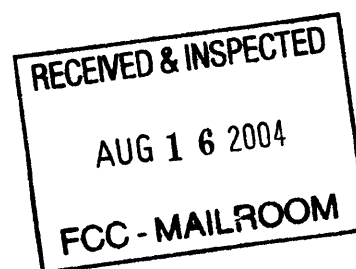


HOGAN & HARTSON
L.L.P.



COLUMBIA SQUARE
555 THIRTEENTH STREET, NW
WASHINGTON, DC 20004-1109
TEL (202) 637-5600
FAX (202) 637-5910
WWW.HHLAW.COM

August 9, 2004

BY CERTIFIED MAIL

James Burtle
Chief, Experimental Licensing Branch
Office of Engineering and Technology
MS 1300E1
Federal Communications Commission
445 -12th Street, S.W.
Washington, D.C. 20554

**Re: Experimental License Progress Report
AirCell, Inc., Call Sign WD2XEI
FRN: 0005-8845-31**

Dear Mr. Burtle:

On behalf of AirCell, Inc. ("AirCell"), I am enclosing AirCell's regular interim progress report on its activities under its experimental license, WD2XEI, for the 12 month period ending July 28, 2004. Please contact me if you have any questions.

Sincerely,

David L. Martin
Counsel for AirCell, Inc.

Enclosure

Report to the

**Federal Communications Commission
Office of Engineering and Technology
Experimental Licensing Branch**

Radio Station WD2XEI

July 28, 2004

**AirCell, Inc.
1172 Century Drive
Building B, Suite 280
Louisville, CO 80027**

AirCell, Inc.
Radio Station WD2XEI

Experimental License
Progress Report
July 28, 2004

Introduction

AirCell, Inc. ("AirCell") submits this report to the Federal Communications Commission ("FCC") in accordance with the terms and conditions of its grant of authority to conduct commercial/government/military market trials of its air-ground communications system. The information below reflects AirCell's past 12 months of operation under the experimental license referenced above.

Current Status and New Developments

In 2003, AirCell signed an agreement with Frontier Airlines for a trial of AirCell service on an Airbus A319. AirCell has installed a credit card activated cordless telephone handset on the aircraft bulkhead and an AirCell AST 3500 Cellular/Iridium transceiver, complete with both cellular and satellite antennas, within the airframe of the Airbus A319. The wireless handsets are available for passenger use with priority access for flight crew.

The wireless handsets and the entire AirCell system were subjected to comprehensive FAA certification tests conducted by the FAA's Denver Office of Aircraft Certification. Because the system architecture included a wireless handset and two radio transmitters (cellular and satellite) the FAA took great interest in the approval process, especially in the areas relating to verification of non-interference. During the flight test phase, five FAA observers were onboard, and they witnessed all aspects of the electro-magnetic interference tests. The final FAA Supplemental Type Certification and Parts Manufacturing Authority have been granted and AirCell is in full compliance with all FAA requirements.

While the last 12 months have focused on the complex technical and FAA certification requirements of installing an AirCell system with a wireless handset aboard a commercial aircraft, the next 12 months will focus on the study of passenger and crew use of the system. AirCell plans to experiment with various marketing techniques and pricing plans to determine price elasticity and interest in the use of wireless handsets. AirCell is aware of particular interest in its system from flight crews, who operate without communications in a cabin environment with a locked cockpit door. In that regard, the AirCell system proved especially helpful to a Frontier flight attendant who communicated to the ground during a recent in-flight medical emergency.

AirCell also continues to work with agencies of the federal government on security applications for government-owned aircraft used in high-priority security missions. In the last 12 months AirCell has facilitated the installation of AirCell systems on aircraft belonging to the U.S. Customs and Immigration Enforcement, the Department of Energy, the National Oceanic and Atmospheric Administration, and the FBI.

* * * *

As indicated in AirCell's previous reports, there continue to be NO reported incidents of interference involving AirCell's technology. Neither AirCell nor any of its cellular licensee partners have received any indication from any source that interference is being caused to any cellular service.