

ORIGINAL

Celsat America, Inc.
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Redondo Beach, CA 90277

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APR - 5 2004
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April 5, 2004

Received

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Policy Branch
International Bureau

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

Re: Celsat America, Inc.

Dear Ms. Dortch:

This letter responds to questions raised by Thomas Tycz, Chief of the Satellite Division of the FCC's International Bureau, in his letter dated March 25, 2004 to Celsat's counsel, Brian D. Weimer of Skadden, Arps.¹ The letter from Mr. Tycz poses two questions: (i) which frequencies does Celsat intend to use for Tracking, Telemetry and Command ("TT&C") functions for its satellite system, and (ii) what is the impact on Celsat's milestone progress of the bankruptcy of Celsat's satellite manufacturer, Space Systems/Loral ("Loral")?

With regard to the first question concerning Celsat's TT&C frequencies, Celsat will use the edge of its allocation in Ka-band for TT&C during the entire operational life of its satellites. Celsat acknowledges that this is required by the terms of its Ka-Band License.² Like many other satellite operators, however, Celsat has designed its satellites such that they are also capable of operating TT&C in C-band. Celsat anticipates that C-band would be required only during launch operations when the satellite is in a transfer orbit that takes it out-of-view of ground stations and possibly in orbit for use in contingency operations. In either case, TT&C in C-band would only be temporary, and Celsat would obtain any requisite special temporary authorization from the Commission

¹ See Letter from Thomas S. Tycz to Brian D. Weimer, dated March 25, 2004, referencing FCC File Nos. 26/27/28-DSS-P-94, 36-SAT-AMEND-95, 65/66/67-SAT-AMEND-96, 192-SAT-AMEND-97, 88-SAT-AMEND-98; and IBFS Nos. SAT-A/O-19940408-00016/17/18, SAT-AMD-19941125-00089, SAT-AMD-19960124-00007/8/9, SAT-AMD-19970925-00124, SAT-AMD-19980113-00009, SAT-AMD-20001103-00153.

² See Order and Authorization, DA 01-1682, ¶ 16 (2001) (the "Ka-band License").

prior to such use. In any event, Celsat plans to use the frequencies at the edge of its Ka-band License for TT&C operations under nearly all circumstances.

Mr. Tycz's letter also inquired about the impact of Loral's bankruptcy on Celsat's manufacturing plans. Whenever an unforeseen event of this magnitude occurs during the satellite manufacturing process, the impact is necessarily substantial. Upon learning of Loral's bankruptcy, for example, investors indicated that they did not want large payments made to a company in bankruptcy. Such payments, they reasoned, would be at an unacceptable risk of loss as a result of legal forces that they could neither predict nor control. Thus, Celsat has made no further payments to Loral. Nevertheless, Celsat has diligently taken a number of steps to address the issues raised by Loral's bankruptcy and fully expects that, with a few minor modifications to its system as described below, it will be able to launch and operate its satellite system in a timely manner.

Shortly after Loral declared bankruptcy, Celsat began the technical and business planning efforts necessary to develop a new plan so that Celsat can continue to satisfy the milestones in its 2 GHz MSS License.³ As a result, Celsat very shortly will file an application with the Commission seeking to modify: (i) Celsat's Ka-band license to surrender its authorization to operate a satellite at 83 W.L. and proceed with a single satellite system designed to operate in the 121 W.L. orbital slot using service links in the S-band and feeder links in the Ka-band, (ii) the construction milestones for Celsat's one-satellite system such that they revert to those set forth in its original 2 GHz MSS License⁴, and (iii) certain technical parameters of its satellite design. None of the changes contemplated by this modification application will result in additional interference to any other satellite system.

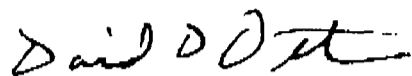
³ See Order and Authorization, DA 01-1632 (2001) (the "2 GHz MSS License").

⁴ As the Commission is aware, Celsat was granted the 2 GHz MSS License on July 17, 2001. Less than one month later, the FCC granted Celsat the Ka-band License for feeder links for Celsat's 2 GHz MSS system. The Ka-band License modified the milestones as set forth in the 2 GHz MSS License. In particular, the Ka-band License accelerated the fourth milestone from July 17, 2006 to June 25, 2005 in order to address the ITU "bringing into use" deadlines for the 83 and 121 W.L. orbital slots.

Marlene H. Dortch
April 5, 2004

Should you have any questions concerning this letter, please contact Celsat's counsel, Brian D. Weimer, at (202) 371-7604.

Sincerely,



David D. Otten
Chairman and Chief Executive Officer
Celsat America, Inc.

cc: Karl Kensinger

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