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July 30, 2004

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

**EX PARTE VIA HAND DELIVERY**

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

Int'l Bureau

AUG 04 2004

Front Office

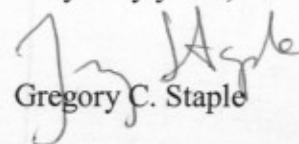
Re: TMI Communications and Company Limited Partnership  
File No 189-SAT-LOI-97  
IBFS Nos. SAT-LOI-19970926-00161  
SAT-AMD-20001103-60158

Dear Ms. Dortch:

This is being filed on behalf of TMI Communications and Company Limited Partnership (TMI) to transmit the original of the TMI cover letter filed in facsimile form yesterday with the Commission.

Any questions regarding this filing should be directed to the undersigned.

Very truly yours,

  
Gregory C. Staple

cc: Steven Spaeth  
William Bell  
Cassandra Thomas  
Wharton B. Rivers, TerreStar



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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

July 29, 2004

Mr. Roderick K. Porter  
Deputy Bureau Chief, International Bureau  
Federal Communications Commission  
445 12th Street, S.W.  
Washington, DC 20554

Re: File Nos. SAT-LOI-19970926-00161  
SAT-AMD-20001103-00158

Dear Mr. Porter:

We are transmitting with this letter, a copy of a Guarantee by TMI Communications and Company Limited Partnership (TMI) covering payments due under the satellite construction contract (Satellite Contract) by TerreStar Networks, Inc. (TerreStar) to Space Systems/Loral Inc. (Loral). This Guarantee satisfies the milestone waiver condition stated in Paragraph 49 of the Commission's Memorandum Opinion and Order, FCC 04-144, released June 29, 2004 (Order) reinstating TMI's 2 GHz mobile satellite service (MSS) authorization.

On July 26, 2002, in response to the Bureau's prior request, TMI previously submitted to the Bureau, in confidence, a copy of the Satellite Contract. If the Bureau wishes to review subsequent amendments, including, most recently, an amendment to adjust Loral's work program and the related payment schedule to the new milestone dates established at Paragraph 59 of the Order, TMI also is willing to submit them in confidence. The Satellite Contract, as amended, commits TerreStar and Loral to construct and launch the 2GHz MSS system on a schedule which satisfies the revised milestones by requiring performance prior to the end of the applicable months specified in Paragraph 59 of the Order.

We also want to take this opportunity to provide some background on the Guarantee, as well as TMI's obligations and intentions under the Guarantee.

Several years ago, for a number of business and market reasons, TMI determined that the best way to pursue the development of the next generation mobile satellite systems in North America (both our existing L-band satellite business as well as our prospective

2GHz license effort), was through joint ventures with Motient Inc. and other American partners. As a result, in November, 2001, we contributed our mobile satellite operating assets to these joint ventures, and in December, 2002, we applied for a transfer of control of our 2GHz FCC authorization to TerreStar.

Since the inception of these joint ventures, we and our American partners have invested over \$100 million in cash in these efforts and are currently nearing completion of an additional financing in excess of \$150 million. Following the current round of financing, these joint ventures will be debt free, will have significant liquid financial resources, and will possess the management, engineering and intellectual property assets necessary to move forward. Given these assets, we continue to believe that the best business approach to funding and deploying this 2 GHz satellite system is through our TerreStar joint venture, and we look forward to working with the International Bureau to transfer TMI's rights under its reinstated FCC authorization to TerreStar (or its designee) in an expeditious fashion.

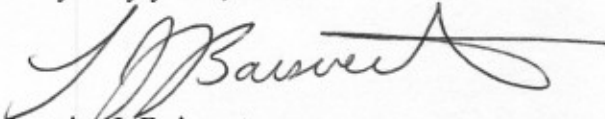
TMI also plans to transfer its Canadian Approval in Principle for its 2 GHz satellite system to a Canadian entity ("Canadian Licensee") in which TerreStar and /or the joint ventures (or affiliates) will have an interest and which will be eligible, by virtue of its Canadian ownership, to hold this authorization under both the *Radiocommunication Act* (Canada) and the *Telecommunications Act* (Canada). The enclosed Guarantee obligates TMI to cover the construction contract expenditures which have been negotiated between TerreStar and Loral, while at the same time reflecting the decision of the parties involved in the TerreStar joint venture to develop the 2GHz assets through such joint venture. Accordingly, in connection with the Guarantee, TMI and TerreStar have also agreed that TerreStar shall be obliged to put monies in escrow to cover payments due and owing to Loral at any point in time. However, we also note that the Guarantee is effective as of the date it was signed and is not contingent or conditioned upon any additional action by TerreStar or any other party. Further, Loral has already been prepaid by TerreStar for all amounts due and owing through January, 2005.

We also note Section 3 of the Guarantee, which provides TMI's right to withdraw this Guarantee in the future, but only upon being subject to the same termination liability payments to Loral under the Satellite Contract that TerreStar would be subject to were it to terminate its obligations to Loral. The Guarantee would also terminate once TMI's Canadian Approval in Principle is transferred to the Canadian Licensee as described above, subject to obtaining the necessary regulatory approvals.

Finally, TMI wishes to advise the Bureau that TMI shortly plans to ask Industry Canada to conform the July 17, 2006 milestone in its Approval in Principle (requiring TMI to place its satellite into its assigned Canadian orbital position at 107.3 degrees West) to the revised November 2007 satellite launch milestone adopted in the FCC's Order. TMI will inform the Commission (as well as the Bureau) within ten days of any action by Industry Canada.

In summary, we remain a large and active owner of TerreStar and believe that the development of advanced mobile satellite systems over North America holds tremendous promise for remote and rural consumers in both Canada and the United States. We and our American partners have invested large amounts of capital and intellectual energy over the past several years to make this vision a reality. We believe the resolution of a number of regulatory issues pertaining to mobile satellite services will help to provide certainty to the investment community and will assist us in implementing these new ventures.

Very truly yours,



Laurier J. Boisvert

President and Chief Executive Officer

TMI Communications, Inc., for and on behalf of,

TMI Communications and Company Limited Partnership

Enclosure

cc:

Donald Abelson, Chief, International Bureau  
Steven Spaeth, Legal Advisor, Bureau Chief  
Karl Kensinger, Associate Division Chief, Satellite Division  
William Bell, Attorney, Policy Branch,, Satellite Division  
Wharton B. Rivers, Jr., CEO, TerreStar Networks, Inc.