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FEDERAL COMMUNICATIONS COMMISSION
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BY HAND

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
445 12th Street, SW
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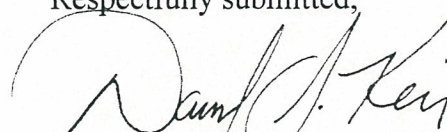
**Re: Mobile Communications Holdings, Inc. Annual Status Report;
File Nos. 11-DSS-P-91(6), 18-DSS-P-91(18), 11-SAT-LA-95,
12-SAT-AMEND-95, 158-SAT-AMEND-96 (Call Sign S2111)**

Dear Ms. Salas:

Enclosed on behalf of Mobile Communications Holdings, Inc. ("MCHI"), pursuant to Section 25.143(e)(1) of the Commission's rules, as amended, is MCHI's annual report concerning the construction status for the ELLIPSO system. This report was previously filed with the Commission on July 23, 2001. Because MCHI's Petition for Reconsideration of the International Bureau's May 31, 2001 Order declaring this authorization null and void remains pending, there has been no change in the status of system development since the July 2001 filing, and the information included therein remains current as of September 30, 2001 and as of the filing date of this letter.

Should there be any questions concerning this matter, please contact undersigned counsel.

Respectfully submitted,



Raul R. Rodriguez
David S. Keir

Enclosure

cc: International Bureau
Columbia Operations Center

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JUL 23 2001

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

BY HAND

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

**Re: Mobile Communications Holdings, Inc. Annual Status Report;
File Nos. 11-DSS-P-91(6), 18-DSS-P-91(18), 11-SAT-LA-95,
12-SAT-AMEND-95, 158-SAT-AMEND-96;
Call Sign S2111**

Dear Ms. Salas:

Enclosed on behalf of Mobile Communications Holdings, Inc. ("MCHI") is MCHI's annual report on the construction status for the ELLIPSO system.

Should there be any questions concerning this matter, please contact undersigned counsel.

Respectfully submitted,


Raul R. Rodriguez

Enclosure

cc: Columbia Operations Center
Donald Abelson
Thomas Tycz
Cassandra Thomas
Fern Jarmulnek

MOBILE COMMUNICATIONS HOLDINGS, INC.

Mobile Communications Holdings, Inc. Annual Status Report to the Federal Communications Commission

Mobile Communications Holdings, Inc. ("MCHI") hereby submits the following annual report detailing the construction status of its unlaunched ELLIPSO elliptical low earth orbit Mobile Satellite Service system. Although the Commission declared MCHI's authorization null and void on May 31, 2001, thereby negating the company's obligation to file an annual status report pursuant to Section 25.143(e)(1) of the Commission's rules, MCHI nevertheless is submitting the instant report in an effort to keep the Commission fully apprised of ELLIPSO's status in the event that MCHI's pending petition requesting reinstatement of its authorization *nunc pro tunc* is granted.

MCHI commenced construction of the ELLIPSO system by entering into a noncontingent spacecraft contract with The Boeing Company ("Boeing") in June 1998. Under that contract, Boeing has conducted extensive design validation and system definition activities with respect to the entire ELLIPSO system. The contract with Boeing, which remains valid, thus enabled MCHI to satisfy both of its construction commencement milestone obligations. Boeing confirmed the broad, system-wide nature of its duties under the contract with MCHI, as well as its understanding that the contractual relationship between the two parties remains in place, in the attached letter to the Commission dated July 2, 2001.

The serious technical and business difficulties encountered by earlier authorized NGSO MSS entrants have had a negative market impact on the MSS industry in general. As a result, MCHI has petitioned the Commission to waive its July 2001 initial construction completion milestone and extend by two years the deadline for completion of the ELLIPSO system (from July 2003 to July 2005).

Respectfully submitted,

MOBILE COMMUNICATIONS HOLDINGS, INC.

By: 

Gerald B. Helman

Vice President, International and Governmental Affairs

July 23, 2001

July 2, 2001

Federal Communications Commission
Washington D.C. 20554



Re: Mobile Communications Holdings, Inc. – Authorization to Construct, Launch and Operate an Elliptical Low-Earth Orbit Mobile-Satellite Service System (FCC File Nos. 11-DSS-P-91(6), 18-DSS-P-91(18), 11-SAT-LA-95, 12-SAT-AMEND-95, 158-SAT-AMEND-96; Call Sign S2111)

This letter is written in respect to the Petition for Reconsideration being filed this date by Mobile Communications Holdings, Inc. ("MCHI") concerning the International Bureau's May 31, 2001 Memorandum Opinion and Order ("MO&O") finding that MCHI had failed to satisfy a construction milestone requirement contained in its license. Boeing is the world leader in space programs and has made a considerable investment in Ellipso. Boeing is participating in the instant proceeding because the Bureau's MO&O is premised in substantial part on its interpretation of a satellite construction contract between Boeing and MCHI. This letter is offered to clarify the scope of that agreement.

Boeing and MCHI entered into a non-contingent memorandum of agreement ("MOA") in April 1998 which provided that Boeing would be the end-to-end system integrator and prime contractor for the entire Ellipso system, including all sixteen operational satellites and one ground spare. A definitive satellite construction contract between the companies was executed two months later, on June 17, 1998. This contract was immediately binding upon both parties. It provided not only for Boeing to construct two complete satellites as the initial spacecraft in the Ellipso system, but also to commence design, system definition, and design validation for the entire constellation, as contemplated by the MOA. Boeing has performed work under both portions of this contract.

July 2, 2001
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From the beginning of its contractual relationship with MCHI, Boeing has been aware that MCHI has engaged in various efforts to finance its system through equity and senior debt. Boeing is also aware that, due to the general unavailability of such financing at that time, MCHI turned to its vendors and partners, including Boeing. These efforts, although promising in the Spring 1999, fell victim to the sequential bankruptcies of Iridium and ICO starting in the Summer of 1999, and the disappointing results associated with Globalstar's commencement of service shortly thereafter.

The ensuing market conditions for satellite systems in particular, as well as for telecommunications and the high tech sector generally, cast a severe pall over the continued implementation of the Ellipso system. Although the contractual relationship between Boeing and MCHI remains in place, work under the definitive satellite construction contract has been suspended at the mutual agreement of the parties.

Boeing remains interested in working with MCHI toward completion and deployment of the entire planned satellite constellation.

Respectfully submitted,



W. R. Collopy
Vice President & Chief Financial Officer
Space and Communications