

## ANNUAL REPORT

Pursuant to Section 27.607 of the Commission's Rules, Pegasus Guard Band, LLC ("PGB"), licensee of 34 guard band licenses in the 700 MHz spectrum, hereby provides its annual report on the status and use of these guard band licenses. *See* 47 C.F.R. §27.607. Attached hereto as Attachment 1 is a listing of the call signs and market areas of the licenses held by PGB and covered by the instant report. The last guard band manager report filed by PGB for these licenses was submitted on October 1, 2002.

Formerly, the 700 MHz frequency band was reserved for use by UHF television channels 60 through 69 until the FCC reallocated 36 MHz of this spectrum for commercial use and 24 MHz for public safety use at the direction of Congress. Currently, the spectrum in which the 700 MHz guard band licenses held by PGB are located remains encumbered by the existing analog and digital broadcast television stations. By statute, the incumbent television broadcasters will continue to be the primary users in this portion of the spectrum until December 31, 2006, or until the particular market reaches the prescribed penetration levels indicating that the market has largely converted from analog to digital television. During the past year, PGB's effort have concentrated on identifying proper engineering guidelines to ensure mutual non-interference with the incumbent broadcasters in order to permit use of the 700 MHz guard bands without causing interference to the existing users. The continued incumbency of existing television broadcasters remains the largest obstacle to the broad initiation of service on the guard band frequencies.

PGB holds the A block licenses, consisting of a pair of 1 MHz guard band frequencies for a total of 2 MHz, in 32 Major Economic Areas ("MEA"), or about 55% of the United States. In addition, PGB holds two B block licenses, consisting of a pair of 2 MHz guard band frequencies for a total of 4 MHz. PGB intends to make these frequencies available to potential users for dispatch, telemetry, and other service uses. Since obtaining these guard band authorizations from the Commission, PGB has taken the necessary preliminary steps of identifying the incumbent analog and digital broadcasters currently operating within the licensed MEAs corresponding to each of PGB's licenses, and the signal contours of these each of these broadcast facilities. In addition, the same information has been gathered regarding broadcast stations operating on channels adjacent to PGB's licenses and from whom interference may be received. Based on PGB's engineering review, the spectrum in all of the 34 markets in which PGB holds guard band licenses is encumbered by existing users to varying degrees.

Concurrent with its engineering review of the incumbent 700 MHz spectrum users, PGB has sought to identify and develop system applications for potential users of the guard band licenses. Due to non-disclosure agreements and the preliminary nature of these applications, specific information regarding the specific users, applications and the MEAs involved cannot be publicly disclosed.

Ultimately, service in the 700 MHz guard band spectrum has been further complicated by the uncertainty created by Nextel Communications, Inc.'s ("Nextel") proposal for a reshuffling of the 800 MHz spectrum, and the rule making currently being conducted by the FCC. *See* In the

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**700 MHz Guard Band Licenses**  
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Matter of Improving Public Safety Communications in the 800 MHz Band, and Consolidating the 900 MHz Industrial/Land Transportation and Business Pool Channels, Notice of Proposed Rule Making, WT 02-55, released March 15, 2002. This pending rule making has the ability to substantially alter the development of the 700 MHz guard band spectrum, as well as affecting the technology and equipment that is developed for use in these bands. Moreover, the reallocation of a portion of the 700 MHz guard bands to Business Radio and Industrial/Land Transportation Radio users may fundamentally alter the demand for services from the 700 MHz guard band managers. Similarly, Nextel's possible forfeiture of its own guard band authorizations may have an impact on the type and availability of equipment developed for use in the guard band spectrum. This uncertainty created by a possible restructuring of spectrum affecting the guard bands has also resulted in delaying potential customers from committing to leases for the 700 MHz guard bands.

**CURRENT FCC LICENSES HELD BY  
PEGASUS GUARD BAND, LLC**

Call Sign	Channel Block	Market	Market Name	Grant Date	Current Expiration Date
WPRR298	A	MEA001	Boston	12/21/2000	1/1/15
WPRR299	A	MEA002	New York City	12/21/2000	1/1/15
WPRR300	A	MEA004	Philadelphia	12/21/2000	1/1/15
WPRR301	A	MEA006	Richmond	12/21/2000	1/1/15
WPRR302	A	MEA009	Jacksonville	12/21/2000	1/1/15
WPRR303	A	MEA010	Tampa-St. Petersburg-Orlando	12/21/2000	1/1/15
WPRR304	A	MEA011	Miami	12/21/2000	1/1/15
WPSK920	A	MEA012	Pittsburgh	6/6/2001	1/1/15
WPRR305	A	MEA013	Cincinnati-Dayton	12/21/2000	1/1/15
WPRR306	A	MEA014	Columbus	12/21/2000	1/1/15
WPRR307	A	MEA015	Cleveland	12/21/2000	1/1/15
WPRR308	A	MEA016	Detroit	12/21/2000	1/1/15
WPRR309	A	MEA017	Milwaukee	12/21/2000	1/1/15
WPRR310	A	MEA018	Chicago	12/21/2000	1/1/15
WPRR311	A	MEA019	Indianapolis	12/21/2000	1/1/15
WPRR312	A	MEA022	Knoxville	12/21/2000	1/1/15
WPRR313	A	MEA023	Louisville-Lexington-Evansville	12/21/2000	1/1/15
WPRR314	A	MEA025	Nashville	12/21/2000	1/1/15
WPRR315	A	MEA028	Little Rock	12/21/2000	1/1/15
WPRR316	A	MEA034	Omaha	12/21/2000	1/1/15
WPRR317	A	MEA035	Wichita	12/21/2000	1/1/15
WPRR318	A	MEA036	Tulsa	12/21/2000	1/1/15
WPRR319	A	MEA040	Phoenix	12/21/2000	1/1/15
WPRR320	A	MEA041	Spokane-Billings	12/21/2000	1/1/15
WPRR321	A	MEA043	San Francisco-Oakland-San Jose	12/21/2000	1/1/15
WPRR322	A	MEA045	Portland	12/21/2000	1/1/15
WPRR323	A	MEA046	Seattle	12/21/2000	1/1/15
WPRR324	A	MEA047	Alaska	12/21/2000	1/1/15
WPRR325	A	MEA048	Hawaii	12/21/2000	1/1/15
WPRR326	A	MEA049	Guam and the Northern Mariana	12/21/2000	1/1/15
WPSK921	B	MEA049	Guam and the Northern Mariana	6/6/2001	1/1/15
WPRR327	A	MEA050	Puerto Rico	12/21/2000	1/1/15
WPRR328	A	MEA051	American Samoa	12/21/2000	1/1/15
WPSK922	B	MEA051	American Samoa	6/6/2001	1/1/15