

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF MAINE**

In re:) Chapter 11
)
PEGASUS SATELLITE) Case No. 04- 20878
TELEVISION, INC., et al.)
) (Jointly Administered)
Debtors)

**AFFIDAVIT OF DAVID S. EISEN IN SUPPORT OF
APPLICATION FOR ORDER AUTHORIZING THE DEBTORS AND
DEBTORS-IN-POSSESSION TO EMPLOY AND RETAIN ARNOLD & PORTER
AS SPECIAL LITIGATION COUNSEL PURSUANT TO 11 U.S.C. §§ 327(e) AND
328(a) AND DISCLOSURE OF COMPENSATION PURSUANT TO 11
U.S.C. § 329**

STATE OF CALIFORNIA)
) ss:
COUNTY OF LOS ANGELES)

David S. Eisen, being duly sworn, deposes and says:

1. I am admitted to practice in the State of California and am a partner in the law firm of Arnold & Porter (“A&P”) which maintains an office (among others) at 777 S. Figueroa Street, 44th Floor, Los Angeles, California 90017. I submit this affidavit in support of the Application for an Order Authorizing the Employment and Retention of A&P as Special Litigation Counsel for the Debtors and Debtors-in-Possession Pursuant to 11 U.S.C. §§ 327(e) and 328(a), as well as to provide the disclosure required under Federal Rule of Bankruptcy Procedure 2016. Unless otherwise stated in this affidavit, I have personal knowledge of the facts set forth herein.

2. I have been advised by the Debtors that they wish to employ and retain A&P as their attorneys to assist them as special litigation counsel. The Debtors have

requested that A&P render services, as follows: Advising and representing the Debtors with respect to certain litigation matters to be encountered in these Chapter 11 cases, specifically including litigation with DIRECTV. I believe A&P is particularly well qualified to act as special litigation counsel in these matters based on A&P's extensive experience with litigation, antitrust and patent matters, its familiarity with the Debtors and their businesses and particularly in light of the fact that for approximately five years, A&P has actively represented the Debtors in litigation involving DIRECTV and is extremely familiar with the facts and issues relevant to such representation.

3. To the best of my knowledge, information and belief formed after reasonable inquiry, except as otherwise set forth herein, the partners, counsel and associates of A&P (a) do not have any connection with the Debtors or their affiliates, their creditors, the U.S. Trustee or any person employed in the office of the U.S. Trustee, or any other party in interest, or their respective attorneys and accountants and (b) do not hold or represent any interest adverse to the estates with respect to the matters on which we are being retained.

4. The Debtors have provided an extensive list of parties-in-interest to A&P (the "Conflicts List") for the purpose of ascertaining and obtaining waivers for any potential conflicts of interest A&P may have with respect to its proposed representation of the Debtors. The Conflicts List used herein is annexed to the Application as Exhibit A. A&P has performed a review of potential connections and relationships between A&P and the parties listed on Exhibit A hereto, which reflects the following:

- (a) all Debtor entities, including non-debtor affiliates;
- (b) directors and officers of the filing entities;
- (c) lenders to the Debtors as of February 7, 2002;
- (d) all indenture trustees for any outstanding issuance of debt;
- (e) the top fifty unsecured creditors to the Debtors on a consolidated basis
- (f) significant vendors, excluding gasoline vendors, as of December 31, 2001;
- (g) major insurance carriers, reinsurance carriers, agents and brokers;
- (h) 5% or greater equity holders;
- (i) parties to significant litigation with the Debtors; and
- (j) other retained professionals.

5. In accordance with the above-described review, it appears that A&P has a current representation or has had a former representation of the entities listed on Exhibit B hereto, such entities' affiliates or entities with similar names. The representations listed on Exhibit B are wholly unrelated to the Debtors and these chapter 11 cases. None of these entities individually accounted for more than 0.68% of A&P's revenues in 2003.

6. A&P is a large national law firm with an international practice and may have represented, may represent, or may in the future represent, other entities not

currently known to A&P who may be creditors, shareholders or parties in interest of the Debtors in matters wholly unrelated to these chapter 11 cases.

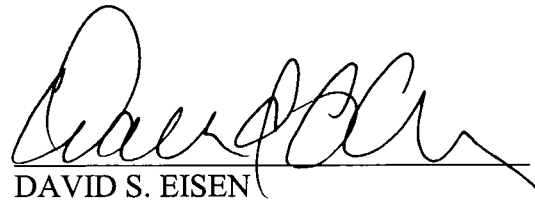
7. I believe the proposed employment of A&P is not prohibited by or improper under Bankruptcy Rule 5002. A&P and the professionals it employs are qualified to represent the Debtors in the matters for which A&P is proposed to be employed.

8. A&P has not received a prepetition retainer from the Debtors in connection with the services to be rendered in its bankruptcy case. A&P did receive approximately \$9,450,000 in fees since June 1, 2003, largely in connection with its representation of the Debtors in litigation with DIRECTV. In consideration for the services to be rendered to the Debtors in these chapter 11 cases, A&P, subject to the approval of the Bankruptcy Court, will be compensated for such services rendered at its standard hourly rates and will be reimbursed for all reasonable and necessary out-of-pocket expenses. The current standard hourly rates of A&P attorneys range from a low of \$410 per hour to as much as \$670 per hour for partners, \$225 to \$400 for associates and \$85 to \$185 for paralegals. The firm's standard hourly rates are subject to adjustment annually as of January 1 of each year.

9. A&P is willing to act on the Debtors' behalf at its normal and customary rates for matters of this type, together with reimbursement of all costs and expenses incurred by A&P in connection with these cases, and the Debtors have proposed to pay

A&P at such rates and to reimburse it for such costs and expenses in accordance with the applicable provisions of the Bankruptcy code, the Federal Rules of Bankruptcy Procedure, the Local Bankruptcy Rules and orders of this Court. Subject to the Court's approval of the Application, A&P will only earn and receive those fees and other payments authorized by this Court or otherwise set forth and described in the Application.

10. No agreement or understanding in any form or guise exists between A&P and any other person for a division of compensation for services rendered in or in connection with these cases, and no such division of compensation prohibited by section 504 of the Bankruptcy Code will be made, except among members of A&P. A&P has not shared or agreed to share any compensation received in this case with any entity other than its partners, counsel and associates


DAVID S. EISEN

Sworn to and subscribed before
me this 8 day of June, 2004


Notary Public
My Commission Expires: 01-31-08

