

EXHIBIT 1

REQUEST FOR MILESTONE EXTENSION

TerreStar Networks Inc. (“TerreStar”), the holder of a 2 GHz Mobile Satellite Service (“MSS”) Letter of Intent (“LOI”) authorization, pursuant to Section 25.117(c) of the Federal Communications Commission’s (“Commission” or “FCC”) rules,¹ hereby requests extension of the milestone dates for launching and the commencement of operations of its first geostationary satellite, TerreStar-1 (the “Satellite”) to June 30, 2009, and August 30, 2009, respectively.

As discussed in detail below, there is good cause for this requested extension of the milestone dates, as construction of the Satellite is nearly complete and the underlying construction delay that necessitates this request was due to unforeseeable circumstances that were beyond TerreStar’s control. Further, as shown, since the milestone extension granted to TerreStar, substantial progress has been made toward completing construction of the Satellite, including resolving anomalies that previously have caused delay, and the successful completion of reference performance and thermal vacuum testing.

Based on the current status and barring unforeseen events, the spacecraft manufacturer, Space Systems/Loral (“Loral”) is confident that it can deliver the satellite in April 2009 to support the launch slot of June 1, 2009 through June 30, 2009 that

¹ 47 C.F.R. § 25.117(c).

TerreStar has secured from Arianespace.² TerreStar now believes that it has adequate assurance from both Loral and Arianespace that the launch will occur by the extended milestone date herein requested.

Grant of the extension will serve the public interest by allowing the substantially complete Satellite to become operational, while not resulting in the warehousing of spectrum.

I. Continued Progress Has Been Made To Complete Satellite Construction Well In Advance Of A New Scheduled Launch Period Of June 1 – June 30, 2009.

Construction of the Satellite is almost complete. The main body of the Satellite is complete. The remaining hardware to be integrated onto the Satellite are items that mount externally to the main body: the S-band reflector; the feed array, the solar array, and the batteries. The solar array and batteries are ready for integration and the reflector is in deployment testing. High power testing of the feed array, which until a recent incident involving the 18 meter S-band reflector discussed below, had been the pacing item for the completion of the Satellite, has also been successfully completed. The Satellite is therefore now undergoing routine final assembly and testing.³

² Letter from C. Patrick DeWitt, Chief Executive Officer of Loral to Jeffrey Epstein, President of TerreStar (June 29, 2008) (“Loral June 2008 Letter”), at 2 (Attachment 1 to this Exhibit); Letter from Michael H. Callari, TerreStar-1 Program Director for Arianespace, to Dennis Matheson, Chief Technical Officer of TerreStar (July 10, 2008) (“Arianespace Letter”) (Attachment 2 to this Exhibit).

³ Loral June 2008 Letter at 1.

Interim testing reference points set forth in the Commission's previous milestone extension grant⁴ have been timely met: Reference performance testing was successfully completed on March 12, 2008, and thermal vacuum testing was completed on May 27, 2008.⁵ As discussed further below, another critical testing point, the successful completion of high power testing of the S-band feed array, occurred on June 5, 2008.

All payments for the construction and launch of the Satellite that are due have been made. To date, 97.6 percent of the purchase price for the construction of the Satellite has been paid and 80 percent of the launch services fee has been paid.

II. TerreStar Has Worked In Concert With Loral Diligently To Resolve Outstanding Anomalies To Complete Construction Of The Satellite; the Delays That Have Been Experienced Have Been Unforeseen And Outside Of TerreStar's Control.

Through its on-site representatives, weekly status reports and calls, and additional experts hired to oversee the work of Loral and its subcontractors, TerreStar has done everything within its power to keep construction of the Satellite on track, including expedited resolution of anomalies that have been identified in the construction process.

In May 2007, TerreStar reported to the Commission three primary construction issues that had delayed construction of the Satellite. These issues involved three satellite components: (1) the S-band low noise amplifiers; (2) the

⁴ *TerreStar Networks, Request for Milestone Extension*, 22 FCC Rcd. 17698, 17703 (IB 2007) ("Initial TerreStar Milestone Extension").

⁵ Loral June 2008 Letter at 2.

oscillators; and (3) the S-band feed array. Issues associated with the low noise amplifiers and the oscillators have been resolved for some time.⁶

Testing earlier this year revealed additional and previously unforeseen problems with the S-band feed array and its ability to withstand high power operation.⁷ In addition to its own technical experts, TerreStar brought in experts from NASA, Aerospace Corporation, and SAIC. Working together with TerreStar's own technical team, these experts:

- Reviewed test data from the initial failed high power test;
- Confirmed cause of the failure;
- Reviewed test configuration and test procedure;
- Suggested test configuration and procedure improvements;
- Reviewed Loral remedial efforts;
- Suggested alternate materials for feed array components;
- Attended numerous anomaly resolution meetings; and
- Monitored new high power test execution and inspected test configuration.

This effort proved appropriate, as confirmed by the successful completion on June 5, 2008 of high power tests of the S-band feed array. The process of correcting the high power issue resulted in certain unavoidable schedule delays. TerreStar pressed Loral to

⁶ Letter from C.P. DeWitt, Chief Executive Officer of Loral to Robert H. Brumley, President and Chief Executive Officer of TerreStar (February 6, 2008) ("Loral February 2008 Letter") (Attachment 3 to this Exhibit).

⁷ See Loral February 2008 Letter. This letter and an associated press release were previously shared with Commission staff. The Commission referenced the possibility of a further delay in the launch of TerreStar in *In the Matter of Improving Public Safety Communications in the 800 MHz Band; Consolidating the 800 and 900 MHz Industrial/Land Transportation and Business Pool Channels*, 18 FCC Rcd. 485, 486 n.48 (2008). However, as the nature of the problem was still being investigated and a firm sense of its effect on scheduling could not be determined until the (footnote cont'd. on next page)

minimize the delay and, among other things, the sequence of Satellite integration and testing was adjusted to accommodate the late delivery of the feed array. As noted, TerreStar also engaged numerous experts to assist in and monitor the process of anomaly resolution and agreed only to such delays that TerreStar believed could not be avoided or further minimized without jeopardizing the Satellite's mission.

With the completion of the feed array high power testing, all of the technical issues related to the satellite development identified in May 2007 have been resolved. Due to circumstances beyond TerreStar's control, the resolution of the issues associated with S-band feed array took longer to resolve than initially planned. But for a recent incident at the subcontractor manufacturing the Satellite's 18 meter S-band reflector, the Harris Corporation ("Harris"), TerreStar would be seeking significantly shorter extensions. In June 2008, an incident occurred during testing of the S-band reflector at the Harris plant, unrelated to the testing itself, which damaged the reflector. After a deployment during the stowage evaluation, while the reflector was in a face down deployed configuration, a gravity compensation weight damaged the reflector.

An immediate assessment by Harris and Loral of the damage and the time to remedy ensued. After considerable analysis of the possible ways in which to proceed, including input from TerreStar to shorten the originally estimated time to remedy the

completion of a root cause analysis and high power testing of a corrected unit, TerreStar had waited for greater clarity on delivery and launch timing before filing for extensions.

problem, Harris and Loral developed a work plan that provides for a compliant reflector to be delivered to Loral for integration on the Satellite by March 15, 2009.⁸

Loral has now committed to complete construction and ship the Satellite to the Arianespace launch site in April, 2009, to support a launch during the June 1 – June 30, 2009 launch period to which Arianespace has committed. While TerreStar is frustrated by this most recent event, both at the incident itself and the time that it will take to remedy the situation, TerreStar and Loral are convinced that the schedule now in place is the best that can be accepted without compromising the integrity of the Satellite.

Further, while TerreStar has been deeply involved in the remediation process, the delays that have been incurred have been in no respect “caused” by TerreStar. Rather, as Loral states, these delays have been “completely outside of TerreStar’s control.”⁹

III. TerreStar Has Demonstrated Substantial And Continuing Commitment To Satellite Construction And System Implementation.

The Commission’s basis for its grant to TerreStar of its first milestone extension, that “TerreStar has demonstrated a substantial and continuing commitment to satellite construction and system implementation,”¹⁰ continues to apply, as set forth above.

That determination by the Commission rests on longstanding precedent that requires little elaboration here. Essentially, the Commission’s purpose in requiring milestones is

⁸ Letter from Howard L. Lance, Chairman, President, and Chief Executive Officer of Harris to C. Patrick DeWitt, Chief Executive Officer of Loral (June 29, 2008) (Attachment 4 to this Exhibit).

⁹ Loral June 2008 Letter, at 2.

to assure that a licensee is not warehousing spectrum but actually is building a satellite.¹¹ Accordingly, the Commission's consistent practice is to grant milestone extension requests when, as here, a licensee encounters unanticipated technical problems during physical construction of a satellite but can demonstrate that construction is well underway and progressing.¹²

While difficulties have been encountered, the record summarized above reflects substantial and continuing progress toward the Satellite's completion and launch. Anomalies that were previously identified have been resolved, key tests, including those identified in the Commission's earlier extension grant, have been completed successfully and, at this point, other than post launch in orbit incentives, both the Satellite's construction and launch costs have been almost fully paid. Further, the record shows continued diligence by TerreStar, both through the efforts of its own personnel and independent experts retained by TerreStar, to address expeditiously anomalies that have occurred in the construction process and to minimize schedule impact when possible.

¹⁰ Initial TerreStar Milestone Extension, 22 FCC Rcd. at 17698.

¹¹ *Id.* See also *Establishment of Policies and Service Rules for the Mobile Satellite Service in the 2 GHz Band*, Report and Order, 15 FCC Rcd 16127, 16177-78 (2000).

¹² Initial TerreStar Milestone Extension at n. 15, citing *See New ICO Satellite Services*, 22 FCC Rcd 2229 (IB 2007) ("ICO 2007 Grant") (launch extension granted; satellite construction was 85% complete and 93% of the total price had been paid); WB Holdings 1 LLC, *Memorandum Opinion and Order*, 20 FCC Rcd 10846 (IB 2005) (construction of satellite complete except for final testing); Intelsat LLC, *Memorandum Opinion and Order*, 19 FCC Rcd 5266 (IB 2004) (launch extension granted; satellite construction was 85% complete); Loral SpaceCom Corporation, DIP, *Memorandum Opinion and Order*, 18 FCC Rcd 21851 (IB 2003) (launch extension granted; satellite was approximately 80% complete and 60% funded).

IV. Conclusion: Grant Of The Milestone Extension Will Serve The Public Interest.

TerreStar continues to progress in the construction of a state of the art satellite with advanced capabilities that will meet homeland security, rural service and other critical needs. Allowing TerreStar and its satellite manufacturer the time necessary to address anomalies that would otherwise threaten that mission is clearly in the public interest.

For good cause as demonstrated above, TerreStar respectfully requests an extension of its launch milestone date until June 30, 2009 and an extension of its operational milestone date until August 30, 2009.



3825 Fabian Way M/S G-01
Palo Alto, CA 94303-4604

C. Patrick DeWitt
Chief Executive Officer

June 29, 2008

Jeffrey Epstein
President
TerreStar Networks
One Discovery Square
12010 Sunset Hills Road, Suite 600
Reston, VA 20190

Dear Mr. Epstein:

The construction and test program of the TerreStar-1 satellite (TS-1) is at a very advanced stage. The satellite has completed the Thermal/Vacuum test successfully and is currently in Ground Based Beam Forming Compatibility testing. To date, you have paid 97.1% of the purchase price (excluding in-orbit incentives). Throughout the course of the satellite build, as we encountered technical challenges, we have worked in conjunction with your team to manage those challenges so as to mitigate any schedule impact. Most recently, an incident at our subcontractor manufacturing the S-Band Reflector has impacted the schedule (see the attached letter from Harris Corporation). Having resolved the major technical issues with the satellite and agreed upon an alternate path for the reflector, we are now in a position to confirm that TS-1 will be ready to ship to the launch provider in April 2009.

By the letter dated May 25, 2007, we had notified you of three major risk areas for the satellite, namely, Low Noise Amplifiers, Oscillators, and the Feed Array. At this time, the first two items have been integrated with the satellite and have gone through the Satellite Thermal/Vacuum testing. The risks associated with these items have thus been retired. As we disclosed to you in a letter dated February 6, 2008, the Feed Array encountered a high power issue during testing. With intensive effort, we have identified the root cause of the high power test issues, modified the array to correct the problem, and have now successfully completed the high power and passive intermodulation tests of the flight Feed array. This permits us to complete the Feed Array assembly and conduct the remaining normal testing and thereby retire the associated risk.

Letter to Jeffrey Epstein
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June 29, 2008

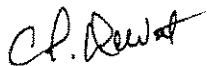
The satellite integration and testing have been progressing in parallel with the Feed Array remanufacturing and testing. All main body flight hardware has been assembled on the satellite. Reference Performance testing was completed on March 12, 2008, and Thermal/Vacuum testing was completed on May 27, 2008. Successful completion of these test phases has retired significant risks in the satellite completion schedule. The remaining significant hardware to be integrated on the satellite consist of items which mount externally to the main body: the S-band Reflector, Feed Array, Solar Array and the Batteries. The Solar Arrays and Batteries are ready for assembly.

As discussed in the Harris letter, the Reflector that was in an advanced state of completion was recently damaged during manufacturing, and while we have worked with Harris to develop a workaround that will not compromise the quality or reliability of the satellite, the completion of TS-1 has been delayed.

Based on the current status of the Reflector and the satellite, we now are confident, barring other unforeseen issues, that we can make TS-1 available for shipment to launch provider in April 2009.

We have and will continue to undertake every effort to mitigate delays resulting from challenges associated with the TerreStar program. We realize the importance of the TerreStar-1 satellite to your business plan and that schedule delays such as these are frustrating as they are completely outside TerreStar's control. We firmly believe that the quality of the product we deliver is of supreme importance. Please be assured that we will not make any compromise on the quality of the satellite in the interest of schedule. We will keep you apprised of the progress as we continue with the test program on the satellite.

Sincerely,
Space Systems/Loral



C. Patrick DeWitt
Chief Executive Officer

Attachment

cc: Dennis Matheson



Direction Commerciale

Dennis MATHESON
Chief Technical Officer
TERRESTAR NETWORKS INC.
One Discovery Square
12010 Sunset Hills Road Suite 600
Reston, VA 20190
USA

Evry-Courcouronnes, July, 10th, 2008
 Ref. : DC/SC/MCA/CAL/L08-251

Subject: TERRESTAR LAUNCH SLOT SELECTION.

Ref.:

- 1). TerreStar Letter dated May 6th, 2008
- 2). AE Letter DC/SC/MCA/CCOU/L08-153 dated May 13th, 2008
- 3). TerreStar letter dated May 23rd, 2008
- 4). AE Letter DC/SC/MCA/CCOU/L08-173 dated May 27th, 2008
- 5). TerreStar letter dated June 26th, 2008

Dear Mr. MATHESON,

Thank you for your Reference 4 letter explaining the unfortunate incident on TerreStar-1. We hope the recovery plan is achieved.

As previously discussed with Mr. Tann PINNEY, Arianespace has looked closely at impact to the 2009 launch manifest due to the TerreStar situation and consolidated a new plan based on spacecraft availabilities and earliest possible launch opportunities.

Based on this thorough evaluation, Arianespace confirms that the Launch Slot of
June 1st, 2009 – June 30th, 2009
 is assigned to TerreStar-1.

Please provide your acceptance of this launch slot assignment.

Please let me know if there are any questions.

Sincerely,

Michael H. CALLARI
 TerreStar Program Director

Copies: TerreStar : T. Pinney
 Arianespace : Ph. Berterottière, P. Loire, J. Rives – AE Inc.

SPACE SYSTEMS
LORAL

3825 Fabian Way M/S G-01
Palo Alto, CA 94303-4604

C. Patrick DeWitt
Chief Executive Officer

February 06, 2008

Robert H. Brumley
President and CEO
TerreStar Networks
One Discovery Square
12010 Sunset Hills Road, Suite 600
Reston, VA 20190

Dear Mr. Brumley:

As you are aware, the construction of TerreStar-1 satellite is at a very advanced stage, in fact, as of today the main body is 100% complete, reference performance testing is underway, and TS-1 is scheduled to enter TVAC on February 16, 2008. Throughout the course of the satellite build, as we encountered schedule challenges, we have worked in conjunction with your team to manage those challenges so as to mitigate any schedule impact. Until very recently, we believed these efforts had succeeded in assuring that we could deliver TS-1 in August 2008 pursuant to the revised schedule. However, although we have retired the schedule risk for two of the three issues that caused the prior delay (S Band low noise amplifiers and oscillators), the S Band feed array continues to pose a significant delay risk. We therefore notify you that we will not be able to meet the August 2008 delivery date for TS-1. Our current schedule calls for a November 2008 delivery date, but as discussed below, that date remains at risk until additional testing is complete.

As you will remember, the S-band feed array is a new design requiring a full qualification program. While previous problems with the manufacture of key components of the feed array have been resolved, high power testing of the qualification model indicated that the feed array was not performing correctly. The qualification model is currently undergoing root cause analysis and we believe we have identified the likely cause. As a result, some design changes have been identified and are being validated by test on non-flight hardware. Once these validation tests are successfully completed, the flight model will be reworked. Our current projection shows that the flight model will undergo high power testing in the late March-early April time period. SS/L is aggressively working the feed array schedule to minimize the overall program impact and believes a November 2008 delivery of TS-1 is possible. However, until the completion of high power testing of the flight model we will not be able to determine whether the risks around that delivery date have been retired.

Letter to Mr. Robert H. Brumley
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February 06, 2008

We have and will continue to undertake every effort to mitigate delays resulting from technological challenges associated with the TerreStar program. We firmly believe that the quality of the product we deliver is of supreme importance. Please be assured that we will not make any compromise on the quality of the satellite in the interest of schedule. We will keep you apprised of the progress on the above issue as we progress with the test program on the satellite.

Sincerely,
Space Systems/Loral

/s/ C.P. DeWitt
C.P. DeWitt
Chief Executive Officer

cc: Dennis Matheson



HOWARD L. LANCE
Chairman, President and
Chief Executive Officer

HARRIS CORPORATION

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phone 1-321-724-3900

www.harris.com

June 29, 2008

Mr. C.P. DeWitt
Chief Executive Officer
Space Systems/Loral
3825 Fabian Way
Palo Alto, CA 94303

Dear Mr. DeWitt:

As you know, Harris Corporation is the subcontractor manufacturer of the 18-meter reflectors under your contracts with TerreStar Networks (TerreStar) including TerreStar-1 (TS-1) and TerreStar-2 (TS-2). Unfortunately, the TS-1 reflector, which was in an advanced state of completion, was recently damaged during manufacturing.

We have been working closely with your team to adjust our manufacturing schedule and dedicate the appropriate resources to complete the TS-1 reflector in the timeliest manner possible, consistent with all contract requirements. Based on the facts as we now know them, we believe we can complete manufacturing and be ready to ship this reflector by March 15, 2009 in order to achieve a May 2009 launch date.

We deeply regret the schedule delay that the recent incident has caused both you and your customer.

Sincerely,

A handwritten signature in black ink that reads "H. L. Lance".

Howard L. Lance