensperger, Hughes & Co., Inc.	20 North Meridian Street, Indianapolis 4, Indiana	5,000
Rand & Co.	One Wall Street, New York 5, N. Y.	5,000
F. P. Ristine & Co.	123 South Broad Street, Philadelphia 9, Pennsylvania	5,000
Robinson and Lukens	909 Union Trust Bldg., Washington 5, D. C.	5,000
Rodman & Renshaw	209 South La Salle Street, Chicago 4, Illinois	5,000
Rowles, Winston & Co., Incorporated	1300 Southwest Tower, Houston, Texas 77002	5,000
Sage, Rutty & Co., Inc.	45 Exchange Street, Rochester 14, N. Y.	5,000
Sanders & Company	Republic National Bank Bldg., Dallas 1, Texas	5,000
Schneider, Bernet & Hickman, Inc.	1505 Elm Street, Dallas 1, Texas	5,000
Seasongood & Mayer	Security Savings Bldg., Cincinnati 2, Ohio	5,000
Simpson, Emery & Company, Inc.	1115-1117 Plaza Bldg., Pittsburgh 19, Pennsylvania	5,000
Sisson & Nair Incorporated	829 Jefferson Avenue, Redwood City, California	5,000
Smith, Moore & Co.	509 Olive Street, St. Louis 1, Missouri	5,000
Southwick, Campbell, Waterman Co.	1740 Washington Bldg., Seattle 1, Washington	5,000
Stern, Lauer & Co.	120 Broadway, New York, N. Y. 10005	5,000
Sterne, Agee & Leach, Inc.	First National Bldg., Birmingham 3, Alabama	5,000
Stewart, Eubanks, Meyerson & Co.	216 Montgomery Street, San Francisco 4, California	5,000
Storz-Wachob-Bender Co.	3624 Farnam Street, Omaha, Nebraska 68131	5,000
Strader and Company, Incorporated	502 Peoples National Bank Bldg., Lynchburg, Virginia	5,000
Suplee, Yeatman, Mosley Co. Incorporated	1500 Walnut Street, Philadelphia 2, Pennsylvania	5,000
Sutro Bros. & Co.	80 Pine Street, New York 5, N. Y.	5,000
Sweney Cartwright & Co.	Huntington Bank Bldg., Columbus 15, Ohio	5,000
Trubee, Collins & Co.	M. & T. Bldg., Buffalo 2, N. Y.	5,000
Uhlmann & Co., Inc.	141 West Jackson Blvd., Chicago 4, Illinois	5,000
Varnedoe, Chisholm & Co., Inc.	One Bull Street, Savannah, Georgia	5,000
Willis, Kenny & Ayres, Incorporated	205 West Franklin Street, Richmond 20, Virginia	5,000
Woodcock, Moyer, Fricke & French, Inc.	123 South Broad Street, Philadelphia 9, Pennsylvania	5,000
Wyatt, Neal & Waggoner	First National Bank Bldg., Atlanta 3, Georgia	5,000
Yates, Heitner & Woods	819 Pine Street, St. Louis 1, Missouri	5,000
Warren W. York & Co., Inc.	530 Hamilton Street, Allentown, Pennsylvania	5,000
Zilkha Corporation	120 Broadway, New York, N. Y. 10005	5,000
Zuckerman, Smith & Co.	30 Broad Street, New York 4, N. Y.	5,000
Alden & Co., Inc.	Starks Bldg., Louisville 2, Kentucky	3,500
Allison-Williams Company	Northwestern Bank Bldg., Minneapolis 2, Minnesota	3,500
Arnott, Baker & Co., Incorporated	150 Broadway, New York 38, N. Y.	3,500
Austin, Dobbins & Calvert	National Bank of Commerce Bldg., San Antonio 5, Texas	3,500
Baumgartner, Downing & Co.	Mercantile Trust Bldg., Baltimore 2, Maryland	3,500
Bingham, Sheldon & Co.	735 North Water Street, Milwaukee 2, Wisconsin	3,500
M. H. Bishop & Co.	Northwestern Bank Bldg., Minneapolis 2, Minnesota	3,500
Blaine & Company, Inc.	1421 Chestnut Street, Philadelphia, Pennsylvania 19102	3,500
E. D. Boynton & Co., Inc.	111 Broadway, New York 6, N. Y.	3,500
Brooke, Sheridan, Bogan & Co., Inc.	2 Penn Center Plaza, Philadelphia 2, Pennsylvania	3,500
Brown, Lisle & Marshall	Turks Head Bldg., Providence 3, Rhode Island	3,500

12. In case the securities to be listed are in temporary form, the Corporation agrees to order permanent engraved securities within thirty days after the date of listing.

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Name of Underwriter	Address of Underwriter	Number of Shares to be Purchased
Burrows, Smith and Company	174 South Main Street, Salt Lake City, Utah 84101	3,500
Byrd Brothers	11 Broadway, New York 4, N. Y.	3,500
Campbell, McCarty & Company Incorporated	1500 Buhl Bldg., Detroit 26, Michigan	3,500
Carter, Berlind & Weill	60 Broad Street, New York 4, N. Y.	3,500
The Cherokee Securities Company	4106 Hillsboro Road, Nashville 12, Tennessee	3,500
Chiles & Company	Farm Credit Bldg., Omaha 2, Nebraska	3,500
John W. Clarke & Co.	135 South LaSalle Street, Chicago 3, Illinois	3,500
G. H. Crawford Co., Inc.	400 Barringer Bldg., Columbia 1, South Carolina	3,500
Dixon Bretscher Noonan Inc.	509 First National Bank Bldg., Springfield, Illinois	3,500
Oscar E. Dooly & Co.	612 Ingraham Bldg., Miami, Florida 33131	3,500
Draper, Sears & Co. Incorporated	50 Congress Street, Boston 2, Massachusetts	3,500
Eisele & King, Libaire, Stout & Co.	50 Broadway, New York, N. Y. 10004	3,500
Elder & Company	722 Chestnut Street, Chattanooga 2, Tennessee	3,500
Evans, MacCormack & Co., Inc.	453 South Spring Street, Los Angeles 13, California	3,500
First Securities Corporation	111 Corcoran Street, Durham, North Carolina	3,500
Gerstley, Sunstein & Co.	211 South Broad Street, Philadelphia 7, Pennsylvania	3,500
Goodkind, Neufeld & Company, Inc.	711 Fifth Avenue, New York, N. Y. 10022	3,500
Granger & Company	111 Broadway, New York, N. Y. 10006	3,500
Gruss & Co.	30 Broad Street, New York, N. Y. 10004	3,500
Hardy & Co.	25 Broad Street, New York, N. Y. 10004	3,500
Wm. P. Harper & Son & Co., Inc.	1504 Third Avenue, Seattle, Washington	3,500
Heller & Meyer	520 Main Street, East Orange, New Jersey	3,500
T. C. Henderson & Co., Inc.	Sixth & Grand, Des Moines 9, Iowa	3,500
Henry, Franc & Co.	308 North 8th Street, St. Louis 1, Missouri	3,500
Hettleman & Co.	1 Wall Street, New York 5, N. Y.	3,500
Hill & Co.	2020 Carew Tower, Cincinnati 2, Ohio	3,500
June S. Jones Co.	509 U. S. Bank Bldg., Portland 4, Oregon	3,500
John H. Kaplan & Co.	120 Broadway, New York, N. Y. 10005	3,500
Kaufman Bros. Co.	16 Selden Arcade, Norfolk 10, Virginia	3,500
Kerr & Bell	210 West 7th Street, Los Angeles 14, California	3,500
Kinsley & Adams	6 Norwich Street, Worcester 8, Massachusetts	3,500
Richard E. Kohn & Co.	20 Clinton Street, Newark 2, New Jersey	3,500
Kormendi & Co., Inc.	11 Broadway, New York 4, N. Y.	3,500
McDaniel Lewis & Co.	Jefferson Bldg., Greensboro, North Carolina	3,500
Lombard, Vitalis & Paganucci, Inc.	48 Wall Street, New York, N. Y. 10005	3,500
MacNaughton-Greenawalt & Co.	Michigan Trust Bldg., Grand Rapids 2, Michigan	3,500
The Marshall Company	Marine Plaza, 111 E. Wisconsin Avenue, Milwaukee 2, Wisconsin	3,500
Mason & Co.	2801 Washington Avenue, Newport News, Virginia	3,500
Mason & Lee, Inc.	Church at Eighth Street, Lynchburg, Virginia	3,500
McJunkin, Patton & Co.	1724 Oliver Bldg., Pittsburgh 22, Pennsylvania	3,500
C. S. McKee & Company, Inc.	Union Trust Bldg., Pittsburgh 19, Pennsylvania	3,500
McLean & Company, Inc.	772 Commerce Street, Tacoma 2, Washington	3,500
McMaster Hutchinson & Co.	105 South La Salle Street, Chicago 3, Illinois	3,500
Mid-Continent Securities Company, Inc.	Central Bldg., Wichita 2, Kansas	3,500
Nauman, McFawn & Co.	Ford Bldg., Detroit 26, Michigan	3,500
Norris & Hirshberg, Inc.	1550 Bank of Georgia Bldg., Atlanta 3, Georgia	3,500
Paul J. Nowland & Co.	1201 Bank of Delaware Bldg., Wilmington, Delaware 19899	3,500

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Name of Underwriter	Address of Underwriter	Number of Shares to be Purchased
Nugent & Igoe	592 Main Street, East Orange, New Jersey	3,500
Pflueger & Baerwald	Mills Bldg., San Francisco 4, California	3,500
Pyne, Kendall & Hollister	60 Wall Street, New York, N. Y. 10005	3,500
Quail & Co., Inc.	Davenport Bank Bldg., Davenport, Iowa	3,500
Rambo, Close & Kerner Incorporated	1518 Locust Street, Philadelphia 2, Pennsylvania	3,500
Rankin & Co.	53 Forsyth St. N.W., Atlanta, Georgia 30303	3,500
Rosenthal & Co.	40 Wall Street, New York 5, N. Y.	3,500
Roulston & Company	1010 Euclid Avenue, Cleveland 15, Ohio	3,500
Earl M. Scanlan & Co.	Western Federal Bldg., Seventeenth at California, Denver 2, Colorado	3,500
Scharff & Jones, Inc.	140 Carondelet Street, New Orleans 12, Louisiana	3,500
Schweickhardt & Company, Inc.	Hibernia Bldg., New Orleans 12, Louisiana	3,500
H. B. Shaine & Co. Inc.	111 Pearl Street, N.W., Grand Rapids 2, Michigan	3,500
Smith, Hague & Company	539 Penobscot Bldg., Detroit 26, Michigan	3,500
Starkweather & Co.	115 Broadway, New York 6, N. Y.	3,500
Sterling, Grace & Co.	39 Broadway, New York 6, N. Y.	3,500
Taylor and Company	439 North Bedford Drive, Beverly Hills, California	3,500
Taylor, Rogers & Tracy Inc.	105 South La Salle Street, Chicago 3, Illinois	3,500
Burton J. Vincent & Co.	105 South La Salle Street, Chicago 3, Illinois	3,500
White & Company Incorporated	506 Olive Street, St. Louis, Missouri 63101	3,500
C. T. Williams & Company, Inc.	Fidelity Bldg., Baltimore 1, Maryland	3,500
F. J. Winckler Co.	1966 Penobscot Bldg., Detroit 26, Michigan	3,500
Woodard-Elwood & Company	1115 First National Bank Bldg., Minneapolis 2, Minnesota	3,500
Wyllie and Thornhill, Inc.	204 East Market Street, Charlottesville, Virginia	3,500
F. S. Yantis & Co. Incorporated	135 South La Salle Street, Chicago 3, Illinois	3,500
York & Co.	235 Montgomery Street, San Francisco 4, California	3,500
		5,000,000

In the Purchase Contract the Underwriters have agreed to use their best efforts to offer the Common Stock in a manner to encourage the widest distribution of the shares to the American public. The text of the provision of the Purchase Contract setting forth such agreement of the Underwriters is quoted below. In such text, the term "Representatives" refers to the Underwriters named on the cover of this Prospectus, and the term "Selected Dealers" refers to members of the National Association of Securities Dealers, Inc., selected by the Representatives, to whom certain of the shares to be purchased by the Underwriters will be sold by the Underwriters for resale to the public:

"The Underwriters agree that they will use their best efforts to offer the Shares in a manner to encourage the widest distribution to the American public. In this connection, each Underwriter agrees that in filling orders for Shares retained by it for direct sale (i.e. Shares other than those reserved by the Representatives for sales for the account of such Underwriter to Selected Dealers or others), it will first make allotments of not in excess of 50 Shares, and in no event will it make allotments in excess of 100 Shares unless by such limitation of allotments it would be unable to dispose promptly of all such retained Shares. It is understood that no Underwriter shall be deemed to be unable to dispose promptly of its retained Shares and thereby be permitted to make allotments in excess of 100 Shares unless such Underwriter shall have first notified the Representatives and

12. In case the securities to be listed are in temporary form, the Corporation agrees to order permanent engraved securities within thirty days after the date of listing.

13. The Corporation will furnish to the Exchange on demand such information concerning the Corporation as the Exchange may reasonably require.

afforded them the opportunity to sell for its account to Selected Dealers such of said retained Shares as to which such Underwriter has not made allotments of 100 Shares and less. Nothing herein shall be construed as requiring any Underwriter to enter or fill any particular orders, to allot Shares on the basis of any fixed or consistent ratio, or to allot Shares in any manner which it believes will cause a concentration of holdings or adversely affect the distribution of the Shares. The Representatives will obtain from each Selected Dealer to whom they make sales for the accounts of Underwriters an agreement substantially to the same effect as this paragraph. Each Underwriter will refrain, and such agreement will require each Selected Dealer to refrain, from selling Shares, with or without any discount from the public offering price, to any dealer in securities unless such dealer has entered into such an agreement with the Representatives and unless such sale is first consented to by the Representatives."

The Common Stock offered by the several Underwriters is offered subject to prior sale and when, as and if issued by the Corporation and accepted by the Underwriters, and subject to the approval of certain legal matters by their counsel, Messrs. Brown, Wood, Fuller, Caldwell & Ivey, and by counsel for the Corporation, Allen E. Throop, Esq., and Messrs. Wilmer, Cutler & Pickering, and the Underwriters reserve the right to withdraw, cancel or modify such offer and to reject orders in whole or in part.

The Representatives of the Underwriters have advised the Corporation that sales to certain dealers may be made at a concession of not in excess of 50¢ per share.

The Corporation has agreed to indemnify the Underwriters against certain liabilities, including liabilities under the Securities Act of 1933.

CARRIER SUBSCRIPTION MATTERS

The FCC has reserved the right, by means of a specific reservation in the authorizations issued to carriers, to allocate stock among the authorized carriers in the event of an oversubscription of the stock reserved for sale to such carriers. By letter dated April 30, 1964, however, the FCC has informed the Corporation that it will not make any allocation of stock pursuant to this reservation, provided the Corporation allocates the stock in the manner and to the extent set forth below. The letter also stated that, in view of the FCC's authority under Section 304(f) of the Act to require one authorized carrier to sell shares of the Corporation to another authorized carrier, nothing contained in the allocation formula should be construed to limit or restrict in any way the right of any authorized carrier to apply to the FCC for relief pursuant to the provisions of the aforementioned Section, nor from obtaining relief pursuant to any action of the FCC instituted in accordance therewith.

In the event that the total number of shares subscribed for by all authorized carriers exceeds the number of shares (5,000,000) reserved for offering to such carriers, the reserved shares will be allocated among the subscribing carriers on the following basis (with adjustment of odd amounts, as the Corporation may determine to a multiple of 100 shares):

1. If there are two or more subscriptions each for more than 50% of the reserved shares, each such subscription shall be reduced to 50% of the reserved shares.

2. If there is a single subscription for more than 50% of the reserved shares, such subscription shall be reduced until it equals 50% of the reserved shares or until the amount of oversubscription is eliminated, whichever occurs first.

3. If no subscription is for more than 50% of the reserved shares, or if an oversubscription remains after reduction is made as provided for in paragraph 1 or 2 above, then all subscriptions for more than 5,000 shares (including the remainder of any subscriptions reduced to 50% of the reserved shares, as hereinabove provided) shall be reduced *pro rata*, on the basis of the amount by which each such subscription exceeds 5,000 shares, until the amount of oversubscription is eliminated.

4. In no event shall the above formula be applied to any subscription for 5,000 or less shares or to reduce any subscription below 5,000 shares.

5. For the purpose of this formula, subscriptions of affiliated authorized carriers shall be treated as one combined subscription. An authorized carrier will be considered affiliated with another authorized carrier if it directly, or indirectly through one or more intermediaries, controls, or is controlled by, such other carrier or is under common control with such other carrier. In determining whether authorized carriers are affiliated, the Corporation will rely upon advice received from the Federal Communications Commission.

6. When a reduction is made in a combined subscription consisting of subscriptions of two or more affiliated carriers, the reduction shall be applied *pro rata* among the respective constituent subscriptions of such affiliated carriers, notwithstanding the fact that any such constituent subscription is for 5,000 or less shares or would be reduced below 5,000 shares, but subject to adjustment of odd amounts to a multiple of 100 shares.

The determinations of the Corporation reasonably made in the application of the formula set forth above, including determinations made with respect to the combining of subscriptions of affiliated authorized carriers, the *pro rata* reduction of subscriptions, and the adjustment of subscriptions to multiples of 100 shares, shall be conclusive and binding upon all persons having an interest in the allocation of shares among authorized carriers.

On May 28, 1964, the FCC issued a statement, the text of which is set forth below:

"The Commission has recently been informed that certain communications common carriers, who have been authorized by the Commission to acquire shares of stock of the Communications Satellite Corporation, may intend to use their authorizations in a manner which is incompatible and inconsistent with the purposes and objectives of the Communications Satellite Act of 1962.

"Specifically, inquiry has been made whether carriers may purchase stock with their own funds or with borrowed funds for the purpose of reselling it after the sixty (60) day holding period required by the terms of the Corporation's offering to the Common Carriers. Such action would not only be contrary to the purposes for which the authorizations were originally given but also would give carriers an unfair advantage over members of the general public in the acquisition of stock. Each common carrier authorization was granted upon a finding by the Commission that ownership of stock by that particular carrier '. . . will be consistent with the public interest, convenience, and necessity.' This statutory finding clearly presupposes the acquisition of stock by a carrier for legitimate investment purposes and not for speculation.

"The carriers have been accorded a privileged position in the acquisition of Corporation stock. The allocation formula (approved by the Commission on April 29, 1964), provides that, in the

12. In case the securities to be listed are in temporary form, the Corporation agrees to order permanent engraved securities within thirty days after the date of listing.

13. The Corporation will furnish to the Exchange on demand such information concerning the Corporation as the Exchange may reasonably require.

event of an oversubscription of stock among such carriers, each carrier have the opportunity to subscribe for 5,000 shares or $100,000 of stock. If any carrier should take advantage of this privilege to buy shares with the intent to sell them at the earliest possible time, it would be acting clearly in a manner which is both incompatible and inconsistent with the purposes and objectives of the Act.

"Furthermore, to the extent that any authorized carrier may make an agreement express or implied with another entity giving such entity an interest in or voice with respect to the disposition of the stock or a share in any profits of a resale, such carrier would violate the provisions in our authorizations requiring the disclosure of all real parties in interest.

"Nothing, of course, requires the carriers to hold such stock indefinitely. But authorized carriers should conduct themselves in such fashion as to demonstrate that they did not acquire the stock for speculative purposes. Any hasty disposition of the stock would raise serious questions as to the purposes for which the purchase was made.

"The Commission is therefore considering whether appropriate action should be taken to deal with this matter, including the desirability of revising its rules concerning authorized carrier stock during the next 60-day period. The purpose of this Notice is to inform all interested persons so that they are made aware at this time of the Commission's construction of its present rules and the possibility of further appropriate action in this respect."

LEGAL OPINIONS

The legality of the shares of Common Stock offered hereby will be passed upon for the Corporation by Allen E. Throop, Esq., Vice President and General Counsel of the Corporation, and Messrs. Wilmer, Cutler & Pickering, 900 17th Street, N.W., Washington, D. C., and for the Underwriters by Messrs. Brown, Wood, Fuller, Caldwell & Ivey, 70 Pine Street, New York, N. Y. In respect of matters of law of the District of Columbia, Mr. Throop and Messrs. Brown, Wood, Fuller, Caldwell & Ivey will rely on said opinion of Messrs. Wilmer, Cutler & Pickering.

EXPERTS

The Statement of Assets, Preliminary Survey, Research, Development, and Organization Expenses, and Liabilities and Capital (December 31, 1963) and the Statement of Cash Receipts and Disbursements for the Period from February 1, 1963 (date of incorporation) to December 31, 1963 included in this Prospectus have been examined by Haskins & Sells, independent public accountants, as stated in their opinion appearing herein, and have been so included in reliance upon such opinion given upon the authority of that firm as experts in accounting and auditing.

3. All financial statements contained in annual reports of the Corporation to its stockholders shall be at least as informative as the financial statements of the Corporation contained in the listing application in connection with which this Listing Agreement is made, and shall disclose any substantial items of unusual or non-recurrent nature.

4. In respect of the quarter beginning July 1, 1965, and in respect of each subsequent calendar quarter,

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12. In case the securities to be listed are in temporary form, the Corporation agrees to order permanent engraved securities within thirty days after the date of listing.

13. The Corporation will furnish to the Exchange on demand such information concerning the Corporation as the Exchange may reasonably require.

3. All financial statements contained in annual reports of the Corporation to its stockholders shall be at least as informative as the financial statements of the Corporation contained in the listing application in connection with which this Listing Agreement is made, and shall disclose any substantial items of unusual or non-recurrent nature.

4. In respect of the quarter beginning July 1, 1965, and in respect of each subsequent calendar quarter, the Corporation will publish quarterly statements of earnings on the basis of the same degree of consolidation as in the annual report. Such statements will disclose any substantial items of unusual or non-recurrent nature and will show either net income before and after federal income taxes or net income and the amount of federal income taxes. In respect of the quarter beginning July 1, 1964, and in respect of each subsequent quarter ending before July 1, 1965, the Corporation will publish information with respect to its activities toward the development and establishment of a commercial communications satellite system.

5. The Corporation will not make, nor will it permit any subsidiary directly or indirectly controlled by it to make, any substantial charges against capital surplus, without notifying the Exchange. If so requested by the Exchange, the Corporation will submit such charges to stockholders for approval or ratification.

6. The Corporation will not make any substantial change, nor will it permit any subsidiary directly or indirectly controlled by it to make any substantial change, in accounting methods, in policies as to depreciation and depletion or in bases of valuation of inventories or other assets, without notifying the Exchange and disclosing the effect of any such change in its next succeeding interim and annual report to its stockholders.

III

1. The Corporation will maintain in the Borough of Manhattan, City of New York, in accordance with the requirements of the Exchange:

a. An office or agency where the principal of and interest on all bonds of the Corporation listed on the Exchange shall be payable and where any such bonds which are registerable as to principal or interest may be registered.

b. An office or agency where

(1). All stock of the Corporation listed on the Exchange shall be transferable.

(2). Checks for dividends and other payments with respect to stock listed on the Exchange may be presented for immediate payment.

(3). Scrip issued to holders of a security listed on the Exchange and representing a fractional interest in a security listed on the Exchange will, during the period provided for consolidation thereof, be accepted for such purpose.

(4). A security listed on the Exchange which is convertible will be accepted for conversion.

If at any time the transfer office or agency for a security listed on the Exchange shall be located north of Chambers Street, the Corporation will arrange, at its own cost and expense, that its registrar's office, or some other suitable office satisfactory to the Exchange and south of Chambers Street, will receive and redeliver all securities there tendered for the purpose of transfer.

If the transfer books for a security of the Corporation listed on the Exchange should be closed permanently, the Corporation will continue to split up certificates for such security into certificates of smaller denominations in the same name so long as such security continues to be dealt in on the Exchange.

If checks for dividends or other payments with respect to stock listed on the Exchange are drawn on a bank located outside the City of New York, the Corporation will also make arrangements for payment of such checks at a bank, trust company or other agency located in the Borough of Manhattan, City of New York.

c. A registrar where stock of the Corporation listed on the Exchange shall be registerable. Such registrar shall be a bank or trust company not acting as transfer agent for the same security.

2. The Corporation will not appoint a transfer agent, registrar or fiscal agent of, nor a trustee under a mortgage or other instrument relating to, any security of the Corporation listed on the Exchange without prior notice to the Exchange, and the Corporation will not appoint a registrar for its stock listed on the Exchange unless such registrar, at the time of its appointment becoming effective, is qualified with the Exchange as a registrar for securities listed on the Exchange; nor will the Corporation select an officer or director of the

Corporation as a trustee under a mortgage or other instrument relating to a security of the Corporation listed on the Exchange.

3. The Corporation will have on hand at all times a sufficient supply of certificates to meet the demands for transfer. If at any time the stock certificates of the Corporation do not recite the preferences of all classes of its stock, it will furnish to its stockholders, upon request and without charge, a printed copy of preferences of all classes of such stock.

4. The Corporation will publish immediately to the holders of any of its securities listed on the Exchange any action taken by the Corporation with respect to dividends or to the allotment of rights to subscribe or to any rights or benefits pertaining to the ownership of its securities listed on the Exchange; and will give prompt notice to the Exchange of any such action; and will afford the holders of its securities listed on the Exchange a proper period within which to record their interests and to exercise their rights; and will issue all such rights or benefits in form approved by the Exchange and will make the same transferable, exercisable, payable and deliverable in the Borough of Manhattan in the City of New York.

5. The Corporation will solicit proxies for all meetings of stockholders.

6. The Corporation will issue new certificates for securities listed on the Exchange replacing lost ones forthwith upon notification of loss and receipt of proper indemnity. In the event of the issuance of any duplicate bond to replace a bond which has been alleged to be lost, stolen or destroyed and the subsequent appearance of the original bond in the hands of an innocent bondholder, either the original or the duplicate bond will be taken up and cancelled and the Corporation will deliver to such holder another bond theretofore issued and outstanding.

7. In the event that, upon completion of the distribution of shares of Common Stock in connection with the initial offering of such shares, the aggregate number of shares of Common Stock held by communications common carriers (Series II shares) shall constitute substantially less than 50% of the total number of shares of Common Stock (Series I and Series II) then outstanding, the Corporation will submit to the Congress a request in substance to the effect that the Communications Satellite Act of 1962 be amended to provide that, as nearly as may be, the number of directors to be elected by shareholders which are communications common carriers (holders of Series II shares), and the number of directors to be elected by other shareholders (holders of Series I shares) shall be in proportion to the respective aggregate numbers of shares of Common Stock held by the holders of shares of each such Series.

OPINIONS OF COUNSEL

Allen E. Throop, Esq., Vice President and General Counsel of the Corporation, and Messrs. Wilmer, Cutler & Pickering, Farragut Building, Washington, D.C., who acted as counsel for the Corporation in connection with the initial offering of shares of Common Stock, have filed with the New York Stock Exchange their opinions to the effect that the Corporation has been duly incorporated and is in good standing under the laws of the District of Columbia, as the communications satellite corporation authorized to be created by the Act; that the 10,000,014 shares of Common Stock covered by this Application and have been duly authorized and validly issued and are fully paid and non-assessable; and that no personal liability attaches to the holders of such shares under the Act or under the laws of the District of Columbia, wherein the Corporation has been incorporated and wherein its principal place of business is located.

A Registration Statement under the Securities Act of 1933 has been filed by the Corporation with the Securities and Exchange Commission covering the 10,000,000 shares of Common Stock issued and sold as described in the Prospectus incorporated herein. Such Registration Statement became effective on June 2, 1964. On June 5, 1964, the Corporation filed with the Securities and Exchange Commission an application under the Securities Exchange Act of 1934 to register the shares of Common Stock covered hereby under said Act, for listing on the New York Stock Exchange, the Midwest Stock Exchange and the Pacific Coast Stock Exchange.

MISCELLANEOUS

The consideration to be received from the sale of each share of Common Stock in connection with the initial offering will be credited to common capital stock account.

The Corporation has established contributory group insurance programs for regular employees, providing group health insurance and group life and disability insurance. The Corporation does not have any pension or retirement plan or any bonus, profit-participation, stock option or stock purchase plan.

The Corporation has not made any commitment, whether of definitive or contingent nature pursuant to which the Corporation may be required to issue any of its securities.

GENERAL INFORMATION

The fiscal year of the Corporation ends on December 31st.

The principal office of the Corporation is located at 3029 Klingle Road, N.W., Washington, D. C.

The first annual meeting of the shareholders of the Corporation will be held within 180 days after completion of the initial offering of Common Stock, at such place in the District of Columbia and on such days as may be stated in the notice of the meeting. Beginning in the year 1965, annual meetings of shareholders will be held at such place in the District of Columbia or elsewhere in the continental United States as may be stated in the notice of meeting, on the second Monday in April of each year, if not a legal holiday, but if a legal holiday then on the next business day following.

At any meeting of shareholders for the election of directors (a) a majority of the shares of Series I Common Stock entitled to vote thereat constitutes a quorum for the election of directors by holders of shares of such Series, (b) a majority of shares of Series II Common Stock entitled to vote thereat constitutes a quorum for the election of directors by the holders of shares of such Series, provided that, with respect to each Series, if such quorum shall not have been attained within 30 days from the date of the meeting as originally called, one-third of the shares of such Series entitled to vote thereat constitutes a quorum for the purpose of election of directors by holders of shares of such Series. Except where a greater proportion is required by law, one-third of the total number of shares (Series I and Series II) entitled to vote thereat constitutes a quorum for the transaction of any business (other than the election of directors).

The names and addresses of the Transfer Agents and Registrars of the Common Stock are as follows:

Transfer Agents

Continental Illinois National Bank and
Trust Company of Chicago
231 South LaSalle Street
Chicago, Illinois

Manufacturers Hanover Trust Company
44 Wall Street
New York, New York

Wells Fargo Bank
464 California Street
San Francisco, California

Registrars

The First National Bank of Chicago
38 South Dearborn Street
Chicago, Illinois

The Chase Manhattan Bank
1 Chase Manhattan Plaza
New York, New York

Bank of America National Trust
and Savings Association
300 Montgomery Street
San Francisco, California

COMMUNICATIONS SATELLITE CORPORATION

By LEO WELCH
Chairman and Chief Executive Officer

The New York Stock Exchange hereby authorizes the listing of 10,000,014 shares of Common Stock, without par value, of Communications Satellite Corporation.

PHILLIP L. WEST, *Director*
Department of Stock List

G. KEITH FUNSTON, *President*
New York Stock Exchange

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N E W Y O R K S T O C K E X C H A N G E

Department of Stock List

August 28, 1964

To Members and Member Organizations:

The attention of members is directed to the following statements which summarize the restrictions of ownership and transfer of COMMUNICATIONS SATELLITE CORPORATION Common Stock contained in the Communications Satellite Act of 1962 (The Act) and the Articles of Incorporation of the Corporation (The Articles), which is to be admitted to dealings on Tuesday, September 8, 1964:

PERSONS INELIGIBLE TO OWN SHARES AT ANY TIME. Under the provisions of The Act and/or The Articles, shares of Common Stock may not at any time be owned by (I) a Communications Common Carrier, other than a Carrier authorized by the Federal Communications Commission to own shares of stock of the Corporation (hereinafter called an "Authorized Carrier"), (II) a subsidiary or affiliated company of a Communications Common Carrier, (III) an officer, director or trustee of a Communications Common Carrier or of a subsidiary or affiliated company thereof, or (IV) a person who will hold such shares as nominee of, or subject to the direction and control of, any of the foregoing. (In general, the term "Communications Common Carrier" includes (A) any person (other than the Corporation) engaged as a common carrier for hire, in interstate or foreign communication by wire or radio or in interstate or foreign radio transmission of energy, and (B) any person which owns or controls, or is under common control with, any such person. Persons engaged in radio broadcasting are not, insofar as they are so engaged, deemed to be "Communications Common Carriers".)

LIMITATION ON OWNERSHIP OF SHARES BY ALIENS AND CERTAIN OTHER ALIEN INTERESTS. Under the provisions of The Act and/or The Articles, not more than an aggregate of 20% of the total number of shares of Common Stock owned or held by persons other than Authorized Carriers may be owned or held by (I) aliens, foreign governments, representatives of aliens or foreign governments and corporations organized under the laws of foreign governments (hereinafter collectively called "Alien Interests"), (II) corporations of which any officer or director is an alien or of which more than 20% of the capital stock is owned of record or voted by Alien Interests, or (III) corporations directly or indirectly controlled by any other corporation of which any officer or more than 25% of the directors are aliens, or of which more than 25% of the capital stock is owned of record or voted by Alien Interests.

(OVER)

LIMITATION ON OWNERSHIP OF SHARES BY PERSONS OTHER THAN AUTHORIZED CARRIERS. Under the provisions of The Act, no shareholder (other than an Authorized Carrier) or syndicate or affiliated group of such shareholders, may own more than 10% of the total number of shares of Common Stock issued and outstanding. The Articles authorize the Board of Directors of the Corporation, upon compliance with procedures (including the giving of notice to shareholders of record) and with the effect therein specified, to fix a percentage less than 10% as such maximum percentage.

LIMITATIONS ON OWNERSHIP AND DISPOSITION OF SHARES BY AUTHORIZED CARRIERS. Under the provisions of The Act and The Articles, the number of shares of Common Stock owned by Authorized Carriers may not at any time exceed 50% of the total number of shares of Common Stock issued and outstanding. Under the provisions of The Articles, no Authorized Carrier (or affiliated group of such Carriers) may effect sales or other dispositions of shares of Common Stock owned by them (except dispositions to Authorized Carriers) totalling, in any consecutive 12 month period, more than 2% of the greatest number of shares of Common Stock held by all Authorized Carriers at any time during such period, except pursuant to a general public offering, or another method approved by the Board of Directors.

PROCEDURES RELATING TO TRANSFER OF SHARES. Under The Articles, the Board of Directors is authorized to establish procedures, consistent with the applicable law and The Articles, relating to, among other matters, the transfer of shares of Common Stock.

Certificates of Common Stock presented for transfer must be accompanied by an appropriate duly executed "Application for Transfer of Shares of Common Stock."

Shares issued to individuals and brokers, among others, will be designated SERIES I and, as a result of information contained in Applications for Transfer, will bear either of the legends "Domestic Share Certificate" or "Foreign Share Certificate" to denote nationality of beneficial owner. Until further notice contracts in COMMUNICATIONS SATELLITE CORPORATION Common Stock may be settled by delivery either of "Domestic Share Certificates" or "Foreign Share Certificates."

Members are advised that, in accepting orders for the purchase of shares of such Common Stock, they should satisfy themselves that the purchaser is qualified to own or hold such stock under the above-mentioned restrictions.

Application forms may be obtained at offices of the transfer agents in New York, Chicago, or San Francisco.

Phillip L. West
Director

Inquiries should be directed to HAnover 2-4200, Extensions 238 and 208.

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May 6, 1964

Re: Communications Satellite Corporation
Listing Application

Dear Sirs:

This Corporation desires to list on the Midwest Stock Exchange 10,000,000 shares of its Common Stock, without par value, to be issued in connection with the initial offering of shares of such stock, and in this connection delivers to you for filing the following documents:

(1) one signed copy of Application for the Listing of Securities on the Midwest Stock Exchange;

(2) a copy, certified by the Superintendent of Corporations of the District of Columbia, of the Articles of Incorporation of the Corporation;

(3) a copy, certified by said Superintendent of Corporations, of Articles of Amendment to said Articles of Incorporation which were filed by the Corporation in the Office of the Recorder of Deeds of the District of Columbia on May 6, 1964;

(4) a copy, certified by the Secretary of the Corporation, of the By-laws of the Corporation;

(5) a copy of the Preliminary Prospectus of the Corporation, dated May 6, 1964, which contains the Financial Statements of the Corporation;

(6) a copy, certified by the Secretary of the Corporation, of a Resolution adopted by the Board of Directors of the Corporation, authorizing, among other things, the filing of such Application; and

(7) a check of the Corporation in the amount of $1,000, payable to the order of "Treasurer, Midwest Stock Exchange", in payment of the initial listing fee for the shares covered by the Application.

The Corporation today filed with the Securities and Exchange Commission a Registration Statement on Form S-1, for registration of the securities covered by the Application under the Securities Act of 1933, as amended. The Corporation intends to file with the Securities and Exchange Commission before the effectiveness of said Registration Statement, an application for the registration of said securities under the Securities Exchange Act of 1934 for listing on the New York Stock Exchange, the Midwest Stock Exchange, and the Pacific Coast Stock Exchange. The Corporation is filing with each of such other Exchanges for the listing of the shares covered by the subject Application.

There will be furnished to you at a later date an executed copy of said Application of the Corporation under the Securities Exchange Act of 1934, together with a copy of each of the exhibits to such Application; Opinions of Counsel as required by Paragraph 3 of Schedule A (Instructions for the Preparation of an Original Listing Application); specimen certificates for shares of Common Stock of the Corporation; and the other documents to be required in connection with the subject Application.

Upon completion of the distribution of the shares, the Corporation will furnish a Distribution Schedule in the form to be furnished by it to the New York Stock Exchange. The Corporation does not plan to prepare a "Listing Circular."

Very truly yours,

COMMUNICATIONS SATELLITE CORPORATION

By /s/ David J. Melamed
David J. Melamed
Secretary

Midwest Stock Exchange
120 South La Salle Street
Chicago 3, Illinois

Attention: Mr. Donald Rogers
Vice President

Enclosure

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APPLICATION FOR THE LISTING OF SECURITIES ON THE MIDWEST STOCK EXCHANGE

MIDWEST STOCK EXCHANGE
120 South LaSalle Street
Chicago 3, Illinois

COMMUNICATIONS SATELLITE CORPORATION
Full Name of Corporation

incorporated in the ~~State of~~ District of Columbia hereby makes application to List and Register on the Midwest Stock Exchange the following securities:

NUMBER OF SHARES OR PRINCIPAL AMOUNT OF BONDS	DESCRIPTION OF ISSUE
10,000,000 shares	Common Stock, without par value

Attached hereto is a duly executed registration statement (Form 10) with exhibits as required by the Securities Exchange Act of 1934 and the Rules and Regulations of the Securities and Exchange Commission. A duplicate original of said registration statement and said required exhibits are being concurrently filed with the Commission. (to be furnished)

Also filed herewith are the exhibits indicated on the accompanying Schedule A.

Upon approval of this application it is requested that the Exchange certify to the Securities and Exchange Commission the approval of the above-mentioned securities for listing and registration under the Securities Exchange Act of 1934.

In consideration of the acceptance of this application, the undersigned hereby agrees with the Midwest Stock Exchange as follows:

(1) To notify the Exchange promptly of any change in the general character or nature of its business.

(2) To notify the Exchange immediately if it or any subsidiary or controlled company should dispose of any property or of any stock interest in any of its subsidiary or controlled companies, when such disposal would impair or materially affect its financial position or the nature or extent of its operations as theretofore conducted.

(3) Not to change its accounting policies materially from those existing at the time of listing without giving notice thereof to the Exchange.

(4) To mail with or prior to the notice of the annual meeting to the holders of record of its securities listed on the Exchange and to the Exchange a report containing a balance sheet, income statement and analysis of surplus account covering the period from the date of the financial statements last published, consolidated in the case of a parent or holding company, or a balance sheet, income statement and analysis of surplus account of the parent or holding company and of each constituent, subsidiary, owned or controlled company. Such financial statements shall show clearly the existence of any default in interest or dividends or redemption or sinking fund requirements of the parent or holding company or of any constituent, subsidiary, owned or controlled

company. Such statements shall truly disclose the operations and condition of the company and shall be certified by duly qualified, independent public accountants whose certificate in form satisfactory to the Exchange shall be a part of the report.

(5) To maintain, in accordance with the rules of the Exchange, a transfer office or agency, in the City of Chicago, within the vicinity of the Exchange, where all listed securities shall be directly transferable and the principal of all listed securities with interest or dividends thereon shall be payable; also to maintain, in the City of Chicago within the vicinity of the Exchange, a registry office, not identical with the transfer office, except in the case of bonds, where all listed securities shall be registered. Said transfer and registry agencies shall be responsible banks or trust companies satisfactory to the Exchange except that the company, or a subsidiary or allied company organized specifically for such purpose, may act as transfer agent of its stock. In the event of the resignation, refusal or inability of the Chicago transfer agent to act, the Company will immediately take the necessary steps to secure a new transfer agency in Chicago and in the interim will act as its own transfer agent in said City. In the event the Chicago transfer agent and/or registrar discontinues as such agent and proper provision is not immediately made for transfer and registration in Chicago, the Exchange may suspend dealings in or summarily remove from the list the securities for which there is no transfer agent and/or registrar. If a stock is transferred at the company's office, the transfer clerk shall be specifically appointed by authority of the board of directors to countersign certificates in said capacity and said transfer clerk shall be a person other than an officer who is authorized to sign certificates of stock.

(6) Not to add to the number of its transfer agencies nor to make any change of a transfer agency, or of a trustee of its listed bonds or other listed securities, without prior notice to the Exchange; and not to add to the number of registrars nor change a registrar of its listed securities without the prior approval of the Exchange. The combined amounts of the listed securities registered by all such registrars shall at no time exceed the amount listed and admitted to trading on the Exchange.

(7) Not to make any change in the form or nature of its listed securities, or in the rights or privileges of the holders thereof, without having given ten (10) days' prior notice to the Exchange of such proposed changes nor, if the Exchange so requires, without making application for listing of the securities as changed.

(8) To notify the Exchange in the event of the issuance or creation in any form or manner of any rights to subscribe to or to be allotted its securities, or of any other rights or benefits pertaining to ownership in its securities, so as to afford the holders of its securities an interim, satisfactory to the Exchange, within which to record their interests and to exercise their rights, and to issue all such rights in form approved by the Exchange, and to make the same transferable, payable and deliverable in the City of Chicago.

(9) To notify the Exchange promptly of the issuance of any options or warrants to purchase stock or other securities, otherwise than pro rata to stockholders, stating the terms of such options or warrants and the number of shares covered thereby, and to notify the Exchange of any subsequent changes in said options or warrants; also to notify the Exchange of the creation or formation of any reorganization or protective committee or any plan for the deposit of any stock or other securities which will affect the marketability, sale, transfer, or voting rights of any securities so deposited, and to notify the Exchange of the termination thereof.

(10) Not itself, and not to permit any subsidiary, directly or indirectly controlled, to take up as income stock dividends received at an amount greater than that charged against earnings, earned surplus, or both of them by the issuing company in relation thereto.

(11) To notify the Exchange of any proposed increase in the outstanding amount of stock, bonds or other securities of the class previously listed and to make application for the listing of said additional amounts of listed securities, sufficiently prior to the issuance thereof to permit action in due course upon such application; and to notify the Exchange of the proposed issuance of any securities on a parity with or senior to any listed securities.

(12) To publish promptly to holders of stock listed any action in respect to dividends on shares, or allotment of rights for subscription to securities, notice thereof to be sent to the Exchange, and to give the Exchange at least ten (10) days' notice in advance of the closing of the transfer books or extensions, or of the time of the taking of a record of holders for any purpose, stating the purpose thereof; also to publish promptly to holders of bonds listed any action or default in respect to interest on bonds, redemption of bonds and other similar matters, notice thereof also to be sent to the Exchange a reasonable time in advance.

(13) To forward to the Exchange a copy of all notices and reports sent to holders of its securities.

(14) Also to file with the Exchange a certified copy of any amendment to the charter or by-laws of the company and to file with the Exchange a satisfactory opinion of counsel respecting the legality of said amendment.

(15) To have on hand at all times a sufficient supply of certificates to meet the demands for transfer.

(16) The Exchange may at any time for cause it deems to be sufficient, suspend trading in any of the securities of the undersigned company listed on the Exchange or, on notice and opportunity to be heard, remove the said securities from the list.

(17) To furnish the Exchange, at any time, on demand, such reasonable information concerning the company, its subsidiaries or controlled companies, of its or their condition, as may be required.

(18) To notify the Exchange of its intention, at least thirty days prior to filing an application, to list securities of the same class as those covered by this application on another national securities exchange.

(19) To solicit proxies for all meetings of stockholders.

Nothing in these agreements shall obligate the company to do any act in contravention of law or in violation of the rules or regulations of any duly constituted public authority having jurisdiction over the company.

Executed at Washington, D.C., this 6th day of May, A.D. 1964

COMMUNICATIONS SATELLITE CORPORATION
(Name of Company)

By ~~President~~
Chairman and Chief Executive Officer

ATTEST:

Secretary

(CORPORATE SEAL)

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MIDWEST STOCK EXCHANGE
120 SOUTH LASALLE STREET
CHICAGO 60603
FINANCIAL 6-1111

May 14, 1964

Mr. David J. Melamed, Secretary
Communications Satellite Corporation
3029 Klingle Road, N.W.
Washington 8, D. C.

Dear Mr. Melamed:

We are pleased to inform you that our Executive Committee approved today the listing of 10,000,000 shares of your Company's Common Stock, no par value.

In accordance with the Rules of the Securities and Exchange Commission, the action of the Executive Committee was certified to the Commission today.

We acknowledge receipt of and thank you for your check in the amount of $1,000.00 to cover fee for listing.

It is a pleasure to add the name of your Corporation to our list, and look forward to a long and mutually advantageous association.

Very truly yours,

Frank J. Rothing

FRANK J. ROTHING
Vice President and Treasurer

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May 23, 1964

Mr. Frank J. Rothing
Vice President and Treasurer
Midwest Stock Exchange
120 South LaSalle Street
Chicago, Ill. 60603

Dear Mr. Rothing:

Thank you for your letter of May 14, 1964, advising of the approval by the Executive Committee of the Exchange of the Application by the Corporation for the listing of shares of Common Stock, without par value. We confirm the amendment of such Application to increase from 10,000,000 to 10,000,014 the number of shares of Common Stock covered by the Application. The applications filed by the Corporation with the New York and Pacific Coast Stock Exchanges are being similarly amended.

It is expected that the Registration Statement filed by the Corporation with the Securities and Exchange Commission under the Securities Act of 1933 will become effective on or about June 2, 1964, and that, as soon as possible thereafter, the Corporation will file with the Commission, and with the New York, Midwest and Pacific Coast Stock Exchanges, an Application on Form 10 pursuant to the Securities Exchange Act of 1934 for the registration of the Common Stock on such Exchanges.

We appreciate very much the assistance which you have given in connection with the filing of the Corporation's listing application.

Very truly yours,

/s/ David J. Melamed

David J. Melamed
Secretary

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May 6, 1964

Re: Communications Satellite Corporation
Original Listing Application

Dear Sirs:

This Corporation desires to list on the Pacific Coast Stock Exchange 10,000,000 shares of its Common Stock, without par value, to be issued in connection with the initial offering of shares of such stock and, in this connection, delivers to you for filing, the following documents:

(1) one signed copy of "Listing Application - Agreement;"

(2) a check of the Corporation in the amount of $1,000, payable to the order of "Treasurer, Pacific Coast Stock Exchange," in payment of the initial listing fee for the shares covered by the "Listing Application - Agreement;"

(3) a copy, certified by the Secretary of the Corporation, of a Resolution adopted by the Board of Directors of the Corporation, authorizing, among other things, filing of the Listing Application; and

(4) a copy of the form of Preliminary Prospectus of the Corporation dated May 6, 1964.

The Corporation has, this day, filed with the Securities and Exchange Commission a Registration Statement on Form S-1, for the registration under the Securities Act of 1933, as amended, of the shares covered by the Listing Application - Agreement. The Corporation intends to file with the Securities and Exchange Commission before the effectiveness of said Registration Statement an application for the registration under the Securities and Exchange Act of 1934 of the shares of Common Stock covered by the Listing Application - Agreement for listing on the New York Stock Exchange, the Midwest Stock Exchange, and the Pacific Coast Stock Exchange,

-2-

The Corporation is filing with each of such other Exchanges applications for the listing of the shares covered by the Listing Application - Agreement. A copy of the preliminary draft of Listing Application filed by the Corporation with the New York Stock Exchange also is enclosed.

There will be furnished to you at a later date an executed copy of said Application of the Corporation under the Securities and Exchange Act of 1934, together with the copy of each of the exhibits to such Application; an Agreement with each of the Registrars of the Corporation in the form prescribed by you; and any other documents which you may require in connection with the Listing Application.

Very truly yours,

COMMUNICATIONS SATELLITE CORPORATION

By: /s/ David J. Melamed
David J. Melamed, Secretary

Pacific Coast Stock Exchange
301 Pine Street
San Francisco 4, California
Attention: Ruth Kapelsky, Secretary-Treasurer

Enclosure

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PACIFIC COAST STOCK EXCHANGE

LISTING APPLICATION — AGREEMENT

COMMUNICATIONS SATELLITE CORPORATION
(CORPORATION)

hereinafter referred to as Applicant, hereby applies to Pacific Coast Stock Exchange, hereinafter referred to as Exchange,

for the listing of

Ten million (10,000,000) shares of Common Stock, without par value
(number of shares) (par value) (title of security)

all of which will be issued as

described in item 4(d) hereof; and in consideration of the listing of this issue the Applicant states and agrees as follows:

1. The subject issue is now, or it is anticipated will be listed simultaneously herewith on the following National Securities Exchange(s) New York Stock Exchange and Midwest Stock Exchange

2. Applicant agrees to provide Exchange with copies of all notices, reports, exhibits or other instruments Applicant will be required to prepare for and file with the other Exchange(s) named in (1) above and/or the Securities and Exchange Commission to maintain Applicant's listing(s) of the subject shares on said other Exchange(s) and Applicant will apply to Exchange for the listing of any additional amount of the subject issue when, as and if Applicant applies for such listing on said other Exchange(s);

3. Applicant will pay Exchange a listing fee for the subject listing and any subsequent listing(s) of additional shares in accordance with Exchange's schedule of listing fees and annual listing maintenance fee.

4. Copies of the following documents are submitted herewith and thereby incorporated herein:
   (a) Duly executed registration statement, Form 10, and exhibits, conforming to the rules of the Securities and Exchange Commission under the Securities Exchange Act of 1934. (to be furnished)
   (b) Agreement with Registrar(s). (to be furnished)
   (c) Certified copy of resolution of Board of Directors authorizing this application.
   (d) Statement of purpose(s) for which unissued shares may be issued. See Preliminary Prospectus dated May 6, 1964, filed herewith.

Applicant will designate, pursuant to SEC Rule 16a-1(c) the New York Stock Exchange as the sole Exchange to receive reports required by Section 16(a) of the Securities Exchange Act of 1934.

COMMUNICATIONS SATELLITE CORPORATION
(Applicant)

By Leo D Welch

Chairman and Chief Executive Officer
(Title)

Date: May 6, 1964

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PACIFIC COAST STOCK EXCHANGE

San Francisco Division
301 PINE STREET
SAN FRANCISCO 94104

Los Angeles Division
618 So. SPRING STREET
LOS ANGELES 90014

San Francisco
May 14, 1964

Communications Satellite Corporation
3029 Klingle Road, N.W.
Washington, D. C.

Attention of Mr. David J. Melamed
Secretary

Re: Original Listing Application - 10,000,014 shares of Common Stock without par value

Dear Mr. Melamed:

Your letter of May 6, 1964 and the application of Communications Satellite Corporation to list 10,000,014 shares of Common Stock without par value are greatly appreciated.

The listing was approved on May 14, 1964 subject to receipt by the Exchange of additional documents, namely:

1. Registration statement on Form 10 under the Securities Exchange Act of 1934.
2. Agreement with Registrars.
3. Executed copy of the opinion of counsel. This may be a carbon copy of the opinion addressed to the New York Stock Exchange.
4. Five copies of the definitive Prospectus under the Securities Act of 1933.

The effective date of the listing has not yet been determined, however, it will be the same date on Pacific Coast Stock Exchange as on the New York Stock Exchange and Midwest. You will be notified of such date in a subsequent communication.

Thank you for the check of the Corporation in the amount of $1,000 in payment of the listing fee. You kindly forwarded the check with your letter of May 6, 1964.

We should like you to know that member firms are most grateful for the Corporation's consideration of Pacific Coast Stock Exchange in connection with this listing.

Sincerely,

Ruth Kapelsky

Ruth Kapelsky
Vice President - Secretary

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May 23, 1964

Dear Miss Kapelsky:

Thank you for your letter of May 14, 1964, advising of the approval by the Exchange, subject to the furnishing of the additional documents referred to in your letter, of the Application by the Corporation for the listing of 10,000,014 shares of Common Stock, without par value. We confirm the amendment of such Application to increase from 10,000,000 to 10,000,014 the number of shares of Common Stock covered by the Application. The applications filed by the Corporation with the New York and Midwest Stock Exchanges are being similarly amended.

It is expected that the Registration Statement filed by the Corporation with the Securities and Exchange Commission under the Securities Act of 1933 will become effective on or about June 2, 1964, and that as soon as possible thereafter, the Corporation will file with the Commission, and with the New York, Midwest and Pacific Coast Stock Exchanges, an Application on Form 10 pursuant to the Securities Exchange Act of 1934, for the registration of the Common Stock of the Corporation on such Exchanges. Other documents required to complete the Corporation's listing application will be furnished at or about the same date.

We appreciate very much the assistance which you have given in connection with the filing of the Corporation's listing application.

Very truly yours,

/s/ David J. Melamed

David J. Melamed
Secretary

Miss Ruth Kapelsky
Vice President - Secretary
Pacific Coast Stock Exchange
301 Pine Street
San Francisco, California

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COMMUNICATIONS SATELLITE CORPORATION
3029 KLINGLE ROAD, N.W.
WASHINGTON 8, D. C.
TEL. 244-6000

June 4, 1964

Common Stock, without par value

Dear Sirs:

There are enclosed herewith for filing under the Securities Exchange Act of 1934 three signed copies of an Application on Form 10 for the registration of shares of Common Stock, without par value, of the Corporation on each of the New York Stock Exchange, the Midwest Stock Exchange and the Pacific Coast Stock Exchange.

Applications for the listing of shares of Common Stock on such Exchanges previously have been filed with them.

Very truly yours,

COMMUNICATIONS SATELLITE CORPORATION

By _____
Secretary

Securities and Exchange Commission
Washington, D. C. 20549

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON 25, D. C.

FORM 10

APPLICATION FOR REGISTRATION OF SECURITIES
ON A NATIONAL SECURITIES EXCHANGE
PURSUANT TO
THE SECURITIES EXCHANGE ACT OF 1934

COMMUNICATIONS SATELLITE CORPORATION

(Exact name of registrant as specified in charter)

3029 KLINGLE ROAD, N.W.
WASHINGTON 8, D. C.

(Address of principal executive offices)

SECURITIES BEING REGISTERED

Title of each class being registered	Name of each exchange on which each class is being registered
Common Stock, without par value	New York Stock Exchange Midwest Stock Exchange Pacific Coast Stock Exchange

COMMUNICATIONS SATELLITE CORPORATION

LIST OF CONTENTS

THIS APPLICATION IS FILED PURSUANT TO SECTION 240.12b-35 OF THE GENERAL RULES AND REGULATIONS UNDER THE SECURITIES EXCHANGE ACT OF 1934 AND CONSISTS OF THE FOLLOWING INFORMATION AND DOCUMENTS:

1. Registration Statement on Form S-1 under the Securities Act of 1933 (File No. 2-22400). Effective June 2, 1964. Said Registration Statement, including financial statements and exhibits, is incorporated herein by reference. (A copy of such Registration Statement is attached to each copy of this form filed with each of; the New York Stock Exchange, the Midwest Stock Exchange and the Pacific Coast Stock Exchange.)
2. Statement in respect of description of securities being registered.
3. Statement in respect of approximate number of holders of record of the Registrant's Common Stock.
4. The consent pursuant to Sec. 240.12b-36 of Haskins & Sells, independent public accountants of the Corporation.
5. Signature required by Form 10.

SECURITIES BEING REGISTERED

The securities being registered, consisting of Registrant's Common Stock, without par value, are the same securities as those being registered under the Registration Statement incorporated by reference herein.

NUMBER OF STOCKHOLDERS

The Registrant will furnish, as soon as possible after completion of its initial offering, information in respect of the approximate number of holders of record of Registrant's Common Stock, without par value.

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

Communications Satellite Corporation:

We hereby consent to the incorporation by reference in your Application for Registration of Securities on a National Securities Exchange (Form 10) to the Securities and Exchange Commission of our opinion dated February 28, 1964, included in Registration Statement, as amended, (Form S-1) File No. 2-22400, applying to the Financial Statements as of December 31, 1963 and for the period from February 1, 1963 to December 31, 1963, incorporated by reference in this Application by reference to such Registration Statement.

Haskins & Sells

Washington, D. C.
June 2, 1964

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 the Registrant has duly caused this Application for Registration to be signed on its behalf by the undersigned, thereunto duly authorized.

Communications Satellite Corporation
(Registrant)

By: Leo D. Welch
(Leo D. Welch, Chairman and Chief Executive Officer)

Dated June 3, 1964

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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C.

FORM 8

AMENDMENT TO APPLICATION OR REPORT

Filed Pursuant to Section 12, 13 or 15(d) of the
Securities Exchange Act of 1934

COMMUNICATIONS SATELLITE CORPORATION

AMENDMENT NO. 1

The undersigned registrant hereby amends the following items, financial statements, exhibits or other portions of its Application for Registration of Securities on a National Securities Exchange on Form No. 10 as set forth in the page attached hereto:

Statement in respect of approximate number of holders of record of the Registrant's Common Stock.

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this amendment to be signed on its behalf by the undersigned, thereunto duly authorized.

COMMUNICATIONS SATELLITE CORPORATION

By /s/ David J. Melamed
David J. Melamed
Secretary

Date: July 1, 1964

COMMUNICATIONS SATELLITE CORPORATION

NUMBER OF STOCKHOLDERS

As of the close of business on June 24, 1964 the number of the holders of record of shares of Registrant's Common Stock, without par value, was 56,893.

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