
FACSIMILE COVER SHEET

CLAY WHITEHEAD ASSOCIATES
1320 OLD CHAIN BRIDGE ROAD
McLEAN, VIRGINIA 22101
FAX: (703) 847-8804
VOICE: (703) 847-8787

TO: Fred Landman

COMPANY: PanAmSat

FAX #: 1-203-622-9163

DATE: April 26, 1993 TIME: 9:29 am

FROM: Clay T. Whitehead

Pages following this cover sheet: 1 pages.

COMMENTS:

This is the guy I met with in Singapore. He is probably the guy you should approach.

LAST NAME: Lim FAXrecip:
FULL NAME: Mr. Lim Toon SALUTATION: Mr. Lim
TITLE: Executive Vice President, Network Services
DIVISION:
COMPANY: Singapore Telecommunications Pte Ltd
ADDRESS1: 31 Exeter Road
ADDRESS2: #20-00 Commcentre
CITY: Singapore STATE: ZIP: 0923
COUNTRY: REPUBLIC OF SINGAPORE
PHONE: 011-65-730-2600 FAX: 011-65-737-3691 TELEX:
SECRETARY: SEC'Y PHONE:

HOME ADDRESS:
HOME CITY: HOME STATE: HOME ZIP:
HOME PHONE:
SPOUSE: PERSONAL INFO:

CODE:
COMMENT1:
COMMENT2:
COMMENT3:

Clay Whitehead Associates

1320 Old Chain Bridge Road, McLean, Virginia 22101

Phone: (703) 847-8787

Fax: (703) 847-8804

Clay T. Whitehead
President

July 31, 1992

VIA FAX 011-65-737-3691

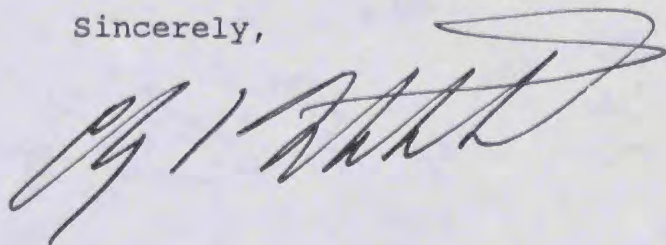
Mr. Lim Toon
Executive Vice President, Network Services
Singapore Telecommunications Pte Ltd
31 Exeter Road
#20-00 Commcentre
Singapore, 0923
REPUBLIC OF SINGAPORE

Dear Mr. Lim:

It was a pleasure to meet with you, Dr. Chia and your other colleagues last week about our mutual interest in satellites. PanAmSat's directions clearly are different from yours, but I would hope that as events unfold their will be avenues of cooperation.

In any event, we surely will have reason to talk again, and I hope we can stay in touch. Certainly, I would be happy to keep you informed about our activities and to help in your new efforts in any way I can.

Sincerely,





ALPHA LYRACOM
SPACE COMMUNICATIONS

Clay T. Whitehead
Vice Chairman

1320 Old Chain Bridge Road
McLean, Virginia 22101
Phone: (703) 847-8787
Fax: (703) 847-8804

April 14, 1992

VIA FAX 011-65-737-3691

Mr. Lim Toon
Executive Vice President, Network Services
Singapore Telecommunications Pte Ltd.
#20-00 Commcentre
Singapore 0923
REPUBLIC OF SINGAPORE

Dear Mr. Lim:

Mr. Ted Matsumoto of C. Itoh in Tokyo has suggested I write you regarding the possibilities of a relationship between Singapore Telecom and Alpha Lyracom which owns and operates the PanAmSat satellite system.

Although our original plan for financing our expansion to a global system was to bring in three strategic partners, each of which would contribute about \$75 million in equity, we now plan our only equity partner will be the Japanese group that includes C. Itoh. The remaining equity to finance the new satellites will come from a sale of stock to the public this summer.

In return for making their investment before the public offering, the Japanese group will receive shares in the company at a favorable price and rights to acquire capacity and to market Alpha Lyracom services in Japan on particularly favorable terms.

Of course, we will establish operating arrangements with strong telecommunications service providers in key areas of the world, irrespective of whether they have invested in Alpha Lyracom. We would consider Singapore Telecom to be a very attractive operating partner, not only in Singapore, but in other parts of Southeast Asia as well, and in that regard we would be most pleased to discuss such possibilities at your convenience.

If you would be interested in exploring a strategic relationship between Alpha Lyracom and Singapore Telecom in Southeast Asia such as we have with the Japanese for Japan, perhaps including a small investment prior to the public sale of stock, we would be happy to discuss that as well.

Sincerely,

Clay Whitehead Associates

1320 Old Chain Bridge Road, McLean, Virginia 22101

Phone: (703) 847-8787

Fax: (703) 847-8804

Clay T. Whitehead
President

July 28, 1992

VIA FAX 011-65-737-3691

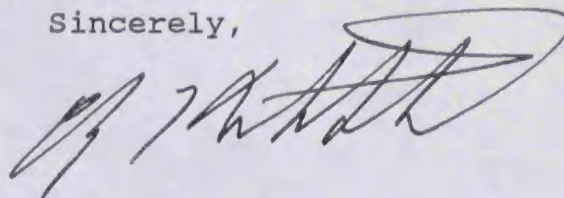
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Sincerely,





ALPHA LYRACOM
SPACE COMMUNICATIONS

Via Courier

Mr. Lim Toon
Executive Vice President, Network Services
Singapore Telecommunications Pte Ltd.
#20-00 Comcentre
Singapore 0923
Republic of Singapore

May 7, 1992

Dear Mr. Lim:

At the request of Mr. Clay T. Whitehead I am sending you a memorandum outlining some of the technical characteristics of the PanAmSat satellite system. This memorandum also includes maps showing the coverage areas of the new satellites. In addition some pages outlining the advantages of using the PanAmSat satellite system for digital services have been inserted.

I hope this material is useful for your analysis of the project. If I can be of further assistance, please contact me.

Clay T. Whitehead
Vice President - Finance

Clay T. Whitehead
Fred Landman

PanAmSat

International Digital Services on a Domestic Basis

- **Satellites Are Designed to Serve Specialized User Groups such as the Oil Industry**
- **Satellites are Optimized for Digital Applications**
- **Like Domestic Satellite Systems, PanAmSat Offers:**
 - **Full End-to-End Digital Services**
 - **Bandwidth to End Users**
 - **Full Transponders to End Users**
 - **Full and Partial Transponders for Carrier Resale**
 - **Competitive Prices**

PanAmSat

Major Service Innovations

- **Direct Digital Connections to Europe, North America, Africa, Oceania and Asia**
- **Spacecraft Power and Uplink Sensitivity Permit Use of Smallest Possible Earth Stations**
 - **1.2m VSAT's in Ku-band**
 - **2.4m VSAT's in C-band**
 - **Use of Linearizers Maximize Transponder Throughput with VSAT's**
- **Introduction of Hub and Hubless VSAT Systems**
- **Full and Part Time/On-Demand Bandwidth Availability**
- **Option of Full End-to-End or Fully Unbundled Services**

**C. ITOH & CO., LTD.**

TOKYO, 107-77, JAPAN

Telephone: (03)3497-3225
Fax: (03)3497-3177

+++VIA FACSIMILE+++


Mr. Tom Whitehead,
Vice Chairman,
Alpha Lyracom Space Communications,

May 7, 1992

Dear Mr. Whitehead,

Please find the attached letter copy from Singapore Telecom.
Please let us know whether your engineer would be able to attend the meeting with Singapore Telecom on May 18th. If your engineer could come to Japan, JCSAT people would also like to have a meeting with him *on May 19* separate from a meeting with Singapore Telecom, taking this opportunity.

regards,



J.E. Itoh
Planning Coordinator
Satellite Business Development

*for copies ✓
Fred L. ✓
Rob Bednarz ✓
5/6/92*



**Singapore
Telecom**

Singapore Telecommunications Pte Ltd
31 Exeter Road, Comcentre, Singapore 0923
Republic of Singapore
Tel : (65) 734 3344 Tlx : RS 33311 Telegraphic Address : Telecom

Facsimile

Date 2 May 92

To : Mr Ted Matsumoto
Communications Business Department
C. Itoh & Co., Ltd.
Tokyo, Japan

Fax No: (03) 3497-3177

From: Mr Ho Siaw Hong
Singapore Telecom

Ref: (65) 7348119 No. of pages (including this page) : 1 page

Subject: **Co-operation In Satellite Projects**
(Reference : ZINP/C/D1/76/07/Z Vol 1)

Dear Mr. Matsumoto,

Thank you for your fax dated 27 Apr 1992. Mr. Lim Toon has asked me to follow up on the meeting arrangement.

We intend to send the team to meet you in Tokyo on 18 May 92 and reserve 19 May 92 as a spare day for the meeting to be continued if necessary. Please let me know if the date is suitable. We will let you know the name of our representatives and the proposed agenda in due course.

In the mean time, we look forward to receive your information package on Alpha Lyracom's Satellite System.

Yours faithfully,

Ho Siaw Hong
Project Manager (Satellite Systems II)

Clay Whitehead Associates

1320 Old Chain Bridge Road, McLean, Virginia 22101 Phone 703-847-8787 Fax 703-847-8804

FACSIMILE MEMORANDUM

To: Mr. Lim Toon
Fax: 011-65-737-3691
From: Clay T. Whitehead
Date: April 30, 1992
Subject: Alpha Lyracom information

Mr. Ted Matsumoto has told me you would like additional technical information on the Alpha Lyracom satellites. I am having a package of information sent to you directly from Alpha Lyracom by express courier. Please let me know if the information answers your questions and if you would like any further information.

PROPOSAL TO SINGAPORE TELECOM

Equity Investment

Singapore Telecom would invest \$75 million of equity in the Company for an ownership interest of 16.67% (the Equity Investment). The Company will own and operate a global satellite system comprising of PAS-1, three new satellites (PAS-2, PAS-3 and PAS-4) and associated ground facilities.

Singapore Telecom will have the right to appoint one of the directors of the Company.

The Equity Investment will be made over a one year period in five equal payments with the first payment of \$15 million due upon execution of the stock purchase agreement.

Indian Ocean Region Satellite Pre-launch Capacity Commitment

Concurrently with the equity investment, Singapore Telecom and the Company will enter into a Pre-launch Capacity Commitment (the Capacity Commitment) for half of the transponder capacity on the Company's Indian Ocean Satellite (the IOR Satellite). The Capacity Commitment will be for 8 Ku-band and 8 C-band transponders on the IOR Satellite and will be for the useful life of the satellite. Singapore Telecom will have the right to use this capacity for any projects in which it is a direct participant.

The Capacity Commitment can be structured in a number of different ways including:

1. Outright Purchase
2. Annual Capacity Lease
3. Capital Cost Reimbursement plus Operations & Management (O&M) Payments
4. A Combination of the Above

Outright Purchase

Singapore Telecom could purchase the transponders for an average purchase price of [\$17.25] million. This price consists of capital costs and operations, financing and management expenses. The price for a C-band transponder would be [85%] of this and the price for a Ku-band transponder would be [115%] of this.

Annual Capacity Lease

Singapore Telecom could lease the transponders for an average annual lease rate of [\$2.5] million. The annual lease rate for a C-band transponder would be [85%] of this and the annual lease rate for a Ku-band transponder would be [115%] of this.

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| Co. | Co. | | |
| Dept. | Phone # | | |

Capital Cost Reimbursement plus O&M Payments

Singapore Telecom could reimburse the Company for the capital cost of a transponder, currently projected to \$7.4 million and pay the company an annual O&M fee of [\$1.45] million. [Any difference for C and Ku?]

Under all of these structures, any payments prior to launch would be made in equal quarterly installments with the first payment on the execution date of the Capacity Commitment and the final payment due three months prior to launch.

Joint Operating and Marketing Arrangements

After the completion of the Equity Investment and Capacity Commitment (the Agreements) and prior to the launch of the IOR Satellite, the Company and Singapore Telecom will enter into a joint marketing agreement to market the Capacity. This joint marketing arrangement will not in any way diminish Singapore Telecom's payment obligations under the Capacity Commitment.

After the completion of the Agreements and prior to the launch of the IOR Satellite, the Company and Singapore Telecom will enter into an operating agreement with Singapore Telecom (the Operating Agreement). This Operating Agreement will describe a framework under which the Company and Singapore Telecom will work together on projects of mutual interest. The Operating Agreement will define a region (or group of countries) as Singapore Telecom's particular area of interest and will outline the terms of the relationship between the Company and Singapore Telecom in this region. The Operating Agreement will also describe the basis under which the Company and Singapore will do business on a global basis.

IOR Satellite Telemetry, Tracking & Control (T,T&C) Services

The Company will engage Singapore Telecom to provide T,T&C services for the IOR Satellite under a separate agreement (to be discussed after the completion of the Agreements) provided that Singapore Telecom's costs for providing these services are competitive in the marketplace.

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CLAY WHITEHEAD ASSOCIATES
1320 OLD CHAIN BRIDGE ROAD
McLEAN, VIRGINIA 22101
FAX: (703) 847-8804
VOICE: (703) 847-8787

TO: Fred Landman
COMPANY: PanAmSat
FAX #: 1-203-622-9163
DATE: November 13, 1992 TIME: 5:29 pm

FROM: Clay T. Whitehead

Pages following this cover sheet: 3 pages.

COMMENTS:

This went to SingTel via Phil Spector

OUTLINE OF AGREEMENTS BETWEEN SINGAPORE TELECOM AND PANAMSAT

DRAFT

Satellite Purchase:

Singapore Telecom agrees to purchase one-half the PanAmSat satellite to be launched in 1995 to serve the Indian Ocean region comprising eight C-band transponders and eight Ku-band transponders. The price will be \$138,000,000, to be paid in installments as shown on Attachment 1. The sale will be structured as a hardware sale so long as such an arrangement does not present either party with any adverse tax or regulatory consequences, in which case alternative arrangements will be negotiated to achieve the same economic and operational result. All arrangements must be consistent with PanAmSat's licensee responsibility to the FCC. The satellite will be named by mutual agreement.

PanAmSat and Singapore Telecom each will name a Technical Representative to review the construction of the satellite by the manufacturer, technical specifications and TT&C arrangements. In the event that these Representatives cannot reach an agreement, the matter will be referred to the managements of the two companies for resolution; the authority for the final decision will be with the Chairman of PanAmSat.

Satellite Control:

Singapore Telecom will pay one-half the capital and recurring costs of maintaining and operating the satellite, including TT&C and monitoring and authorizing transmissions to avoid interference. If Singapore Telecom wishes to provide the TT&C and/or monitoring services for the satellite, PanAmSat will contract for such services with Singapore Telecom so long as the technical specifications and operational arrangements are acceptable to PanAmSat and the price is competitive.

Joint Marketing Agreement:

Singapore Telecom will use its capacity to provide bundled telecom services to the national telecom service organizations in designated countries and to provide international telecom services for Singapore. Any other use of its transponders will be done under a Joint Marketing Agreement.

PanAmSat and Singapore Telecom may by agreement market the other's capacity to selected users, and the profits from such transactions will be shared as an agreed upon percentage of the excess of the capacity sales price over the pro-rata share

of the prices set forth in Attachment 1. The Joint Marketing Agreement will establish the framework for this activity.

Joint Operating Agreement:

PanAmSat intends to market a wide range of telecommunications services using the capacity of its satellites. If Singapore Telecom wants to provide the installation, maintenance and operations to support those services in Singapore and selected other countries, a Joint Operating Agreement will be agreed upon to establish the framework for this activity.

**Attachment 1
Payment Terms**

| <u>Payment Date</u> | <u>Amount</u> |
|---------------------|---------------|
| On signature | \$ 2,000,000 |
| March 31, 1993 | \$34,000,000 |
| September 30, 1993 | \$34,000,000 |
| March 31, 1994 | \$34,000,000 |
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PanAmSat

PAS-4 PRE-LAUNCH CAPACITY AND OPERATIONS AGREEMENTS

Pre-launch Capacity Commitment:

The Customer agrees to take ___ C-band transponders and ___ Ku-band transponders on the PanAmSat PAS-4 satellite serving the Indian Ocean region. This transaction can be constructed as a lease for the life of the satellite, with lease payments either pre-paid or paid monthly during the lease term.

The price and payment terms will be as shown on Attachment 1.

Joint Marketing Agreement:

PanAmSat and the Customer each may market its own capacity on the satellite independently. PanAmSat and the Customer, by agreement, also may market the other's capacity to selected potential users, and the profits from such transactions will be shared as an agreed upon percentage of the excess of the capacity sales price over the pro-rata share of the prices set forth in Attachment 1.

PanAmSat and the Customer will enter into a Joint Marketing Agreement to establish a framework defining how the two companies will work together in their marketing of capacity and services to selected types of customers in _____ and other selected countries.

Joint Operating Agreement:

PanAmSat intends to market a wide range of telecommunications services using the capacity of PAS-4 and its other satellites. If the Customer wants to provide the installation, maintenance and other operations to support those services in selected countries, and if PanAmSat agrees to use the Customer for such operations, a Joint Operating Agreement will be agreed upon to establish the framework for this activity.

Attachment 1
Price and Payment Terms
PAS-4 Pre-Launch Capacity Commitments⁽¹⁾

| | <u>Prepaid⁽²⁾</u> | <u>Paid Monthly⁽³⁾</u> |
|--------------------|------------------------------|-----------------------------------|
| <u>C-band</u> | | |
| 54 MHz | \$17,500,000 | \$250,000 |
| 27 MHz | \$10,500,000 | \$150,000 |
| <u>Ku-band</u> | | |
| 54 MHz | \$21,750,000 | \$312,500 |
| 27 MHz | \$13,050,000 | \$187,500 |

- (1) Contracts for service on a non-preemptible basis for the life of the satellite. All payments made prior to launch will be paid into an escrow accounts and will be released to PanAmSat upon the successful launch of the satellite within the agreed delivery period.
- (2) A deposit equal to 5% of the total price is required at contract signing. The balance shall be paid in four equal quarterly payments with the first payment due three months after contract signing.
- (3) A deposit of the first and last months' payments is required at contract signing. Monthly payments are to be paid monthly in advance.

PanAmSat

PAS-4 PRE-LAUNCH CAPACITY AND OPERATIONS AGREEMENTS

Pre-launch Capacity Commitment:

The Customer agrees to take ___ C-band transponders and ___ Ku-band transponders on the PanAmSat PAS-4 satellite serving the Indian Ocean region. This transaction can be constructed as a lease for the life of the satellite, with lease payments either pre-paid or paid monthly during the lease term.

The price and payment terms will be as shown on Attachment 1.

Joint Marketing Agreement:

PanAmSat and the Customer each may market its own capacity on the satellite independently. PanAmSat and the Customer, by agreement, also may market the other's capacity to selected potential users, and the profits from such transactions will be shared as an agreed upon percentage of the excess of the capacity sales price over the pro-rata share of the prices set forth in Attachment 1.

PanAmSat and the Customer will enter into a Joint Marketing Agreement to establish a framework defining how the two companies will work together in their marketing of capacity and services to selected types of customers in _____ and other selected countries.

Joint Operating Agreement:

PanAmSat intends to market a wide range of telecommunications services using the capacity of PAS-4 and its other satellites. If the Customer wants to provide the installation, maintenance and other operations to support those services in selected countries, and if PanAmSat agrees to use the Customer for such operations, a Joint Operating Agreement will be agreed upon to establish the framework for this activity.

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AGREEMENTS BETWEEN SINGAPORE TELECOM AND PANAMSAT

Satellite Purchase:

Singapore Telecom agrees to purchase one-half the PanAmSat satellite to be launched in early 1995 to serve the Indian Ocean region, including the satellite bus, eight C-band transponders and eight Ku-band transponders. The price will be \$138,000,000, to be paid in installments as shown on Attachment 1. The sale will be structured as a hardware sale so long as such an arrangement does not present either party with any adverse tax or regulatory consequences, in which case alternative arrangements will be negotiated to achieve the same economic and operational result. The satellite will be named by mutual agreement.

PanAmSat and Singapore Telecom each will name a Technical Representative to review the construction of the satellite by the manufacturer, technical specifications and TT&C arrangements. In the event that these Representatives cannot reach an agreement, the matter will be referred to the managements of the two companies for resolution; the authority for the final decision will be with the Chairman of PanAmSat.

Satellite Control:

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Joint Marketing Agreement:

PanAmSat will use its capacity to provide international video and telecom services and domestic satellite capacity. Singapore Telecom will use its capacity to provide telecom services to national telecom service organizations in designated countries, and any other use of its transponders will be done under a joint marketing agreement.

Singapore Telecom will have full control over the use of its transponders. PanAmSat and Singapore Telecom may by agreement market their capacity to the other's primary market and may market the other's capacity to selected users, and the profits from such transactions will be shared as an agreed upon percentage of the excess of the capacity sales price over the pro-rata share of the prices set forth in Attachment 1. The Joint Marketing Agreement will establish the framework for this activity.

Joint Operating Agreement:

PanAmSat intends to market a wide range of telecommunications services using the capacity of its satellites. If Singapore Telecom wants to provide the installation, maintenance and operations to support those services in Singapore and selected other countries, a Joint Operating Agreement will be agreed upon to establish the framework for this activity.

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The Capacity Commitment can be structured in a number of different ways including:

- 1. Outright Purchase
- 2. Annual Lease
- 3. Capital Cost Reimbursement plus Annual Payments
- 4. A Combination of the Above

1. Outright Purchase

Singapore Telecom could simply purchase the transponders from the Company. The price would be based on the pro rata capital costs (including satellite, launch, launch insurance and ground facilities) and pro rata projected operations and financing costs for 15 years of operation. The operations expenses would also include a global system management fee.

2. Annual Lease

Singapore Telecom could lease the transponders under an annual lease. This lease rate would be based on the above mentioned costs (including a global system management fee). The lease would allow for annual escalation in costs and fees.

1

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| To: <u>T. Whitehead</u> | From: <u>Amma</u> |
| Co.: | Co.: |
| Dept.: | Phone #: |

3. Capital Cost Reimbursement plus Annual Payments

Singapore Telecom could reimburse the Company for the pro rata capital costs and thereafter make an annual payment to the Company for operations and financing costs and a global system management fee. The annual payment would allow for annual escalation in costs and fees.

Under all of these structures, any payments prior to launch would be made in equal quarterly installments with the first payment on the execution date of the Capacity Commitment and the final payment due three months prior to launch.

Joint Operating and Marketing Arrangements

After the completion of the Equity Investment and Capacity Commitment (the Agreements) and prior to the launch of the IOR Satellite, the Company and Singapore Telecom will enter into a joint marketing agreement to market excess Capacity to third parties. This agreement will establish the basis under which profits from such transactions will be shared between the Company and Singapore Telecom. This joint marketing arrangement will not in any way diminish Singapore Telecom's payment obligations under the Capacity Commitment.

It is contemplated that after the completion of the Agreements and prior to the launch of the IOR Satellite, the Company and Singapore Telecom will discuss entering into an operating agreement (the Operating Agreement). This Operating Agreement will describe a framework under which the Company and Singapore Telecom will work together on projects of mutual interest. The Operating Agreement will define a region (or group of countries) as Singapore Telecom's particular area of interest and will outline the terms of the relationship between the Company and Singapore Telecom in this region. The Operating Agreement will also describe the basis under which the Company and Singapore will do business on a global basis.

Technical Issues and Arrangements

1. Prior to Launch

Depending on the timing of the completion of the Agreements, the Company will consult Singapore Telecom with regard to IOR Satellite design and technical issues including coverage of the beams and transponder assignments.

2. After Launch

The Company may engage Singapore Telecom to provide T,T&C services for the IOR Satellite under a separate agreement provided that Singapore Telecom's level of service and costs for providing these services are competitive in the marketplace.



ALPHA LYRACOM
SPACE COMMUNICATIONS

VIA FACSIMILE 011-65-734 9130

September 3, 1992

Dr. William Chang
Department Manager, Teleview System
Singapore Telecommunications Pte. Ltd.
31 Exeter Road, Comcentre
Singapore 0923

Dear Mr. Chang:

It was a pleasure meeting with you in Washington during your visit with Phil Spector. As discussed, attached is an outline of how we might structure an arrangement for Singapore Telecom's involvement in the PanAmSat Global System, with a special emphasis on the Indian Ocean Region.

Under this plan, Singapore Telecom would have an interest in the Global System, which could expand beyond a simple equity investment via the Operating Agreement. In the Indian Ocean Region, Singapore Telecom would have input into the final configuration of the satellite and, a significant interest in the on-going business via the Joint Marketing Agreement.

I have not addressed the specific issue of the structure of the ownership of the Indian Ocean Region satellite, but I am confident we can find an agreeable structure.

Sincerely,

Frederick A. Landman
President

FAL:mf
cc: Phil Spector, Esq.

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| Re: [illegible] memo 257 | | r of pages = 4 | |
| By: Whithead | Print: FAL | cc: | |
| Date: | Month: | | |
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PROPOSAL TO SINGAPORE TELECOM

Equity Investment

Singapore Telecom would make a significant (\$50 to \$75 million) equity investment in the Company (the Equity Investment). Singapore Telecom will have the right to appoint one of the directors of the Company and will share pro rata in the benefits of equity ownership including capital appreciation and dividends. Based on the Company's business plan, significant equity returns based on a combination of capital appreciation and dividends are expected. The Equity Investment will be made over a one year period in five equal payments with the first payment due on the execution date of the Equity Investment.

The Company will own, operate and manage a global satellite system comprising of PAS-1, three new satellites, one in each of the ocean regions (the AOR, IOR and POR Satellites, respectively) and associated ground facilities. Based on on-going discussions with prospective investors and users, it is possible that the Company's operations in each Ocean Region will be organized somewhat independently to accommodate arrangements as are contemplated below under Joint Marketing Agreement. If such a structure is implemented, Singapore Telecom will have an opportunity to participate in the management and operations of the IOR Satellite (as outlined in Joint Marketing Agreement below) by virtue of its Capacity Commitment (see below).

IOR Satellite Pre-launch Capacity Commitment

Concurrently with the equity investment, Singapore Telecom and the Company will enter into a pre-launch capacity commitment (the Capacity Commitment) for half of the transponder capacity on the IOR Satellite. The Capacity Commitment will be for 8 Ku-band and 8 C-band transponders on the IOR Satellite and will be for the useful life of the satellite. Singapore Telecom will have the right to use this capacity for any projects in which it is a direct participant.

The Capacity Commitment can be structured in a number of different ways including:

1. Outright Purchase
2. Annual Lease
3. Capital Cost Reimbursement plus Annual Payments
4. A Combination of the Above

1. Outright Purchase

Singapore Telecom could simply purchase the transponders from the Company. The price would be based on the pro rata capital costs (including satellite, launch, launch insurance

and ground facilities) and pro rata projected operating and financing costs for 15 years of operation. The operations expenses would also include a global system management fee.

2. Annual Lease

Singapore Telecom could lease the transponders under a 15 year annual lease. This lease rate would be based on the pro rata capital costs, projected operating and financing costs and would also include a global system management fee. The lease would allow for annual escalation in costs and fees.

3. Capital Cost Reimbursement plus Annual Payments

Singapore Telecom could reimburse the Company for the pro rata capital costs and thereafter make an annual payment to the Company (for 15 years) for pro rata operating and financing costs and a global system management fee. The annual payment would allow for annual escalation in costs and fees.

Under all of these structures, any payments prior to launch would be made in equal quarterly installments with the first payment on the execution date of the Capacity Commitment and the final payment due three months prior to launch.

Joint Marketing Agreement

After the completion of the Equity Investment and Capacity Commitment and prior to the launch of the IOR Satellite, the Company and Singapore Telecom will enter into a joint marketing agreement to market satellite capacity on the IOR satellite to third parties (the Joint Marketing Agreement). This agreement will establish the basis under which profits from such transactions will be shared between the Company and Singapore Telecom. This joint marketing arrangement will not in any way diminish Singapore Telecom's payment obligations under the Capacity Commitment.

This Joint Marketing Agreement may also provide a framework under which the Company and Singapore Telecom could work together on projects of mutual interest. This section would define a region (or group of countries) as Singapore Telecom's particular area of interest and outline the terms of the relationship between the Company and Singapore Telecom in this region.

Joint Operating Agreement

It is contemplated that after the completion of the Equity Investment, the Capacity Commitment and the Joint Marketing Agreement (the Agreements), the Company and Singapore Telecom will discuss entering into an operating agreement. This agreement will describe the basis under which the Company and Singapore Telecom provide satellite based telecommunications services jointly using PAS-1, and the AOR, IOR and POR satellites.

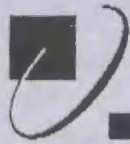
Technical Issues and Arrangements

Pre-Launch

Depending on the timing of the completion of the Agreements, the Company will consult Singapore Telecom with regard to IOR Satellite design and technical issues including coverage of the beams and transponder assignments.

After Launch

The Company may engage Singapore Telecom to provide T,T&C services for the IOR Satellite under a separate agreement provided that Singapore Telecom's level of service and costs for providing these services are competitive in the marketplace.



**Singapore
Telecom**

Singapore Telecommunications Pte Ltd
31 Exeter Road, Comcentre, Singapore 0923
Republic of Singapore
Tel: (65) 734 3344 Tlx: RS 33311 Telegraphic Address: Telecom

Date: 24 Apr 92

Your Ref:

Our Ref: ZINP/C/D1/76/07/99

Mr. Ted Matsumoto
General Manager
Communications Business Department
C. Itoh & Co. Ltd.

Dear Mr. Matsumoto,

Cooperation in satellite projects

As discussed at our meeting last week in Tokyo, we agreed that a joint working group to be set up to study the technical and marketing aspects for possible cooperations in satellite projects of mutual interest. I intend to send a team of 2 to 3 officers to have follow-up working group meeting in Tokyo at a date convenient to you. Alternatively, such a meeting can also be held in Singapore.

2 Three areas for further considerations are as follows: 1) the possibility of C. Itoh taking part in ST's proposed satellite system; 2) role for ST in providing 'teleport' services for the Alpha Lyracom's satellite system; and 3) the options for ST's participation in the Alpha Lyracom satellite system.

3 For area 1), ST will brief you on the proposed project and provide you the proposal for your consideration. For 2) and 3), we would like to be briefed on the technical and marketing details of the Alpha Lyracom's plan and the terms of reference of the proposed role for ST as an operating partner. These information are needed for our further in-house study.

4 Kindly advise if the above proposal is agreeable and the suitable date for the working group to meet.

Yours sincerely,

Lim Toon
Executive Vice President (Networks Services)