

Hearing Date:
June 4, 2004 at 10:00 a.m.
PORTLAND

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MAINE

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

**APPLICATION FOR ORDER APPOINTING THE
TRUMBULL GROUP, LLC, f/k/a TRUMBULL ASSOCIATES, LLC,
AND TRUMBULL SERVICES, LLC, AS CLAIMS, NOTICING AND
BALLOTING AGENT OF BANKRUPTCY COURT PURSUANT TO 28 U.S.C. § 156(c)**

Pegasus Satellite Television, Inc., and certain of its subsidiaries and affiliates, each a debtor and debtor in possession herein (collectively, the “Debtors”),¹ hereby file this application (the “Application”) requesting entry of an order pursuant to 28 U.S.C. § 156(c) appointing The Trumbull Group, LLC, f/k/a Trumbull Associates, LLC, and Trumbull Services, LLC (“Trumbull”) as claims, noticing and balloting agent in these chapter 11 cases. In further support of this Application, the Debtors respectfully state as follows:

¹ The Debtors are: Argos Support Services Company, Bride Communications, Inc., B.T. Satellite, Inc., Carr Rural TV, Inc., DBS Tele-Venture, Inc., Digital Television Services of Indiana, LLC, DTS Management, LLC, Golden Sky DBS, Inc., Golden Sky Holdings, Inc., Golden Sky Systems, Inc., Henry County MRTV, Inc., HMW, Inc., Pegasus Broadcast Associates, L.P., Pegasus Broadcast Television, Inc., Pegasus Broadcast Towers, Inc., Pegasus Media & Communications, Inc., Pegasus Satellite Communications, Inc., Pegasus Satellite Television of Illinois, Inc., Pegasus Satellite Television, Inc., Portland Broadcasting, Inc., Primewatch, Inc., PST Holdings, Inc., South Plains DBS, LP., Telecast of Florida, Inc., WDSI License Corp., WILF, Inc., WOLF License Corp., WTLH License Corp.

STATUS OF THE CASE AND JURISDICTION

1. On June 2, 2004 (the “Petition Date”), each of the Debtors filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”). On the Petition Date, the Debtors also jointly filed motions or applications seeking certain typical “first day” orders, including an order to have these cases jointly administered.

2. The Debtors are continuing in possession of their properties and are operating and maintaining their businesses as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

3. No request has been made for the appointment of a trustee or examiner in these cases, and no official committees have yet been appointed by the Office of the United States Trustee.

4. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue is proper in this Court pursuant to 28 U.S.C. §§ 1408 and 1409. The statutory predicate for the relief sought herein is 28 U.S.C. § 156(c).

BACKGROUND OF THE DEBTORS

5. Pegasus Satellite Television, Inc. (“PST”), together with its subsidiaries, is the nation’s largest independent provider of DIRECTV® programming. Organized in 1996 as a Delaware Corporation, PST is headquartered in Marlborough, Massachusetts. PST is a wholly owned indirect subsidiary of Pegasus Satellite Communications, Inc.

6. The Debtors' principal operating business is its direct broadcast satellite ("DBS") business.² Specifically, the Debtors provide DIRECTV programming services to rural households across the United States and, as of December 31, 2003, had in excess of 1.1 million subscribers and the exclusive right to distribute DIRECTV services to approximately 8.4 million rural households in certain territories within 41 states.

7. DBS services are digital broadcasting services that require a subscriber to install or have installed a satellite receiving antenna (or dish) and a digital receiver. DIRECTV, in particular, requires subscribers to have a satellite dish, which can be as small as 18 inches in diameter depending on the services received, to which DIRECTV directly transmits programming services via five high power Ku band satellites. The Debtors in turn offer certain core programming packages to subscribers, which vary according to channels delivered and price.

8. The Debtors maintain an independent retail network through dealer relationships to distribute DIRECTV programming. The Debtors have expanded this network to include over 4,000 consumer electronics stores and other independent retailers serving rural areas in the Debtors' service area. Today, the Debtors' retail network is one of the few sales and distribution channels available to digital satellite service providers seeking broad and effective distribution in rural areas throughout the continental United States.

9. As of March 31, 2004, the Debtors had assets aggregating approximately \$1.6 billion related to their DBS business, which generated net revenues of approximately \$831.2 million during calendar year 2003. The Debtors employ approximately 943 employees.

² Debtor Pegasus Media & Communications, Inc. also conducts television broadcast operations through twelve (12) subsidiaries, all of which have filed voluntary petitions under chapter 11 and are Debtors in these cases.

RELIEF REQUESTED

10. By this Application, the Debtors request the entry of an order authorizing the retention and employment of Trumbull, as of the Petition Date, as the claims, noticing and balloting agent (the “Claims, Noticing and Balloting Agent”) to, among other things: (a) serve as the Court’s noticing agent to mail notices to certain of the estate’s creditors and other parties-in-interest, (b) provide computerized claims, objection and balloting database services; and (c) provide expertise and consultation and assistance in claim and ballot processing and with the dissemination of other administrative information related to the Debtors’ chapter 11 cases.

BASIS FOR RELIEF

11. Although the Debtors have not yet filed their schedules of assets and liabilities, they anticipate that there will be thousands of creditor entities that will be required to be served with various notices, pleadings and other documents filed in these cases. Moreover, upon information and belief, the office of the Clerk of the United States Bankruptcy Court for the District of Maine (the “Clerk’s Office”) is not equipped to efficiently and effectively docket and maintain the extremely large number of proofs of claim that likely will be filed in this case. The sheer size and magnitude of the Debtors’ creditor body make it impracticable for the Clerk’s Office to undertake that task and to serve notices efficiently and effectively on such a large number of creditors from and after the commencement of these chapter 11 cases without creating an administrative burden.

12. The Debtors submit that the most effective and efficient manner by which to accomplish the process of receiving, docketing, maintaining, photocopying and transmitting proofs of claim in these cases is to engage an independent third party to act as an agent of the Court.

13. Further, the Debtors expect that the solicitation of votes on any chapter 11 plan or plans will necessitate the forwarding of ballots, disclosure statement(s), and related solicitation materials to many thousands of creditors, as well as the accurate recordation and tabulation of the numerous ballots that are returned by such creditors. Accordingly, the Debtors also desire to retain Trumbull to assist them in this process.

14. Trumbull is a data processing firm that specializes in noticing, claims processing, and other administrative tasks in chapter 11 cases. The Debtors desire to engage Trumbull to send out certain designated notices, maintain claims files and a claims register, and act as voting agent with respect to certain creditors in these cases. The Debtors believe that such assistance will expedite service of notices, streamline the claims administration process, and allow the Debtors to focus on their reorganization efforts.

15. The Debtors believe that Trumbull is well qualified to act as the Claims, Noticing and Balloting Agent and that Trumbull's appointment is in the best interest of the Debtors' estate, creditors and parties in interest. As set forth in the affidavit of Lorenzo Mendizabal (the "Mendizabal Affidavit") attached hereto as Exhibit A, Trumbull has assisted and advised numerous chapter 11 debtors in connection with noticing, claims administration and reconciliation, and administration of plan votes, including Kmart Corporation, Budget Group, Inc., Armstrong Worldwide, FPA Medical Management, Inc., Glenoit Corporation, HomePlace, J. Peterman, Stone and Webster, Safety Kleen, and Talk America.

16. Rule 2002 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") generally regulates the notices that must be provided to creditors and other parties in interest in bankruptcy cases. Under Bankruptcy Rule 2002, the Court may direct a person other than the Clerk of the Court to give notice of the various matters described therein.

17. Further, 28 U.S.C. § 156(c), which governs the staffing and expenses of the Bankruptcy Court, provides:

Any court may utilize facilities or services, either on or off the court's premises, which pertain to the provision of notices, dockets, calendars, and other administrative information to parties in cases filed under the provisions of title 11, United States Code, where the cost of such facilities or services are paid for out of the assets of the estate and are not charged to the United States. The utilization of such facilities or services shall be subject to such conditions and limitations as the pertinent circuit council may prescribe.

The Debtors' engagement of Trumbull as Claims, Noticing and Balloting Agent is therefore authorized under Bankruptcy Rule 2002 and 28 U.S.C. § 156(c).

18. The Debtors propose to retain Trumbull according to the terms set forth in the Consulting Agreement (the "Agreement") annexed as Exhibit B to this Application.

19. Under the terms of the Agreement, at the request of the Debtors or the Clerk's Office, the Debtors anticipate that Trumbull will perform the following services as the Claims, Noticing and Balloting Agent:

- (a) Preparing and servicing required notices in these chapter 11 cases, including:
 - (i) a notice of the commencement of these chapter 11 cases and the initial meeting of creditors under section 341(a) of the Bankruptcy Code;
 - (ii) a notice of the claims bar date;
 - (iii) notices of objections to claims;
 - (iv) notices of any hearings on a disclosure statement and confirmation of a plan or plans of reorganization; and
 - (v) such other miscellaneous notices as the Debtors or Court may deem necessary or appropriate for an orderly administration of these chapter 11 cases.
- (b) Within five (5) business days after the service of a particular notice, filing with the Clerk's Office a certificate or affidavit of

service that includes (i) a copy of the notice served, (ii) an alphabetical list of persons on whom the notice was served, along with their address, and (iii) the date and manner of service;

- (c) Maintaining copies of all proofs of claim and proofs of interest filed in these cases;
- (d) Maintaining official claims registers in this case by docketing all proofs of claim and proofs of interest in a claims database that includes the following information for each such claim or interest asserted:
 - (i) the name and address of the claimant or interest holder and any agent thereof, if the proof of claim or proof of interest was filed by an agent;
 - (ii) the date the proof of claim of interest was received by Trumbull and/or the Court;
 - (iii) the claim number assigned to the proof of claim or proof of interest; and
 - (iv) the asserted amount and classification of the claim.
- (e) Implementing necessary security measures to ensure the completeness and integrity of the claims registers;
- (f) Transmitting to the Clerk's Office a copy of the claims registers on a weekly basis, unless requested by the Clerk's Office on a more or less frequent basis;
- (g) Maintaining an up-to-date mailing list for all entities that have filed proofs of claim or proofs of interest and make such list available upon request to the Clerk's Office or any party in interest;
- (h) Providing access to the public for examination of copies of the proofs of claim or proofs of interest filed in these cases without charge during regular business hours;
- (i) Recording all transfers of claims pursuant to Bankruptcy Rule 3001(e) and provide notice of such transfers as required by Bankruptcy Rule 3001(e), if directed to do so by the Court;
- (j) Complying with applicable federal, state, municipal and local statutes, ordinances, rules, regulations, orders and other requirements;
- (k) Providing temporary employees to process claims, as necessary;

- (l) Promptly complying with such further conditions and requirements as the Clerk's Office or the Court may at any time prescribe; and
- (m) Providing such other claims processing, noticing, balloting, and relating administrative services as may be requested from time to time by the Debtors.

20. In addition to the foregoing, the Debtors seek to employ Trumbull to assist them with, among other things, (a) preparing their schedules, statements of financial affairs, and master creditor lists, and any amendments thereto; (b) reconciling and resolving claims; and (c) preparing, mailing and tabulating ballots of certain creditors for the purpose of voting to accept or reject a plan or plans of reorganization.

21. Trumbull represents, among other things, that:

- (a) Trumbull will not consider itself employed by the United States government and shall not seek any compensation from the United States government in its capacity as Claims and Noticing Agent in these chapter 11 cases;
- (b) By accepting employment in these chapter 11 cases, Trumbull waives any rights to receive compensation from the United States government;
- (c) In its capacity as Claims, Noticing and Balloting Agent in these chapter 11 cases, Trumbull will not be an agent of the United States and will not act on behalf of the United States;
- (d) Trumbull will not misrepresent any fact to the public; and
- (e) Trumbull will not employ any past or present employees of the Debtor in connection with its work as Claims, Noticing and Balloting Agent in these chapter 11 cases.

22. The Debtors request that the fees and expenses of Trumbull incurred in the performance of the above services be treated as an administrative expenses of the Debtors' chapter 11 estates and be paid by the Debtors in the ordinary course of business.³ Trumbull will

³ As an administrative agent and an adjunct to the Court, the Debtors do not believe that Trumbull is a "professional" whose retention is subject to approval under section 327 of the Bankruptcy Code or whose compensation is subject to approval of the Court under sections 330 and 331 of the Bankruptcy Code.

submit to the Office of the United States Trustee, on a monthly basis, copies of the invoices it submits to the Debtors for services rendered.

23. To the best of the Debtors' knowledge, neither Trumbull nor any employee thereof has any connection with the Debtors, their creditors, or any other party in interest herein, it is a "disinterested person," as that term is defined in section 101(14) of the Bankruptcy Code, and it does not hold or represent any interest adverse to the Debtors' estates.

NOTICE

24. Notice of this Motion has been given to (i) the United States Trustee for the District of Maine; (ii) the Debtors' fifty (50) largest unsecured creditors on a consolidated basis, as identified in their chapter 11 petitions; (iii) the administrative agents for the credit facilities of Pegasus Media & Communications, Inc. and Pegasus Satellite Communications, Inc. ("PSC") and (iv) each of the indenture trustees for each series of notes of PSC. The Debtors submit that in light of the nature of the relief requested, no further notice is required.

No Previous Request


25. No previous request for the relief sought in this Application has been made to this Court or any other Court.

WHEREFORE, for the foregoing reasons, the Debtors hereby respectfully request that the Court enter an order approving the retention of Trumbull as Claims, Noticing and

Balloting Agent to perform the services described herein and granting the Debtors such other and further relief as may be just and proper.

Dated: Bala Cynwyd, Pennsylvania
June 2, 2004

PEGASUS SATELLITE COMMUNICATIONS,
INC.
(for itself and on behalf of its debtor subsidiaries)
Debtors and Debtors in Possession



Ted S. Lodge
President, Chief Operating Officer and Counsel

EXHIBIT A

Hearing Date:
June __, 2004 at __:__ p.m.
PORTLAND

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MAINE

In re:

PEGASUS SATELLITE TELEVISION, INC., et al.,

Debtors.

)
) Chapter 11
)

) Case No. 04-_____
)

) (Jointly Administered)
)

**AFFIDAVIT OF LORENZO MENDIZABAL IN SUPPORT OF
DEBTORS' APPLICATION FOR ORDER APPOINTING THE TRUMBULL
GROUP, LLC, f/k/a TRUMBULL ASSOCIATES, LLC AND TRUMBULL
SERVICES, LLC, AS CLAIMS, NOTICING AND BALLOTING AGENT**

1. I am the President of The Trumbull Group, LLC, f/k/a Trumbull Associates, LLC and Trumbull Services, LLC ("Trumbull"), chapter 11 administrative claims consultants and analysts, whose offices are located at 4 Griffin Road North, Windsor, CT 06095. I submit this affidavit in support of the application (the "Application") of the above-captioned debtors and debtors in possession (collectively, the "Debtors")¹ for an order appointing Trumbull as the claims, noticing and balloting agent (the "Claims, Noticing and Balloting Agent") in these chapter 11 cases.

2. As agent and custodian of court records, the services my firm proposes to render to the Clerk of the United States Bankruptcy Court for the District of Maine (the "Clerk's Office") and the Debtors include the following:

- (a) Prepare and serve required notices in these chapter 11 cases, including:
 - (i) a notice of the commencement of these chapter 11 cases and the initial meeting of creditors under section 341(a) of the Bankruptcy Code;

¹ The Debtors are: Argos Support Services Company, BT Satellite, Inc., Carr Rural TV, Inc., DBS Tele-Venture, Inc., Digital Television Services of Indiana, LLC, DTS Management, LLC, Golden Sky DBS, Inc., Golden Sky Holdings, Inc., Golden Sky Systems, Inc., Henry County MRTV, Inc., HMW Inc., Pegasus Media & Communications, Inc., Pegasus Satellite Communications, Inc., Pegasus Satellite Development Corporation, Pegasus Satellite Television of Illinois, Inc., Pegasus Satellite Television, Inc., Portland Broadcasting, Inc., Primewatch, Inc., PST Holdings, Inc., and South Plains DBS, LP.

- (ii) a notice of the claims bar date;
 - (iii) notices of objections to claims;
 - (iv) notices of any hearings on a disclosure statement and confirmation of a plan or plans of reorganization; and
 - (v) such other miscellaneous notices as the Debtors or Court may deem necessary or appropriate for an orderly administration of these chapter 11 cases.
- (b) Within five business days after the service of a particular notice, file with the Clerk's Office a certificate or affidavit of service that includes (i) a copy of the notice served, (ii) an alphabetical list of person on whom the notice was served, along with their address, and (iii) the date and manner of service;
- (c) Maintain copies of all proofs of claim and proofs of interest filed in these cases;
- (d) Maintain official claims registers in this case by docketing all proofs of claim and proofs of interest in a claims database that includes the following information for each such claim or interest asserted:
 - (i) the name and address of the claimant or interest holder and any agent thereof, if the proof of claim or proof of interest was filed by an agent;
 - (ii) the date the proof of claim or proof of interest was received by Trumbull and/or the Court;
 - (iii) the claim number assigned to the proof of claim or proof of interest; and
 - (iv) the asserted amount and classification of the claim.
- (e) Implement necessary security measures to ensure the completeness and integrity of the claims registers;
- (f) Transmit to the Clerk's Office a copy of the claims registers on a weekly basis, unless requested by the Clerk's Office on a more or less frequent basis;
- (g) Maintain an up-to-date mailing list for all entities that have filed proofs of claim or proofs of interest and make such list available upon request to the Clerk's Office or any party in interest;
- (h) Provide access to the public for examination of copies of the proofs of claim or proofs of interest filed in these cases without charge during regular business hours;

- (i) Record all transfers of claims pursuant to Rule 3001(e) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") and provide notice of such transfers as required by Bankruptcy Rule 3001(e), if directed to do so by the Court;
- (j) Comply with applicable federal, state, municipal and local statutes, ordinances, rules, regulations, orders and other requirements;
- (k) Provide temporary employees to process claims, as necessary;
- (l) Promptly comply with such further conditions and requirements as the Clerk's Office or the Court may at any time prescribe; and
- (m) Provide such other claims processing, noticing, balloting, and relating administrative services as may be requested from time to time by the Debtors.

3. In addition to the foregoing, the Debtors seek to employ Trumbull to assist them with, among other things, (a) preparing their schedules, statements of financial affairs, and master creditor lists, and any amendments thereto; (b) reconciling and resolving claims; and (c) preparing, mailing and tabulating ballots of certain creditors for the purpose of voting to accept or reject a plan or plans of reorganization.

4. Trumbull represents, among other things, that:

- (a) it is not employed by the Government and shall not seek any compensation from the Government;
- (b) by accepting employment in the case, it waives any rights to receive compensation from the Government;
- (c) it is not an agent of the United States and is not acting on behalf of the United States;
- (d) it will not misrepresent any fact to the public; and,
- (e) it will not employ any past or present employee of the Debtors for work involving the Debtors' chapter 11 cases.

5. Trumbull specializes in providing consulting and data processing services to chapter 11 debtors in connection with claims administration, reconciliation and negotiations, and administration of plan votes. Trumbull has provided identical or substantially similar services in other chapter 11 cases in a variety of jurisdictions, such as Kmart Corporation, Budget Group, Inc., Armstrong Worldwide, FPA Medical Management, Inc., Glenoit Corporation, HomePlace, J. Peterman, Stone and Webster, Safety Kleen, and Talk America.

6. To the best of my knowledge, neither Trumbull, nor any employee thereof has any connection with the Debtors, their creditors, or any other party in interest herein. To the best of my knowledge, information and belief, neither I, nor Trumbull, nor any principal or employee thereof, holds or represents any interest adverse to the Debtors or their estates with respect to the matters upon which my firm is to be engaged. Trumbull does not hold any pre-petition claims against the Debtors. Based on the information available to me, I believe that Trumbull is a "disinterested person" as defined in 101(14) of the Bankruptcy Code and as required by section 327(a) of the Bankruptcy Code.

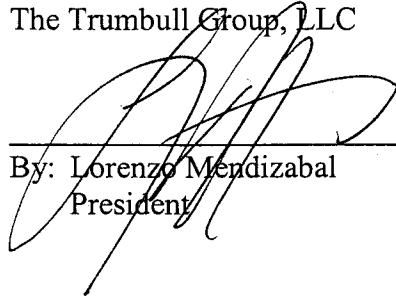
7. I am not related or connected to and, to the best of my knowledge, no other professional of Trumbull is related or connected to any United States Bankruptcy Judge for the District of Maine or any person employed by that office of the United States Trustee.

8. The Trumbull Group, LLC is a wholly owned subsidiary of Wells Fargo Company ("Wells Fargo"). Wells Fargo, in turn, wholly owns a subsidiary named Wells Fargo Bank, N.A. ("Wells Fargo Bank"), which further owns a subsidiary named Wells Capital Management Incorporated ("Wells Capital"). Wells Fargo Bank and Wells Capital, as a routine part of their activities, perform the role of lenders for numerous corporations. Trumbull operates independently of Wells Fargo, Wells Fargo Bank, and Wells Capital and is a separate corporate entity with different officers and personnel. Trumbull's bankruptcy department is physically located away from Wells Fargo, Wells Fargo Bank, and Wells Capital. Trumbull has established an "ethical" wall between itself and its subsidiaries and there is a protocol in place whereby information shared between Trumbull and its clients is not divulged to creditors, including those related to Wells Fargo and affiliates, unless it is public information which would be provided by the court.

9. In performing these services, my firm will charge the rates set forth in the Agreement annexed as Exhibit B to the Application. These rates are at least as favorable as the prices Trumbull charges in cases in which the firm has been retained to perform similar services.

10. Trumbull will comply with all requests of the Clerk and the guidelines promulgated by the Judicial Conference of the United States for the implementation of 28 U.S.C. § 156(c).

The Trumbull Group, LLC


By: Lorenzo Mendizabal
President

STATE OF CONNECTICUT)
) SS: WINDSOR
COUNTY OF HARTFORD)

Subscribed, sworn to and acknowledged before me by Lorenzo Mendizabal, President of The Trumbull Group, LLC f/k/a Trumbull Associates, LLC and Trumbull Services, LLC on this 28th day of May 2004.


Notary Public

My Commission Expires: Mar. 31, 2009

CRYSTAL A. VENTURA
NOTARY PUBLIC
MY COMMISSION EXPIRES MAR. 31, 2009

EXHIBIT B

AGREEMENT

This Agreement is entered into as of June 1, 2004, between Pegasus Satellite Communications, Inc., and certain of its affiliates ("Client"), and The Trumbull Group, LLC, f/k/a Trumbull Associates, LLC, and Trumbull Services, LLC ("The Trumbull Group").

Recitals

Client desires to retain the noticing, balloting and claims management services of The Trumbull Group. The Trumbull Group desires to accept such engagement, upon the terms and conditions hereafter set forth. For purposes of this Agreement, "The Trumbull Group" shall mean The Trumbull Group, LLC and its affiliates, servants, agents, employees and subcontractors. For purposes of this Agreement Client shall mean Pegasus Satellite Communications, Inc. and each of its affiliates filing a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code").

NOW, THEREFORE, in consideration of the foregoing premises and the mutual promises contained herein, the parties agree as follows:

1. Nature and Scope of Services by The Trumbull Group.

Subject to the terms and conditions contained herein, The Trumbull Group will furnish to Client and Client will purchase from The Trumbull Group those services specifically requested by Client (collectively, the "services") from among those described on Exhibit "1" attached hereto and made a part hereof. [Client agrees to pay \$1,000.00 per month in accordance with the Software/Hardware charges identified on Exhibit "1".]

The Trumbull Group endeavors to provide continuous improvements in its service to its customers. In furtherance thereof, The Trumbull Group reserves the right to make changes in its operational procedures, systems, application programs, and other changes that may impact Client's use of, and access to, the services.

2. Term and Termination.

The term of this Agreement will be month to month, commencing as of June 1, 2004, and shall be automatically renewed at the end of each month, unless it is not renewed by either party upon 30 days prior notice. Nonrenewal is conditioned upon bankruptcy court approval. In the event Client or any Authorized User breaches any term or condition of this Agreement, including, without limitation, a Failure to Pay, Trumbull shall have the right, in addition to any remedies available at law or in equity, to suspend access to the Licensed Software, and/or terminate this Agreement upon notice and without liability of any kind of Trumbull to Client, to any Authorized User or to any person or entity claiming by or through or on behalf of Client, with respect to such termination or suspension. Notice shall be provided to the Client in writing and Client is granted 30 days from the date of the notice to cure any breach.

In the event of termination or expiration and non-renewal of this Agreement, Trumbull agrees to cooperate with Client to coordinate an orderly transfer of Client's records and data. Client shall pay for the services and the costs incurred in winding up Trumbull's retention hereunder in accordance with Trumbull's fees and costs in effect at the time.

3. Compensation.

All invoices billed to Client shall be sent to:

Pegasus Satellite Communications, Inc.
c/o Pegasus Communications Management Company
225 City Line Avenue, Suite 200
Bala Cynwyd, PA 19004

ATTN: Scott A. Blank

Client shall pay The Trumbull Group based upon the Price Schedule contained in Exhibit "1", attached hereto and made a part hereof. For all such services rendered, The Trumbull Group requires a \$25,000.00 retainer. Client will prepay by wire transfer any postage cost estimated by Trumbull to exceed \$50,000, prior to the mailing in question. Client will route all wire transfers to Trumbull as follows:

Receiving Bank:	Wells Fargo Bank Minneapolis, MN
Account No:	1000031565
ABA No:	121000248
Credit to:	The Trumbull Group, LLC
External comments:	[Reason for wire -- e.g. Postage Prepayment]

The Trumbull Group reserves the right to increase the fees set forth on Exhibit 1 on the first year anniversary of this Agreement and every 12 months thereafter. The Trumbull Group agrees to provide Client with 60 days notice of any price increase. The Trumbull Group shall present original invoices to Client, on a monthly basis, which shall set forth the following information:

The name and address of The Trumbull Group;
Date and dollar amount of fee due; and
Itemization of services rendered.

Subject to bankruptcy court approval of the application for authorization to employ the Trumbull Group pursuant to 28 U.S.C. § 156(c), the Client agrees to pay all invoices within 30 days of receipt to restore the retainer to its original \$25,000.00.

In the event Client requests that The Trumbull Group provide, and The Trumbull Group agrees to provide, services other than those listed on Exhibit "1", which are beyond the normal business practice of The Trumbull Group, Client agrees to pay The Trumbull Group for the costs associated with such services. These services may include, but are not limited to, making its records and personnel available for a CPA audit, obtaining errors and omissions insurance, and off site data storage.

In addition to all other charges and costs hereunder, Client shall pay The Trumbull Group all taxes that are applicable to this Agreement and which are required to be collected by The Trumbull Group or paid by The Trumbull Group to taxing authorities, including any excise, sales or use tax, but excluding any taxes based on net income.

4. Confidentiality.

Client promises and agrees that all information that is marked by The Trumbull Group as being confidential, or which, under the circumstances, and in good faith and good conscience, ought to be treated as confidential by Client (collectively, "Confidential Information") and is furnished to Client for use by Client only for the sole purposes of administering Client's bankruptcy proceeding. Confidential Information includes, but is not limited to, The Trumbull Group's systems, software, processes, business methods, proposals and inventions, including, without limitation, The Trumbull Group's Bankruptcy Claims Management Software ("BCMS") and any subsequent up-dates thereto provided under this Agreement. All copies of any Confidential Information, in whole or in part, including all up-dates, are the property of The Trumbull Group, and no title to, or ownership of, any Confidential Information, or any modified parts thereof, is transferred under this Agreement to Client. Client acknowledges and agrees that Confidential Information is proprietary to, and the confidential information of, The Trumbull Group. Client agrees not to provide, disclose, or make available any Confidential Information to any third party, other than those retained by Client to assist Client in the bankruptcy filing (including, but not limited to, legal counsel and financial and public relations advisors), without the prior written consent of The Trumbull Group and further agrees that disclosure may only be made if such parties have been sufficiently advised of Client's obligations hereunder. Client shall take appropriate action with respect to third parties who are permitted access to Confidential Information to ensure that such parties comply with Client's obligations hereunder.

The Trumbull Group promises and agrees that all information that is marked by Client as being confidential, or which, under the circumstances, and in good faith and good conscience, ought to be treated as confidential by The Trumbull Group (collectively "Client Confidential Information") and is furnished to the Trumbull Group for use by Trumbull Group for the purposes of administering Client's bankruptcy proceeding shall be deemed to be confidential and shall not be disclosed to third parties without the prior written consent of Client. Client Confidential Information shall include, but not be limited to, financial information, claims information, employee, vendor, customer and dealer information.

Both parties agree that they will return any confidential information of the other, in their possession, promptly upon the other's request. The provisions of this Section 4 shall survive any termination of this Agreement.

5. Limitation of Liability, Warranty and Indemnification.

Client is responsible for the accuracy and adequacy of the data it provides to The Trumbull Group, and agrees to maintain back-up files that would allow Client to regenerate or duplicate all data submitted to The Trumbull Group by Client.

The Trumbull Group shall not be liable for its nonperformance or delay under this Agreement arising out of causes beyond its control. The Trumbull Group's liability to Client, or to any person claiming through or under Client, for any damages of any kind, shall be limited to the total amount billed or billable to Client for the portion of the particular work that gave rise to the damages. IN NO EVENT WILL TRUMBULL ASSOCIATES BE LIABLE FOR ANY LOST PROFITS, LOSS OF BUSINESS, OR ANY SPECIAL OR CONSEQUENTIAL DAMAGES INCURRED BY CLIENT, EVEN IF THE TRUMBULL GROUP HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. THE TRUMBULL GROUP MAKES NO REPRESENTATIONS, EXPRESS OR IMPLIED, WITH RESPECT TO BCMS OR THE SERVICES PROVIDED HEREUNDER.

Client agrees to indemnify The Trumbull Group against any losses, claims, damages, judgments, liabilities and expenses (including attorney's fees and expenses) resulting from action permitted to be taken by The Trumbull Group under this Agreement, so long as any such action was in good faith and without negligence or willful misconduct, in reliance upon instructions or data received from Client. The Trumbull Group agrees to give Client prompt notice of any such claims, and agrees to cooperate with Client, at Client's expense, in connection therewith.

6. Notices.

All notices, demands and other communications hereunder shall be in writing, and shall be deemed duly given if delivered in person or sent by reputable overnight courier service, registered or certified U.S. mail, return receipt requested, addressed as follows:

If to The Trumbull Group:

The Trumbull Group, LLC
Griffin Center
4 Griffin Road North
Windsor, CT 06095
ATTN: Lorenzo Mendizabal, President

If to Client:

Pegasus Satellite Communications, Inc.
c/o Pegasus Communications Management Company
225 City Line Avenue, Suite 200
Bala Cynwyd, PA 19004
Attn: Scott A. Blank, Senior V.P. and General Counsel

7. Independent Contractors.

Client and The Trumbull Group are independent contractors of each other and no agency, partnership, joint venture or employment relationship shall arise, directly or indirectly, as a result of this Agreement.

8. Attorney's Fees and Costs.

If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to reasonable attorney's fees, costs and necessary disbursements in addition to any other relief to which such party may be entitled, subject to any required approval of the bankruptcy court.

9. Rights of Ownership.

Client agrees that all inventions, improvements, discoveries or developments, including, without limitation, computer software authored by The Trumbull Group (collectively, "Work Product"), which The Trumbull Group may conceive or make during the term of this Agreement, either solely, or jointly with others, and whether arising from The Trumbull Group's own efforts or suggestions from other sources, that arise out of the services provided hereunder, are the exclusive property of The Trumbull Group, shall not be treated as a "work made for hire", and shall be free of any claim or retention of rights thereto on the part of Client. In addition to the foregoing, Client does hereby convey and assign to The Trumbull Group, absolutely and exclusively, all Work Product and all rights therein.

Client agrees, at the request and expense of The Trumbull Group, to execute all documents and to do all things that may be reasonably necessary to protect the rights of The Trumbull Group and vest in it and its assigns all Work Product.

10. Nonsolicitation.

Each party agrees that, during the term of this Agreement and for one year thereafter, it shall not interfere with the business of the other by hiring, soliciting, inducing or otherwise causing any employee of the other party to terminate his or her employment in order to become an employee or contractor of the soliciting party.

11. Miscellaneous.

This Agreement constitutes the only agreement of the parties hereto and supersedes any prior understandings or written or oral agreements between the parties with respect to the subject matter covered herein.

The laws of the State of New York shall govern this Agreement.

No waiver, alteration or modification of any of the provisions hereof shall be binding unless in writing and signed by both parties.

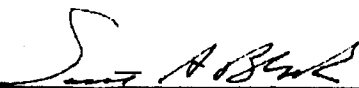
Should any provisions of this Agreement be held invalid or unenforceable, the remainder of this Agreement shall remain in effect.

This Agreement shall be binding upon and inure to Client and Trumbull and their respective successors and permitted assigns; provided, however, that The Trumbull Group may assign this Agreement to an affiliated company, without Client's consent.

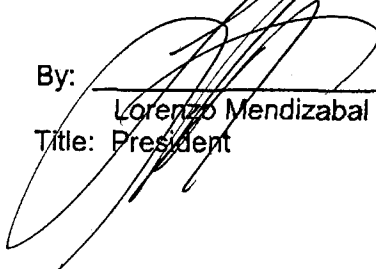
This Agreement may be executed in two counterparts, both of which shall be considered one and the same Agreement. A facsimile copy of this Agreement shall be considered an original copy.

Signed as of the date first written above.

Pegasus Satellite Communications, Inc.

By: 
SCOTT A. BLANK
Title: Senior Vice President

The Trumbull Group, LLC

By: 
Lorenzo Mendizabal
Title: President



"Exhibit 1"

PROCESSING SERVICES AND FEES
4 GRIFFIN ROAD NORTH, WINDSOR, CT 06095
(860) 687-5401 OR 877-TRUMBULL

Noticing Services

Standard Notice Printing up to first 75,000 pages	\$0.08 per page
Standard Notice Printing for ea. page in excess of 75,000 pgs.	\$0.07 per page
Insertion Fee	\$0.05 per insertion
Printing of Mailing Label	\$0.05 per label
Insertion of Creditor Data	\$0.05 per piece
Mailing Envelope	\$0.02 per envelope
(Standard envelope with or without a window with dedicated P.O. Box return address)	
<i>Total printing fee equals \$0.25 per double-sided copy, insertion and envelope included</i>	

Acknowledgement Notice	\$0.20 per card
Postage	Actual Cost -- (Prepayment by wire required prior to any mailing for which Trumbull estimates postage will exceed \$50,000)
Newspaper Legal Notice Publishing	Quote prior to publishing
Public Debt and Equity Holders	Priced based on nature and type of security holders

Claims Management

Includes processing, examination, data entry, review	\$65.00 (blended) per hour
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Document Management

Imaging	\$0.30 per image
Administrative Support	\$55.00 per hour

Software/Hardware

License Fee and Database Storage	\$0.10 per creditor (\$1,000 per month minimum)
Unlimited Standard Reporting Included	Includes 3 users (additional users \$250 per month)

Consulting

Administrative Support	\$55.00 per hour
Assistant Case Manager/Data Specialist	\$65.00 - \$110.00 per hour
Case Manager	\$100.00 - 125.00 per hour
Automation Consultant	\$140.00 per hour
Sr. Automation Consultant	\$155.00 - \$175.00 per hour
Consultant	\$225.00 per hour
Sr. Consultant	\$245.00 - \$300.00 per hour

Disbursements

Issuance	Quote prior to printing
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Expenses

Travel, overnight shipping, fax etc.	Reimbursed at cost
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