

**2011 ANNUAL REPORT**

Pursuant to Section 27.607 of the Commission's Rules, Pegasus Guard Band, LLC ("Pegasus"), licensee of 23 A Block licenses in the 700 MHz spectrum, hereby provides its annual report on the status and use of these licenses. *See* 47 C.F.R. §27.607. Attached hereto for reference is a list of the call signs and market areas of the licenses held by Pegasus and covered by the instant report.

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. By the DTV Delay Act (S. 352, 111th Cong. (January 29, 2009)), Congress extended the initial February 17, 2009, deadline for the transition of television broadcasters until June 12, 2009, and as a result extended the time in which the incumbent television stations remained the primary users of this spectrum.<sup>1</sup> Thus, through June of 2009, much of the spectrum in which the 700 MHz A Block licenses held by Pegasus are located remained encumbered by legacy analog and digital broadcast television stations.

Following the initial reconfiguration of the 700 MHz spectrum designed to transition the spectrum from broadcast television to new wireless services, Pegasus, along with Access Spectrum, LLC and other holders of A and B Block licenses, was actively involved in the process of petitioning the Commission to reorganize the Upper 700 MHz spectrum further in order to permit public safety users to operate broadband services in the Upper 700 MHz spectrum. As a result of those efforts, in 2007, the Commission adopted an order reorganizing the 700 MHz spectrum and revising a number of the rules governing the 700 MHz A Block spectrum held by Pegasus and others. *See In the Matter of Service Rules for the 698-746, 747-762 and 777-792 MHz Bands*, Second Report and Order, FCC 07-132 (2007). Pursuant to its Second Report and Order, the Commission adjusted the spectrum for the A Block and B Block licenses, extended the license term, and removed the prohibition on the use of cellular-type architecture, among other things. Subsequently, on October 24, 2007, Pegasus surrendered the licenses for its two B Block licenses, WPSK921 (Guam) and WPSK922 (Am. Samoa), consistent with the Commission's spectrum rebanding plan.

In light of the continued presence of incumbent television stations in the spectrum until 2009, the Commission's 2007 spectrum rebanding and modification of the underlying licensing rules, and the continued challenging economic conditions in the U.S., Pegasus has not commenced leasing of, or commercial services in, this spectrum, aside from a handful of brief test operations discussed below.

Pegasus continues to investigate options for commercializing its spectrum at its highest best use in fourth generation ("4G") wireless topologies. These efforts are a continuation of similar efforts over the previous ten years to commercialize the spectrum. In addition to the challenges identified above, Pegasus and other A Block licensees are constrained by the small

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<sup>1</sup> The DTV Delay Act also extended the license term for affected licensees in the 700 MHz by 116 days so that the license term for these authorizations will now expire on June 13, 2019.

channel width of the A Block (1 MHz by 1 MHz), which is smaller than standard 4G channel widths that have been under development thus far. Pegasus, through its affiliate Xanadoo Company (“Xanadoo”) has been exploring 4G deployments for channel widths narrow enough to make broadband operations feasible in a 1 MHz by 1 MHz allocation. Such operations have promising implications for Smart Grid and Advanced Metering Infrastructure (“AMI”) deployments.

However, several discontinuities in the rules adversely affect the flexibility of AMI deployments in the A Block. These discontinuities include inconsistencies in the technical rules for the upper segment of the A Block with the lower segment of the A Block and disharmonies between the A Block technical rules and the technical rules governing the A Block's immediate spectral neighbors, the C and D Blocks. Xanadoo has apprised the Commission of these discontinuities and is continuing its dialogue with the Commission’s staff to complete the work of harmonizing these discontinuities as envisioned by the Commission’s 2007 Second Report and Order on the service and technical rules for the Upper 700 MHz Band.<sup>2</sup>

An additional source of uncertainty that overhangs the development of the A Block is the unresolved disposition of the adjacent D Block. Xanadoo, along with Access Spectrum, for many years has advocated combining the A Block with the D Block to optimize the utility of that part of the Upper 700 MHz band. The efficiencies of this combination, assuming that the A Block licensees are appropriately compensated, are especially pronounced now that the Long Term Evolution (“LTE”) standard has been identified as the technology of choice in the band. However, legislative proposals to change the law requiring the auction of the D Block to reallocate it instead to public safety use have accentuated the lack of certainty about how best to build out the A Block spectrum for the long term.

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<sup>2</sup> See *In the Matters of Inquiry Concerning the Deployment of Advanced Telecommunications Capability to All Americans in a Reasonable and Timely Fashion, and Possible Steps to Accelerate Such Deployment Pursuant to Section 706 of the Telecommunications Act of 1996, as Amended by the Broadband Data Improvement Act*, GN Docket No. 09-137, *A National Broadband Plan for Our Future*, GN Docket No. 09-51 (NBP Public Notice #2), *International Comparison and Consumer Survey Requirements in the Broadband Data Improvement Act*, GN Docket No. 09-47, *Implementing a Nationwide, Broadband, Interoperable Public Safety Network in the 700 MHz Band*, PS Docket No. 06-229, *Service Rules for the 698-746, 747-762 and 777-792 MHz Bands*, WT Docket No. 06-150, Ex Parte and Reply Comments of Xanadoo Company (Jan. 27, 2010).

**ATTACHMENT 1: CURRENT FCC LICENSES AND AUTHORIZATIONS**  
**PEGASUS GUARD BAND, LLC**

<b>Call Sign</b>	<b>Channel Block</b>	<b>Market</b>	<b>Market Name</b>	<b>Grant Date</b>	<b>Current Expiration Date</b>
WPRR298	A	MEA001	Boston	12/21/2000	06/13/2019
WPRR299	A	MEA002	New York City	12/21/2000	06/13/2019
WPRR300	A	MEA004	Philadelphia	12/21/2000	06/13/2019
WPRR301	A	MEA006	Richmond	12/21/2000	06/13/2019
WPRV426	A	MEA007	Charlotte-Greensboro-Greenville	02/14/2001	06/13/2019
WPRR302	A	MEA009	Jacksonville	12/21/2000	06/13/2019
WPRR303	A	MEA010	Tampa-St. Petersburg-Orlando	12/21/2000	06/13/2019
WPRR304	A	MEA011	Miami	12/21/2000	06/13/2019
WPSK920	A	MEA012	Pittsburgh	6/6/2001	06/13/2019
WPRR305	A	MEA013	Cincinnati-Dayton	12/21/2000	06/13/2019
WPRR306	A	MEA014	Columbus	12/21/2000	06/13/2019
WPRR307	A	MEA015	Cleveland	12/21/2000	06/13/2019
WPRR308	A	MEA016	Detroit	12/21/2000	06/13/2019
WPRR310	A	MEA018	Chicago	12/21/2000	06/13/2019
WPRR311	A	MEA019	Indianapolis	12/21/2000	06/13/2019
WPRR312	A	MEA022	Knoxville	12/21/2000	06/13/2019
WPRR321	A	MEA043	San Francisco-Oakland-San Jose	12/21/2000	06/13/2019
WPRR322	A	MEA045	Portland	12/21/2000	06/13/2019
WPRR323	A	MEA046	Seattle	12/21/2000	06/13/2019
WPRR325	A	MEA048	Hawaii	12/21/2000	06/13/2019
WPRR326	A	MEA049	Guam and the Northern Mariana	12/21/2000	06/13/2019
WPRR327	A	MEA050	Puerto Rico	12/21/2000	06/13/2019
WPRR328	A	MEA051	American Samoa	12/21/2000	06/13/2019