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October 15, 2007

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Federal Communications Commission
Office of the Secretary

VIA HAND DELIVERY

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th St., S.W.
Washington, DC 20554

2007 ANNUAL REPORT

**Re: TerreStar Networks Inc.
2007 Annual Report for 2 GHz Mobile Satellite Service System**

Dear Ms. Dortch:

TerreStar Networks Inc. ("TerreStar"), pursuant to Section 25.143(e)(1) of the Commission's rules,¹ hereby submits its annual report for its 2 GHz Mobile Satellite Service ("MSS") system. The information in this report is current as of September 30, 2007.²

Introduction

TerreStar holds a letter of intent ("LOI") authorization to provide MSS in the United States via TerreStar-1 using spectrum in the 2 GHz band.³ The LOI authorization permits the use of 10 MHz of 2 GHz MSS spectrum in each direction.⁴ TerreStar Networks (Canada) Inc., which is owned by TerreStar and TMI

¹ 47 C.F.R. § 25.143(e)(1).

² As stated later in the report, however, certain information concerning the status of the construction of TerreStar's satellite is current as of the time that TerreStar filed a request for an extension of its launch milestone.

³ See Order, DA 07-2028 (Int'l Bur., May 10, 2007); *TMI Communications and Company, Limited Partnership*, Order, 16 FCC Rcd 13808 (Int'l Bur. 2001); *TMI Communications and Company, Limited Partnership, and TerreStar Networks, Inc. Application for Review and Request for Stay*, Memorandum Opinion and Order, 19 FCC Rcd 12603 (2004).

⁴ See *Use of Returned Spectrum in the 2 GHz Mobile Satellite Service Frequency Bands*, Order, 20 FCC Rcd 19696 (December 9, 2005).

Communications and Company, Limited Partnership ("TMI"), holds an approval in principle issued by Industry Canada to operate TerreStar-1 in Canada.⁵

The LOI authorization for TerreStar-1 originally was issued in 2001 to TMI. Earlier this year, the International Bureau granted a request to modify the LOI authorization by listing it in TerreStar's name.⁶ Accordingly, the annual report for TerreStar-1, which in previous years had been filed by TMI, now will be filed by TerreStar.

Status of Satellite Construction and Anticipated Launch Date

TerreStar has made substantial progress in constructing TerreStar-1. Although circumstances in the manufacturing process that were beyond TerreStar's control made it necessary for TerreStar to seek an extension of the milestone date by which TerreStar must launch TerreStar-1, construction is at an advanced stage. As of the time that TerreStar filed its milestone extension request, TerreStar's satellite manufacturer, Space Systems/Loral ("Loral"), had installed 84% of hardware units of the main body of the satellite, had completed payload module level assembly and testing, had integrated the payload modules with the main structure, and was proceeding with the main body integration.⁷ At that time, TerreStar already had paid 97% of the price of the satellite⁸ and had paid 70% of the price for launch of TerreStar-1 under the terms of its contract with Arianespace.⁹ Taking these facts into account, the International Bureau found, when it granted TerreStar's extension request on October 3, that "TerreStar has demonstrated a substantial and continuing commitment to satellite construction and system implementation."¹⁰

There have been no material changes to TerreStar's construction or launch schedule since its milestone extension was granted. TerreStar expects to launch TerreStar-1 by September 30, 2008, and to commence operation of its 2 GHz MSS system by November 30, 2008.¹¹

⁵ See Letter from Michael D. Connolly, Industry Canada, to Steven Nichols, TerreStar Networks (Canada) Inc., File No. 46215-1 (113554 CL) (April 27, 2007).

⁶ See Order, DA 07-2028 (Int'l Bur., May 10, 2007). In a letter filed on May 15, 2007, TerreStar requested that the Commission correct its records to reflect the fact that the parties had asked for the LOI authorization to be listed in the name of TerreStar Networks Inc., and not (as had been stated in the May 10 order) in the name of TerreStar Networks, LLC.

⁷ See *In the Matter of TerreStar Networks, Inc., Request for Milestone Extension*, Memorandum Opinion and Order, File No. SAT-MOD-20070608-00080 (rel. Oct. 3, 2007) ("MO&O") at ¶ 7.

⁸ *Id.*

⁹ *Id.*

¹⁰ *Id.*

¹¹ MO&O at ¶ 11.

Clearance of terrestrial users from the 2000-2020 and 2180-2200 MHz MSS bands is a high priority, and TerreStar has an ongoing band clearance program. In the case of the 2000-2020 MHz band, as a practical matter it has been necessary for TerreStar to rely on Sprint Nextel's nationwide band clearance efforts.¹² Sprint Nextel recently filed a joint petition with certain broadcast organizations seeking a 29-month extension of the deadline for clearing this band.¹³ TerreStar is evaluating the potential impact of the requested extension on its schedule.

Listing of Non-Scheduled Outages

N/A (system not operational)

Description of the Utilization of the In-Orbit Satellite System

N/A (system not operational)

Identification of any Space Stations Not Available for Service or Not Performing to Specifications

N/A (system not operational)

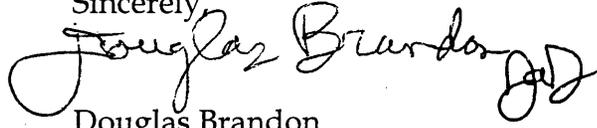
¹² See TerreStar's Request For Proceeding to Expedite the BAS Relocation Process, WT Docket No. 02-55 and ET Docket Nos. 00-258 and 95-18 (April 2, 2007) at 4-5.

¹³ See *Joint Petition for Waiver of Sprint Nextel Corporation, the Association for Maximum Service Television, Inc. (MSTV), the National Association of Broadcasters (NAB), and the Society of Broadcast Engineers (SBE)*, WT Docket No. 02-55, ET Docket No. 00-258 and ET Docket No. 95-18 (filed Sept. 4, 2007).

Marlene H. Dortch
October 15, 2007
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Please direct any questions concerning this report to the undersigned.

Sincerely,

A handwritten signature in black ink that reads "Douglas Brandon" with a stylized flourish at the end.

Douglas Brandon
Vice President for Regulatory Affairs
TerreStar Networks Inc.

cc: Helen Domenici, IB
Roderick Porter, IB
Gardner Foster, IB
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