

Celsat America, Inc.
14270 Domingo Court
Reno, Nevada 89511

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Federal Communications Commission
Office of Secretary

July 27, 2004

Int'l Bureau

AUG 04 2004

Front Office

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

Re: Celsat America, Inc.
Certification of Milestone Compliance

Dear Ms. Dortch:

This letter serves to certify that Celsat America, Inc. ("Celsat") has met the third milestone set forth in its 2 GHz Mobile Satellite Service ("MSS") license, as modified by Celsat's Ka-band feeder link license.¹

The FCC granted Celsat a 2 GHz MSS license on July 17, 2001.² Subsequently, the FCC granted Celsat a Ka-band license for feeder links for Celsat's 2 GHz MSS system on August 3, 2001.³ The Ka-band License modified the milestones as set forth in the 2 GHz MSS License. The third milestone for the Celsat satellite system is July 17, 2004, by which time Celsat must have begun physical construction of all satellites in its system.

Several days before the third milestone date, Celsat and Loral executed an amendment to their existing satellite manufacturing contract to reflect the revised terms of their business relationship as a result of Loral's continued bankruptcy.⁴ In addition,

¹ See 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 01-1632 (the "2 GHz MSS License").

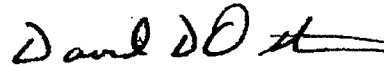
³ See Order and Authorization, DA 01-1682 (the "Ka-band License").

⁴ See Amendment Number 1, dated July 12, 2004, to Contract, dated July 14, 2002, between Celsat America, Inc. and Space Systems/Loral, Inc. ("Contract

Celsat filed a modification application with the Commission on July 17, 2004 seeking to (i) relinquish the 83 degrees W.L. orbital slot, (ii) waive and/or extend Celsat's fourth milestone (launch of the satellite) while retaining the final date by which Celsat must certify that its entire satellite system is operational, and (iii) make minor changes to the technical parameters of its satellite.⁵

The attached letter from Celsat's manufacturing company, Loral, certifies that construction of the Celsat satellite commenced on July 17, 2004 in accordance with the terms of Contract Amendment Number 1. Accordingly, Celsat has met the third construction milestone as required by the 2 GHz MSS License and the Ka-band License.

Sincerely,



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

Amendment Number 1"). A copy of this amendment will be supplied to the Commission under separate cover no later than August 11, 2004.

⁵ See File No. SAT-MOD-20040717-00134. This modification application has not yet been placed on Public Notice.

SPACE SYSTEMS
LORAL

3825 Fabian Way, M/S G44
Palo Alto, CA 94303-4604

22 July 2004

By Facsimile

Mr. David D. Otten
Chairman and CEO
Celsat America, Inc.
532 South Gertruda Avenue
Redondo Beach, CA 90277

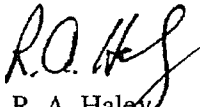
Subject: CELSAT Satellite Program – “Start of Construction”

Dear Mr. Otten:

Pursuant to Article 2 of Contract Amendment Number 1, dated 12 July 2004, this is to confirm that Start of Construction has occurred on 17 July 2004 in accordance with Article 2.2.18 of Exhibit A, Statement of Work, dated 12 July 2004.

Sincerely,

SPACE SYSTEMS/LORAL, INC.



R. A. Haley
Senior Vice President and
Chief Financial Officer