

**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)
)	

**MOTION OF THE DEBTORS FOR AN ORDER (I) APPROVING CASH
MANAGEMENT SYSTEM, (II) AUTHORIZING USE OF PREPETITION BANK
ACCOUNTS AND BUSINESS FORMS, (III) APPROVING PAYROLL AND
DISBURSEMENT ACCOUNTS, (IV) WAIVING THE REQUIREMENTS OF 11 U.S.C. §
345 ON AN INTERIM AND FINAL BASIS, AND (V) ACCORDING ADMINISTRATIVE
EXPENSE STATUS TO ALL POSTPETITION INTERCOMPANY CLAIMS**

Pegasus Satellite Television, Inc., and certain of its subsidiaries and affiliates, each a debtor and debtor in possession herein (collectively, the “Debtors”)¹, by and through their undersigned counsel, hereby move this Court (the “Motion”) for an order, (i) authorizing and approving the Debtors’ continued use of their existing cash management system, (ii) authorizing and approving the Debtors to continue using prepetition bank accounts and business forms, (iii) authorizing and approving the Debtors’ cash management banks to receive, process and pay all checks drawn on the Debtors’ manual payroll and disbursement accounts, (iv) waiving the requirements of 11 U.S.C. § 345 on an interim and final basis to the extent necessary permit the Debtors to continue using existing investment practices, and (v) according administrative

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.

expense priority to intercompany claims that arise postpetition. The facts and circumstances supporting this Motion are set forth in the concurrently filed Affidavit of Ted S. Lodge, President, Chief Operating Officer and Counsel of Pegasus Satellite Communications, Inc., in support of First Day Motions (the "Lodge Affidavit"). In further support of the Motion, the Debtors respectfully state as follows:

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"), and motions or applications seeking certain typical "first day" orders, including an order to have these cases jointly administered.
2. The Debtors have continued in possession of their respective properties and have continued to operate their businesses as debtors in possession pursuant to §§ 1107(a) and 1108 of the Bankruptcy Code.
3. No request has been made for the appointment of a trustee or examiner, and no official committee has yet been established in these cases.
4. The Court has jurisdiction over this Motion pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A), in that it is a matter concerning the administration of the Debtors' estates. Venue is proper in this Court pursuant to 28 U.S.C. §§ 1408 and 1409. The statutory predicates for the relief sought herein are §§ 105(a) and 345 of the Bankruptcy Code.

BACKGROUND OF THE DEBTORS

5. Pegasus Satellite Television, Inc. (“PST”), together with its subsidiaries and certain of its affiliates (the “Satellite Debtors”), 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 (“PSC”).

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 942 employees.

RELIEF REQUESTED

A. Request for Authority to Continue Using Existing Cash Management System and to Provide Protection to Cash Management Banks

10. The Debtors operate an integrated cash management system (the "Cash Management System") that relies on intercompany accounting and intercompany movement of funds. The Cash Management System is an integrated, centralized network of approximately 52 bank accounts in the U.S. (the "Bank Accounts") that facilitate the timely and efficient collection, concentration, management and disbursement of funds by the Debtors. The Debtors believe that substantially all of the Bank Accounts maintained are held at financially stable financial institutions with deposit insurance up to \$100,000 per account. Diagrams outlining the structure of the Cash Management System are attached as Exhibit A hereto, and a listing of all financial institutions, the corresponding accounts and their descriptions that are part of the Cash Management System is attached as Exhibit B hereto.

11. Substantially all cash generated by the Debtors' operations is accumulated at PST, its subsidiary Golden Sky Systems, Inc. ("GSS") or PBT, and those Debtors fund the

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 (the "Broadcast Debtors").

cash requirements for each of the other Debtors. PST and GSS generate approximately \$190 million of free cash flow annually, and fund substantially all the cash needs of the Debtors. PBT generates substantially less free cash flow annually than PST, and such cash is periodically swept to aid in PST's funding of the Debtors. For example, PST pays on behalf of its immediate parent company, Pegasus Media & Communications, Inc. ("PMC") all of PMC's annual debt service payments. In addition, to the extent that there is a shortfall between the interest earned on cash held in an account maintained with Fleet Bank, N.A. ("Fleet") that collateralizes letters of credit issued by Fleet it on behalf of Pegasus Letter of Credit Subsidiary, Inc. ("PLOC")³ for the benefit of the National Rural Telecommunications Cooperative ("NRTC") in connection with the Debtors DBS business and the applicable letter of credit fees payable to Fleet in respect thereof, PST funds such shortfall on a quarterly basis by manual wire transfer.

12. The Cash Management System operates entirely between affiliated entities. Indeed, each of the Debtors is a direct or indirect majority or wholly-owned subsidiary of Debtor Pegasus Satellite Communications, Inc. ("PSC"). Thus, the Debtors are "affiliates" as such term is defined in section 101(2) of the Bankruptcy Code.

13. Although the Cash Management System includes numerous accounts, the system has a logical structure that allows for efficient, centralized control the Debtors' cash flows.

1. Satellite Debtors.

14. In the normal course of business, nearly all of the Satellite Debtors' funds related to their DBS business flow into and out of the two main satellite operating companies, PST and GSS, and the Satellite Debtors' cash is consolidated into two central concentration

³ PLOC is a non-Debtor subsidiary of Pegasus Media & Communications, Inc., one of the Debtors.

accounts, one maintained by PST and one maintained by GSS, at Deutsche Bank Trust Company Americas (“Deutsche Bank”), Account No. 00-374-715 (the “PST Concentration Account”) and Account No. 00-390-707 (the “GSS Concentration Account”, and together with the “PST Concentration Account”, the “DBS Concentration Accounts”). The DBS Concentration Accounts are used to centralize the cash management and short-term investments for the various Debtors’.

15. Because the Satellite Debtors’ revenues are primarily generated from the distribution of satellite television services to individual consumers, the Debtors’ primary sources of cash receipts are from checks and credit card payments. Substantially all of the cash receipts that are received through operations, consisting of checks, are deposited into lockbox accounts maintained by each of PST and GSS with Bank One (the “Bank One Depository Accounts”). A nominal amount of checks received are deposited into “over the counter” deposit accounts maintained at Fleet National Bank (the “Fleet Depository Accounts”). Both the Bank One Depository Accounts and the Fleet Depository Accounts are “pass through” accounts with substantially all available funds on deposit in such accounts are transferred on a daily basis via ACH, into the PST Concentration Account or GSS Concentration Account, as applicable, with settlement occurring the next business day. Credit card proceeds are deposited into the DBS Concentration Accounts on a daily basis. Various corporate receivables, such as direct-bill payments, are deposited directly into the applicable DBS Concentration Accounts. To the extent there are excess funds on deposit on the GSS Concentration Account at the end of each business day, such funds are automatically transferred by Deutsche Bank into the PST Concentration Account.

16. Each of PSC and PMC have certain accounts with PNC Bank (“PNC”) or Wachovia Bank, N.A. (“Wachovia”) which are maintained for specific purposes or disbursements. PSC maintains two disbursement accounts with PNC that are funded through manual wire transfers from the PST Concentration Account on an as-needed basis. One such account is active, the second is dormant. PSC also maintains an investment account, the holdings of which are limited to debt and equity securities issued by PSC or Pegasus Communications Corporation (“PCC”), and which have been repurchased by the debtors.⁴ PSC also maintains two separate restricted cash accounts with Wachovia. Both accounts at Wachovia are restricted short-term money market accounts that are also funded through manual wire transfers from the PST Concentration Account on an as-needed basis. PMC maintains one account, which is a short-term money market account, with PNC Bank that is in the process of being closed.⁵

17. On the disbursement side, the Cash Management System is again centralized through the DBS Concentration Accounts. Funds are either disbursed directly from the DBS Concentration Accounts or transferred from the DBS Concentration Accounts into disbursement accounts at Deutsche Bank that are used for various purposes, including manual payroll, accounts payable, and customer refunds. Disbursements made directly from the DBS Concentration Accounts are generally made by wire transfer or ACH debit. Disbursements made from the various Deutsche Bank disbursement accounts are generally made by check. These three types of manual disbursement accounts maintained by PST and GSS at Deutsche Bank are

⁴ The debt securities issued by PSC and held in this account are effectively retired for financial reporting purposes, and the equity securities issued by PCC and held in this account are held at cost on PSC’s balance sheet but are eliminated for purposes of consolidation on PCC’s consolidated balance sheet.

⁵ PMC reports the balance on deposit in this account as a restricted cash asset because the account holder, Pegasus Cable Television of Connecticut, has been dissolved.

zero-balance accounts and are funded directly and automatically from the DBS Concentration Accounts on an as-needed basis.

18. In addition to the operational accounts described above, PST and GSS maintain a small amount of corporate administrative accounts. These administrative accounts are funded through manual wire transfers from the DBS Concentration Accounts on an as-needed basis. These accounts are maintained at Fleet Bank and Bank of America.⁶

19. Through the use of lockbox accounts for receipts and zero-balance accounts for disbursements, all of which are connected through the main DBS Concentration Accounts, the Cash Management System allows the Satellite Debtors to manage their cash needs effectively. Additionally, the Cash Management System allows the Satellite Debtors to consolidate and invest excess cash that remains in the system each evening. The particular investments made by the Debtors are done in accordance with the terms of the (i) that certain Amended and Restated Term Loan Agreement, dated as of August 1, 2003 (the “PSC Credit Agreement”), by and among Pegasus Satellite Communications, Inc., as “Borrower”, Wilmington Trust Company, as “Administrative Agent” and the financial institutions party thereto from time to time as “Lenders”; (ii) that certain Credit Agreement dated as of December 19, 2003 (the “PMC Revolving Credit Agreement”) by and among Pegasus Media & Communications, Inc., as “Borrower”, the financial institutions party thereto from time to time as “Lenders”, and Madeline, L.L.C., as “Administrative Agent”; and (iii) that certain Fourth Amendment and Restatement of Credit Agreement, dated as of October 22, 2003 (the “PMC Term Credit Agreement”, and collectively with the PSC Credit Agreement and the PMC

⁶ PST also maintains a restricted bank account with Bank of America that cash collateralizes credit card transactions processed by Bank of America Merchant Services on behalf of PST.

Revolving Credit Agreement, the “Credit Agreements”), by and among Pegasus Media & Communications, Inc., as “Borrower”, the financial institutional party thereto from time to time as “Lenders”, and Bank of America, N.A., as “Administrative Agent”. Descriptions of the authorized investments and the related investment guidelines are provided in paragraphs 40-41 below.

2. Broadcast Debtors.

20. The Cash Management System employed by the Broadcast Debtors (noted in footnote 2) is substantially the same as that utilized by the Satellite Debtors, except that different financial institutions are participants.

21. In the normal course of business, nearly all of the Broadcast Debtors’ funds related to their business flow into and out of the main operating company, Pegasus Broadcast Television, Inc. (“PBT”), and the Broadcast Debtors’ cash is consolidated into a central concentration account maintained by PBT at Sovereign Bank (“Sovereign”), Account No. 2361051206 (the “PBT Concentration Account”).⁷ The PBT Concentration Account is used to centralize the cash management and short-term investments for the various locations of the Broadcast Debtors’ operating entities.

22. Because the Broadcast Debtors’ revenues are primarily generated from the airing of commercial during television programming, the Broadcast Debtors’ primary sources of cash receipts are from checks and credit card payments received from advertisers. Substantially all of the cash receipts that are received through operations, consisting of cash and checks, are deposited into lockbox accounts maintained by PBT with Sovereign. The Sovereign lockboxes

are zero balance accounts that are swept daily by automatic ACH in the PBT Concentration Account. Credit card proceeds are deposited into separate Sovereign zero balance accounts that are automatically transferred into the PBT Concentration Account on a daily basis. Various corporate receivables, such as equipment rental payments, are deposited directly into the PBT Concentration Account.

23. On the disbursement side, the Cash Management System is again centralized through the PBT Concentration Account. Funds are either disbursed directly from the PBT Concentration Account or transferred from the PBT Concentration Account into disbursement accounts at Sovereign that are used for various purposes, including manual payroll and accounts payable. Disbursements made directly from the PBT Concentration Account are generally made by wire transfer or ACH debit. Disbursements made from the various disbursement accounts at Sovereign are generally made by check (ACH debit in the case of the payroll account). The disbursement accounts maintained by PBT at Sovereign are zero-balance accounts and are funded directly and automatically from the PBT Concentration Account on an as-needed basis.

24. Through the use of lockbox accounts for receipts and zero-balance accounts for disbursements, all of which are connected through the main PBT Concentration Account, the Cash Management System allows the Broadcast Debtors to manage their cash needs effectively. Additionally, the Cash Management System allows the Broadcast Debtors to consolidate and invest excess cash that remains in the system each evening. The particular investments made by the Debtors are in accordance with the terms of the Credit Agreements, as

⁷ The Broadcast Debtors currently operate an identical cash management system with Wachovia Bank, N.A. However, all accounts maintained by the Broadcast Debtors with Wachovia are in the process of being closed

defined above. Descriptions of the authorized investments and the related investment guidelines are provided in paragraphs 40-41 below.

25. On an as-needed basis, but generally not more than once a fiscal quarter, funds are transferred by manual wire into the PST Concentration Account from the PBT Concentration Account, depending in the cash needs of the Debtors.

26. The Debtors hereby seek authority to continue to use the Cash Management System. In light of the substantial size and complexity of the Debtors' operations, a successful reorganization of the Debtors' businesses, as well as the preservation and enhancement of the Debtors' respective values as going concerns, simply cannot be achieved if the Debtors' cash management procedures are substantially disrupted. Therefore, it is essential that the Debtors be permitted to continue to consolidate the management of their cash and transfer monies from entity to entity as needed, in the amounts necessary to continue the operation of their businesses and in accordance with their existing cash management procedures.

27. The Cash Management System, or one very similar to it, has been utilized by the Debtors for at least 5 years and constitutes a customary and essential business practice. The Cash Management System was created and implemented by the management of the Debtors in the exercise of their business judgment. The Cash Management System is similar to those commonly employed by corporate enterprises comparable to the Debtors in size and complexity. The widespread use of this type of cash management system, moreover, is attributable to the numerous benefits it provides, including the ability to (a) control and monitor corporate funds, (b) invest idle cash, (c) ensure cash availability and (d) reduce administrative expenses by pending the run-off of outstanding checks.

facilitating the movement of funds and the development of timely and accurate account balance and presentment information. These controls are especially important here, given the significant volume of cash transactions – projected to aggregate approximately \$67 million per month – managed through the Cash Management System.

28. If the Debtors were forced to change their cash management system, it would cause needless disruption to the Debtors' business and significantly impede the Debtors' ability to make a relatively seamless transition into chapter 11. In addition, such a transition would cause the Debtors to incur substantial costs and deplete assets of the estate without providing any benefit to the Debtors' estates. Under the circumstances, the maintenance of the Cash Management System is both essential to the Debtors' business and in the best interests of the Debtors' respective estates. Accordingly, the Debtors respectfully request that the Court authorize the continued use of the Cash Management System.

29. Bankruptcy courts routinely grant chapter 11 debtors authority to continue using existing cash management systems, treating a request for such authority as a relatively "simple matter." In re Baldwin-United Corp., 79 B.R. 321, 327 (Bankr. S.D. Ohio 1987). This is particularly true where, as here, the chapter 11 cases involve affiliated debtors with complex financial affairs. See, e.g., Charter Co. v. Prudential Ins. Co. of Am. (In re Charter Co.), 778 F.2d 617 (11th Cir. 1985). In many cases from the First Circuit, the courts have allowed chapter 11 debtors to maintain their existing cash management systems. See, e.g., In re Divine Inc., Chapter 11 Case No. 03-11472 (JNF) (Bankr. D. Mass. 2003); In re ACT Mfg., Inc., Chapter 11 Case No. 01-47641 (JBR) (Bankr. D. Mass. 2001).

30. The Debtors also request that no bank that is participating in the Cash Management System (the "Cash Management Banks") that honors a prepetition check or other

item drawn on any account that is the subject of this Motion (a) at the direction of the Debtors, (b) in a good faith belief that the Court has authorized such prepetition check or item to be honored, or (c) as a result of an innocent mistake made despite implementation of reasonable item handling procedures, shall be deemed to be liable to the Debtors or to their estates on account of such prepetition check or other item being honored postpetition. The Debtors believe that such flexibility accorded the Cash Management Banks is necessary in order to induce the Cash Management Banks to continue providing cash management services without additional credit exposure.

B. Request that Debtors Be Allowed to Use Existing Bank Accounts and Business Forms

31. The United States Trustee for Region 1, who administers bankruptcy cases filed in the District of Maine, has issued certain chapter 11 operating guidelines pursuant to 28 U.S.C. § 586. These guidelines include a requirement that chapter 11 debtors close all existing bank accounts upon filing of the petition and open new “debtor in possession” accounts in certain financial institutions designated as authorized depositories by the U.S. Trustee. These requirements are designed to provide a clear line of demarcation between prepetition and postpetition claims and payments, and help to protect against the inadvertent payment of prepetition claims by preventing the banks from honoring checks drawn before the Petition Date.

32. As noted above, in the ordinary course of business, the Debtors use approximately 52 different bank accounts maintained with 7 financial institutions in their Cash Management System. The accounts are listed on Exhibit B. While the Debtors acknowledge that the U.S. Trustee’s requirements serve a useful function in the vast majority of chapter 11 cases, the application of those requirements to the instant case would create significant and undue hardship on the Debtors. Allowing these accounts to be maintained with the same account

numbers will assist the Debtors in accomplishing a smooth transition to operations in chapter 11. Consequently, the Debtors seek a waiver of the requirement that the Debtors open new accounts.

33. Bankruptcy courts within this Circuit have routinely permitted debtors to utilize their existing bank accounts, finding that such relief is entirely consistent with applicable provisions of the Bankruptcy Code. See, e.g., In re Divine Inc., Chapter 11 Case No. 03-11472 (JNF) (Bankr. D. Mass. 2003); In re ACT Mfg., Inc., Chapter 11 Case No. 01-47641 (JBR) (Bankr. D. Mass. 2001); In re Trend-Lines, Inc., Chapter 11 Case No. 00-15431 (CJK) (Bankr. D. Mass. 2000).

34. To protect against the possible inadvertent payment of prepetition claims, all banks at which the Debtors maintain accounts and from which the Debtors make payments by check will be advised immediately not to honor checks issued prior to the Petition Date, except as otherwise ordered by the Court.⁸ The Debtors, moreover, have instituted internal cut-off procedures to draw the necessary distinctions between pre- and postpetition obligations and payments without the need to close the Bank Accounts.

35. The Debtors also request that they be authorized to continue to use all correspondence, business forms (including, but not limited to, letterhead, purchase orders, and invoices) and checks existing immediately before the Petition Date without reference to the Debtors' status as debtors in possession. Parties doing business with the Debtors undoubtedly will be aware of the Debtors' status as debtors in possession as a result of the size and publicity surrounding the cases, the press releases issued by the Debtors, and other press coverage. Moreover, if the Debtors were required to change their correspondence, business forms and

checks, they would be forced to choose standard forms rather than the current forms with which the Debtors' employees, customers and vendors are familiar. Such a change in operations would create a sense of disruption and potential confusion within the Debtors' organization and confusion for the Debtors' customers and vendors. The Debtors believe that it would be extremely costly and disruptive to cease using all existing forms and to purchase and begin using new stationery, business forms and checks. The Debtors respectfully submit that to do so would be unnecessary and that appropriate care can be taken to assure the proper use of the existing forms.

36. For these reasons, the Debtors request that they be authorized to use existing checks and business forms without being required to place the label "Debtor in Possession" on each.⁹ Courts in this District and other districts in major business cases have routinely granted the same or similar relief to chapter 11 debtors. See, e.g., In re Gold-Standard Baking, Inc., 179 B.R. 98, 105-06 (Bankr. N.D. Ill. 1995) (holding United States Trustee's requirement prohibiting issuance of checks without "debtor in possession" designations to be unenforceable); In re Great Northern Paper, Inc., Case No. 03-10048 (LHK) (Bankr. D. Me. 2003); In re Divine Inc., Case No. 03-11472 (JNF) (Bankr. D. Mass. 2003); In re ACT Mfg., Inc., Case No. 01-47641 (JBR) (Bankr. D. Mass. 2001); In re Federal-Mogul Global, Inc., Case No. 01-10578 (Bankr. D. Del. Oct. 4, 2001); In re ANC Rental Corp., Case No. 01-11200 (Bankr. D. Del. Nov. 13, 2001).

⁸ For example, concurrently with the filing of this Motion, the Debtors are filing motions requesting authority to pay certain prepetition obligations to employees, taxing authorities, customers, and other key constituencies in the ordinary course of business.

⁹ Following the Petition Date, the Debtors will have new checks printed with the designation "DIP" or "Debtor in Possession" as soon as reasonably practicable.

37. Finally, the Debtors request relief from the U.S. Trustee's requirement that all disbursements from the estate be made by check. Considering the complexity of the Debtors' operations, it is necessary for the Debtor to conduct some transactions by wire transfer or ACH payment. Indeed, many of the Debtors' vendors rely on these non-paper transfers to facilitate their own cash management systems. Requiring the Debtors to cease all such electronic transfers postpetition would unnecessarily disrupt the Debtors' relationships with their vendors and create significant additional processing costs for the bankruptcy estates.

C. Request that Cash Management Banks Be Authorized and Directed to Receive, Process and Pay Checks Drawn on the Debtors' Manual Payroll Accounts and Disbursement Accounts

38. By this Motion and the related first-day motions seeking authorization to pay outstanding prepetition payroll and certain other obligations, the Debtors request that the following financial institutions be authorized to keep the following dedicated disbursement accounts open postpetition and to approve prepetition checks drawn on these accounts (in addition to the DBS Concentration Accounts and PBT Concentration Account): (i) PSC Disbursement Accounts (PNC Bank Acct. Nos. 86-0608-4233 and 56-0380-0325), (ii) PST Manual Payroll Account (Deutsche Bank Acct. No. 00-535-136), (iii) PST Disbursement Accounts (Deutsche Bank Acct. Nos. 00-537-166 and 00-533-464), (iv) GSS Disbursement Account (Deutsche Bank Acct. No. 00-535-101), (v) PBT Manual Payroll Account (Sovereign Acct. No. 2361051214), (vi) PBT Disbursement Account (Sovereign (Acct. No. 2361051222), and (vii) PBT Disbursement Account (Wachovia Acct. No. 2000003236015). This authorization will ensure that employees' paychecks, and other payments made from these accounts in respect of prepetition obligations subject of other motions filed concurrently herewith, do not bounce.

39. With respect to all disbursement accounts, the Debtors stopped issuing substantially all checks in the ordinary course of business on May 24, 2004 in order to ensure that, in the event a petition for relief were filed, substantially all of the checks issued prepetition would clear prior to the Petition Date. With respect to all such accounts, on the Petition Date the Debtors will provide the financial institutions at which the Debtors' disbursement accounts are held with (i) the last check numbers issued and (ii) a subsequent check number skipping to an easily identifiable round number, from which the Debtors will commence issuing checks for debts incurred postpetition.

D. Request for Waiver of Section 345(b) Investment and Deposit Guidelines

40. As part of the Cash Management System, the Debtors use numerous bank depository and disbursement accounts, as well as certain investment accounts. The Debtors' investment of excess unrestricted cash has been dictated for the most part by the requirement of the Credit Agreements. Pursuant to the terms of the Credit Agreements, the Debtors can invest excess cash in "Cash Equivalents" (as defined in the Credit Agreements). Currently, the Debtors excess unrestricted cash is on deposit with Deutsche Bank in DBS Concentration Accounts and with Sovereign in the PBT Concentration Account, or in a short-term money market account maintained by PST with Scudder Investments. If excess cash remains in the DBS Concentration Account or the PBT Concentration Account at the end of each business day, Deutsche Bank and Sovereign, as applicable, automatically transfer such funds to overnight investment accounts at their respective financial institution, as applicable. However, to obtain a better return on their investment, the Debtors can manually wire transfer funds from the PST Concentration Account to the Scudder money market account (which is managed by Deutsche Bank). Deposits in the Deutsche Bank and Sovereign overnight accounts mature on the business day following the day

of deposit and are then returned, with interest, to the PST Concentration Account or the PBT Concentration Account, as applicable.

41. The Debtors' depository and disbursement accounts with balances in excess of \$5,000 are all held at financial institutions with a Moody's Ratings of "Baa" or better. The Debtors will monitor monthly the Moody's ratings of all Debtors' banks with account balances in excess of \$5,000 and will advise the Court if any such rating drops below a "Baa" rating by Moody's. Additionally, the Debtors will insure that any new accounts that are opened postpetition will be with banks that have achieved ratings of "Baa" or better.

42. Section 345(a) of the Bankruptcy Code provides that a debtor in possession "may make such deposit or investment of the money of the estate . . . as will yield the maximum reasonable net return on such money, taking into account the safety of such deposit or investment." 11 U.S.C. § 345(a). Pursuant to section 345(b), any deposit or other investment made by a debtor, except those insured or guaranteed by the United States or by a department, agency or instrumentality of the United States or backed by the full faith and credit of the United States, must be secured by a bond in favor of the United States or by the deposit of securities of the kind specified in 31 U.S.C. § 9303. Section 345(b) provides further, however, that a bankruptcy court may allow the use of alternatives to these approved investment guidelines "for cause." 11 U.S.C. § 345(b) (West 2001); In re Service Merchandise Co., 240 B.R. 894, 896 (Bankr. M.D. Tenn. 1999).

43. In Service Merchandise, the court listed the following factors as a guide for determining whether cause exists for waiving the strictures of § 345(b):

- a. The sophistication of the debtors' business;
- b. The size of the debtors' business operations;
- c. The amount of investments involved;

- d. The bank ratings (Moody's and Standard & Poor's) of the financial institutions where the debtor in possession funds are held;
- e. The complexity of the case;
- f. The safeguards in place within the debtor's own business that insure the safety of the funds;
- g. The debtors' ability to reorganize in the face of a failure of one or more of the financial institutions;
- h. The benefit to the debtors of allowing the existing investments guidelines to control;
- i. The harm, if any, to the estate of allowing the existing investments guidelines to control; and
- j. The reasonableness of the debtors' request for relief from § 345(b) requirements in light of the overall circumstances of the case.
- k. Id. at 496.

44. The Service Merchandise court concluded that "cause" existed in that case because the debtors were "large, sophisticated [companies] with a complex cash management system," with the ability to shift money as needed to ensure the safety of their funds. Id. Moreover, the benefits to the debtors of waiving § 345(b)'s requirements far outweighed any potential harm to the estate, and "would needlessly handcuff [the] debtors' reorganization efforts." Id. at 896.

45. The facts in the instant case are similar to those in Service Merchandise. The Debtors in the instant case are large, complex and sophisticated organizations that are financially connected through a structured and efficient Cash Management System. The Debtors have ample ability to transfer funds between accounts as needed to ensure the safety of the funds. Furthermore, the Debtors investment activities are made in accordance with the Credit Agreements among the Debtors and their prepetition lenders, whose interest is ensuring that the Debtors' assets are not dissipated. Consequently, the Debtors assert that sufficient cause exists to waive the § 345(b) requirements in these cases.

46. The Debtors propose to make investments only as noted above. Consistent with the objectives of section 345 and the requirements of the Credit Agreements, the

Debtors respectfully request authority to invest and deposit funds in a safe and prudent manner in accordance with the Credit Agreements and with the Debtors' prepetition practices, notwithstanding that such investments may not strictly comply in all respects with strictures of § 345(b) of the Bankruptcy Code.

47. Bankruptcy Courts have routinely granted requests for approval of the continued use of investment and deposit guidelines that do not comply strictly with § 345 of the Bankruptcy Code but that, as here, are nevertheless safe and prudent. See, e.g., In re Divine Inc., Case No. 03-11472 (JNF) (Bankr. D. Mass. 2003); In re Federal-Mogul Global, Inc., Case No. 01-10578 (Bankr. D. Del. Oct. 4, 2001); In re ANC Rental Corp., Case No. 01-11200 (Bankr. D. Del. Nov. 13, 2001); In re NationsRent, Inc., Case No. 01-11628 (Bankr. D. Del. Dec. 18, 2001); In re FFC Holding, Inc., Case No. 01-2399 (Bankr. D. Del. July 18, 2001).

E. Request that Court Allow Administrative Expense Status for Intercompany Claims

48. Another benefit of the Cash Management System relates to intercompany transactions. From the PST Concentration Account and the PBT Concentration Account, the Debtors fund certain intercompany transactions involving intercompany trade and intercompany capital needs of the Debtors (collectively, the "Intercompany Transactions"). Intercompany trade relates to the transaction of goods and services between various Debtors. The intercompany capital needs are transactions through which PST and PBT funds certain working capital needs of their subsidiaries. The Debtors also seek authority to continue making intercompany payments to non-Debtor affiliates through a separate, concurrently filed motion.¹⁰

¹⁰ Pegasus Communications Management Company ("PCMC") is a non-Debtor affiliate of the Debtors. Reimbursements made to PCMC are disbursed from the DBS Concentration Accounts, in accordance with the terms of the Services Support Agreement which is the subject of a motion filed concurrently herewith. No funds are disbursed by the Debtors to any non-Debtor affiliate other than (i) pursuant to the terms of the Services Support Agreement or (ii) to the letter of credit subsidiary described in paragraph 11 above.

49. The Cash Management System relies on intercompany accounting and intercompany movement of funds. As described above, substantially all operating cash receipts flow to the DBS Concentration Accounts and the PBT Concentration Account. In turn, the great majority of the cash disbursements in the U.S. are made out of PST and PBT disbursement accounts. Each of the movements or payments (or establishment of the payables) involving affiliated Debtor entities is recorded as an Intercompany Transaction on the applicable entity's ledger. Specifically, the various Debtor entities are allocated for their expenses or capital needs, either directly when invoices are sent to the entity and recorded in the accounts payable system, or indirectly as accruals recorded on the subsidiary's ledger. Any amount entered into the accounts payable system results in a charge to the subsidiary and a credit (recognition of a liability) in an intercompany payable account. At PST, a payable is recorded and an intercompany receivable is charged to offset the liability at the affiliate company. When amounts are disbursed, the liability that was transferred to PST is relieved and a credit for the cash disbursement is recorded.

50. The Intercompany Transactions are an integral part of the Cash Management System and critical to meeting the liquidity needs within the Debtors' organization. Because the Debtors are part of an integrated business, throughout the entirety of these transactions, the funds remain within the spectrum of the Debtors' control. Furthermore, the Cash Management System allows for the accurate tracking and tracing of all Intercompany Transactions.

51. The Debtors believe that the continuation of the Intercompany Transactions is beneficial to their estates and creditors and, thus, that the Intercompany Transactions should be permitted. Furthermore, the loss of liquidity within the Debtors'

organization provided by the Intercompany Transactions would threaten the ability of the Debtors to reorganize successfully. Accordingly, the Debtors submit that the continuation of the Intercompany Transactions is in the best interests of the Debtors' estates and the creditors.

52. If the Court authorizes continuation of the Intercompany Transactions, at any given time there may be balances due and owing from one Debtor to another. These balances represent extensions of intercompany credit. The Debtors have maintained and will continue to maintain records of such transfers, including records of all current intercompany accounts receivable and accounts payable.

53. To ensure that each individual Debtor will not, at the expense of its creditors, fund the operations of another entity, the Debtors respectfully request that, pursuant to Sections 364(b) and 503(b)(1) of the Bankruptcy Code, all intercompany claims against a Debtor by another Debtor arising after the Petition Date as a result of Intercompany Transactions through the Cash Management System (collectively, "Intercompany Claims") be accorded administrative expense priority status. If Intercompany Claims are accorded such priority status, each entity utilizing funds flowing through the Cash Management System will continue to bear ultimate repayment responsibility for such borrowings. Bankruptcy courts in the First Circuit and other jurisdictions have allowed administrative expense priority status or super-priority status to postpetition intercompany claims between affiliated debtors in order to resolve concerns relating to the intercompany transfer of funds. See, e.g., In re Divine Inc., Case No. 03-11472 (JNF) (Bankr. D. Mass. 2003); In re Federal-Mogul Global, Inc., Case No. 01-10578 (Bankr. D. Del. Oct. 4, 2001); In re NationsRent, Inc., Case No. 01-11628 (Bankr. D. Del. Dec. 18, 2001); In re FFC Holding, Inc., Case No. 01-2399 (Bankr. D. Del. July 18, 2001).

NOTICE

54. 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 Agent for the PMC credit facility; (iv) the Administrative Agent for the PSC credit facility; and (iv) each of the indenture trustees for each series of notes issued by PSC. The Debtors submit that in light of the nature of the relief requested, no further notice is required.

NO PRIOR REQUEST

55. No previous application for the relief sought in this Motion has been made by Debtors to this or to any other court.

WHEREFORE, the Debtors respectfully request the entry of an Order, substantially in the form attached hereto, (i) authorizing and approving the Debtors' use of its existing Cash Management System, (ii) allowing the Debtors to continue to use existing bank accounts and existing business forms, (iii) allowing the Debtor to continue to make disbursements other than by check as outlined herein, (iv) waiving the requirements of 11 U.S.C. § 345 on an interim and final basis, (v) according administrative expense priority to intercompany claims between the Debtors that arise postpetition, and (vi) granting such other relief as is appropriate.

Dated: Portland, Maine
June 2, 2004

Respectfully submitted,

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-and-

BERNSTEIN, SHUR, SAWYER & NELSON

By: /s/ Robert J. Keach
Robert J. Keach
100 Middle Street
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Portland, ME 04104
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Facsimile: (207) 774-1127

Proposed Attorneys for Debtors
and Debtors in Possession

EXHIBIT A

CASH MANAGEMENT SYSTEM DIAGRAMS

(see attached)

Pegasus Satellite Television

Cash Flow By Function
May 2004

Sources of Cash

Lockbox Activity (Bank One Lockbox):
Negotiable instruments; checks, money orders, etc. (Lockbox deposits)
Recurring EFT payments (Cash Con)
Payments made via home banking (EDI)
Western Union Quick Collect payments

Credit Card & E-Bill Activity (Paymentech):
Subscriber payments made via credit cards (processed via the billing system - BAS), online; E-Bill (Credit Card or EFT/ECP), or non-recurring EFT.

MoneyGram Payments:
Subscriber initiated payments through MoneyGram locations.

Bad Debt Recovery (NCI/OMS):
Payments made directly to collection agencies by written-off subscribers (delinquent 114 days or more), representing ~40% of total activity. The remaining ~60% is processed through regular A/R channels, e.g. lockbox, credit cards or OTC.

Inside Sales & Customer Retention (Bank of America Merchant Svcs):
Credit card & ACH payments for equipment sales processed by Inside Sales, CLG, ACG & TSS.

Offline Transactions (Chase Merchant Services):
Include exception processing of ETF & Equipment penalties, sales of equipment to dealers, access cards and sundry transactions.

Inter-Company Transfers:
Funds transfers from other Pegasus entities including loan proceeds.

OTC Transactions & Exception Processing:
Payments (programming and non-programming) received by the A/R Dept., including lockbox rejects.

Bank Accounts

Bank One
Account #002957-1819
GL #1100-123-03-000

Deutsche Bank
Sweep Account
Account #00-628-690
GL #1100-124-03-000

**Deutsche Bank
Concentration Account
Account #00-374-715
GL #1100-124-03-000**

Deutsche Bank
A/P CDA
00-533-464
1100-127-03-000

Deutsche Bank
Cust Ref CDA
00-537-166
1100-128-03-000

Deutsche Bank
Manual P/R CDA
00-535-136
1100-124-03-000

Scudder Investments
Money Market Account
Account #24-0002485
GL #1100-186-03-000

Fleet Bank
Depository
Account #001361-4520
GL #1100-171-03-000

Fleet Bank
Customer Refunds
Account #007493-2621
GL #1100-165-03-000

Fleet Bank
"Imprest"
Account #001361-4512
GL #1100-175-03-000

Cash Usage

NRTC Wholesale Invoice:
Same day wire transfer.

DirectTV Seamlessness Payment:
Same day wire transfer.

Payroll:
ACH drawdown initiated by Ceridian for regular payroll
Exceptions processed manually, drawn against the Manual P/R CDA.

Dealer & Distributor Payments:
Weekly FSD commissions - Weekly payments to dealers, through Ceridian.

Weekly equipment buydown paid directly to distributors via ACH (FSD sales).

Weekly fulfillment and installation payments to distributors (Inside Sales), through Ceridian.

Sales & Property Tax:
Paid via ACH drawdowns initiated by various State Agencies, and checks drawn against the A/P CDA.

Accounts Payable:
Weekly payments to various vendors. Wires & ACH payments are made from the concentration account while checks are drawn against the A/P CDA.

Inter-Company Transfers:
1. To other Pegasus debtor entities
2. To management company (PCMC)
3. For Line of Credit Subsidiary Fees

Customer Refunds:
Includes check refunds (drawn against the Cust. Ref. CDA) and credit card refunds initiated by PGTV and processed by any of the three credit card acquirers.

ACH: Electronic payment via the Automated Clearing House, settles the next business day.

A/P: Accounts Payable.

CDA: Controlled Disbursement Account; i.e. checks are drawn against these accounts.

Drawdown: Reverse ACH transaction. The recipient initiates the transaction to charge (withdraw & transfer funds from) the payer's account.

NCI/OMS: Collection agencies - Nationwide Credit, Inc. and Oxford Management Services, respectively.

OTC: Over-the-Counter.

Paymentech, Bank of America Merchant Services and Chase Merchant Services: Processors of credit card transactions (a.k.a. acquirers). Mastercard/Visa transactions are settled directly by the acquirers while American Express & Discover transactions are settled separately.

P/R: Payroll

Available Funds - Daily ACH Transfer

Balance to cover outstanding Items

Excess Cash

Available Funds - Daily ACH Transfer

In run-off mode

Golden Sky Systems, Inc.

Cash Flow By Function

May 2004

Sources of Cash

Lockbox Activity (Bank One Lockbox):
Negotiable instruments; checks, money orders, etc. (Lockbox deposits)
Recurring EFT payments (Cash Con)
Payments made via home banking (EDI)
Western Union Quick Collect payments

Credit Card & E-Bill Activity (Paymentech):
Subscriber payments made via credit cards (processed via the billing system - BAS), online; E-Bill (Credit Card or EFT/ECP), or non-recurring EFT.

Bad Debt Recovery (NCI/OMS):
Payments made directly to collection agencies by written-off subscribers (delinquent 114 days or more), representing ~40% of total activity. The remaining ~60% is processed through regular A/R channels, e.g. lockbox, credit cards or OTC.

Offline Transactions (Chase Merchant Services):
Include exception processing of ETF & Equipment penalties.

OTC Transactions & Exception Processing:
Subscriber payments received by the A/R Dept., including lockbox rejects.

Bank Accounts

Bank One
Account #002955-3071
GL #1100-223-21-000

Deutsche Bank
Sweep Account
Account #00-628-834
GL #1100-226-21-000

**Deutsche Bank
Concentration Account
Account #00-390-707
GL #1100-226-21-000**

Deutsche Bank
A/P CDA
00-535-101
1100-227-21-000

Fleet Bank
Depository
Account #937382-5751
GL #1100-238-21-000

Cash Usage

NRTC Wholesale Invoice:
Same day wire transfer.

DiracTV Seamlessness Payment:
Same day wire transfer.

Sales & Property Tax:
Paid via ACH drawdowns initiated by various State Agencies, and checks drawn against the A/P CDA.

Inter-Company Transfers:
Excess funds transferred to PST concentration account.

Customer Refunds:
Comprise of credit card refunds initiated by PGTV and processed by any of the three credit card acquirers.

ACH: Electronic payment via the Automated Clearing House, settles the next business day.

A/P: Accounts Payable.

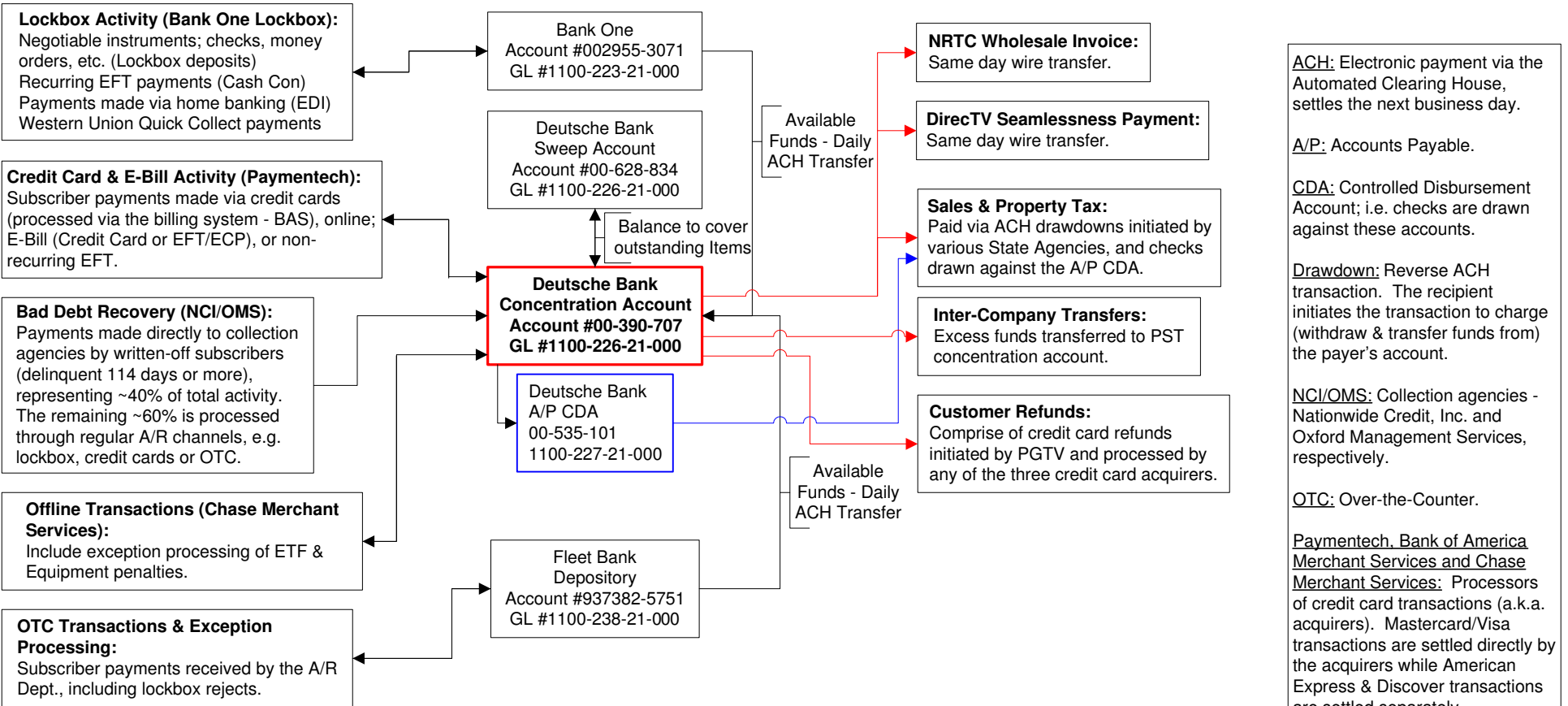
CDA: Controlled Disbursement Account; i.e. checks are drawn against these accounts.

Drawdown: Reverse ACH transaction. The recipient initiates the transaction to charge (withdraw & transfer funds from) the payer's account.

NCI/OMS: Collection agencies - Nationwide Credit, Inc. and Oxford Management Services, respectively.

OTC: Over-the-Counter.

Paymentech, Bank of America Merchant Services and Chase Merchant Services: Processors of credit card transactions (a.k.a. acquirers). Mastercard/Visa transactions are settled directly by the acquirers while American Express & Discover transactions are settled separately.

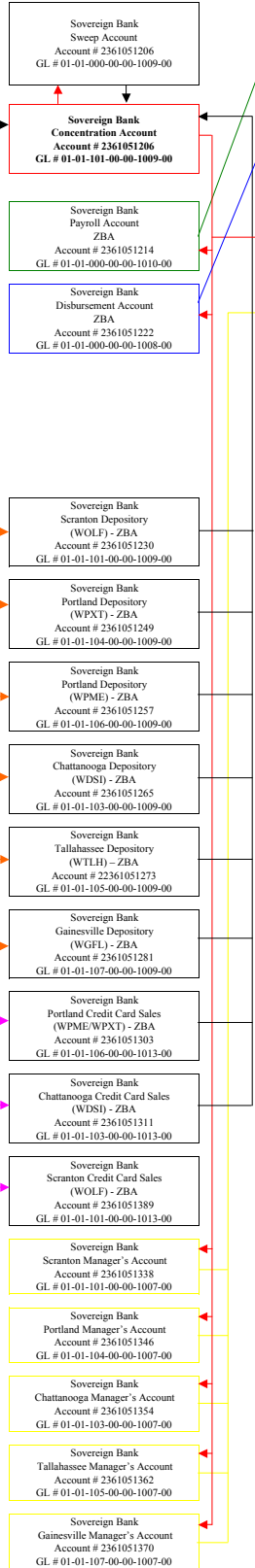


Pegasus Broadcast Television - Sovereign Bank
 Cash Flow by Function
 April, 2004

Sources of Cash

- Lockbox Activity (Various Lockboxes):** Checks, money orders, etc. (Lockbox deposits)
- Credit Card Payments (Bank of America):** Customer credit card payments.
- Inter-Company Transfers:** Funds transferred from other Pegasus entities and the PBT Wachovia Concentration Account
- OTC Transactions:** Payments received by individual AR departments and miscellaneous cash received by the Accounting Department deposited separately.

Bank Accounts



Cash Usage

- Payroll:** ACH drawdown initiated by Ceridian for regular payroll. Exceptions processed manually, drawn against Payroll Account. Account currently is only clearing checks cut before 2004.
- Accounts Payable:** Weekly payments to various vendors. Checks are paid out of Disbursement Account. Account currently is only clearing checks cut before 2004.
- Inter-Company Transfers:** Funds transferred to other Pegasus entities
- Manager Account Activity:** Manual checks written to cover miscellaneous station expenses. Account currently is only clearing outstanding checks pre conversion.

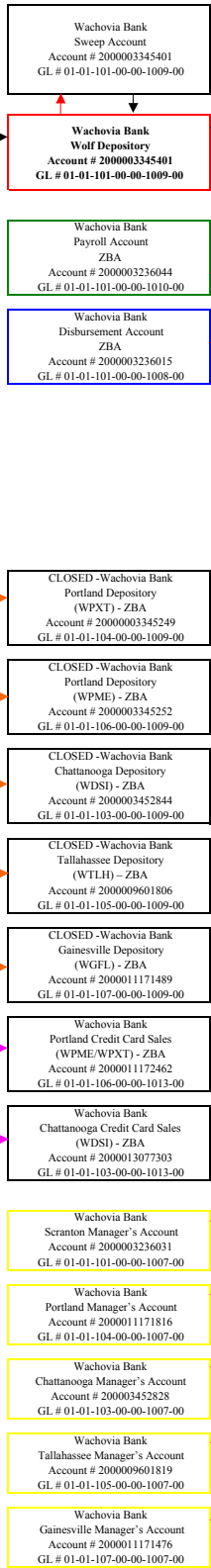
Table of Contents

- ACH:** Electronic payment via the Automated Clearing House settles the next business day.
- Drawdown:** Reverse ACH transaction. The recipient initiates the transaction to charge (withdraw & transfer funds from) the payer's account.
- OTC:** Over-the-Counter.
- Bank of America:** Processor of credit card transactions.

Sources of Cash

- Lockbox Activity (Various Lockboxes):** Checks, money orders, etc. (Lockbox deposits)
- Credit Card Payments (Bank of America):** Customer credit card payments.
- Inter-Company Transfers:** Funds transferred from other Pegasus entities.
- OTC Transactions:** Payments received by individual AR departments and miscellaneous cash received by the Accounting Department deposited separately.

Bank Accounts



Cash Usage

- Payroll:** ACH drawdown initiated by Ceridian for regular payroll. Exceptions processed manually, drawn against Payroll Account. Account currently is only clearing checks cut before 2004.
- Accounts Payable:** Weekly payments to various vendors. Checks are paid out of Disbursement Account. Account currently is only clearing checks cut before 2004.
- Inter-Company Transfers:** Funds transferred to PBT Sovereign Bank Concentration Account
- Manager Account Activity:** Manual checks written to cover miscellaneous station expenses. Account currently is only clearing outstanding checks pre conversion.

Table of Contents

- ACH:** Electronic payment via the Automated Clearing House settles the next business day.
- Drawdown:** Reverse ACH transaction. The recipient initiates the transaction to charge (withdraw & transfer funds from) the payer's account.
- OTC:** Over-the-Counter.
- Bank of America:** Processor of credit card transactions.

***All Wachovia accounts are being closed and transitioned to Sovereign Bank. Estimated completion date is 5/31/04.

EXHIBIT B

BANK ACCOUNTS

(see attached)

Debtor	Bank Name and Address	Account Number	Average Balance Over Past 30 Days	Use
Pegasus Satellite Communications, Inc.				
	PNC Bank 1600 Market Street, 19 th Floor Philadelphia, PA 19103	86-0608-4233	\$0.00	Zero Balance Account
	PNC Bank 1600 Market Street, 19 th Floor Philadelphia, PA 19103	56-0380-0325	\$0.00	Zero Balance Account
	PNC Investments 1600 Market Street, 1st Floor Philadelphia, PA 19103	6646-3656	\$33,300,000.0	Equity Investments
	Wachovia Bank, N.A. 123 South Broad Street Philadelphia, PA 19109	1522899765	\$103,900.00	S/T Money Market Account
	Wachovia Bank, N.A. 123 South Broad Street Philadelphia, PA 19109	1522899854	\$6,647,400.00	Short-Term Investment Account
Pegasus Media & Communications, Inc.				
	PNC Bank 1600 Market Street, 19 th Floor Philadelphia, PA 19103	86-1080-6374	\$185,000.00	Escrow Account
Pegasus Satellite Television, Inc.				
	Bank One, N.A. 1 Bank One Plaza Chicago, IL 60670	2957-1819	\$3,786,045.95	Demand Deposit Account
	Deutsche Bank Trust Company Americas 60 Wall Street New York, NY 10005-2858	00-374-715	\$14,332.40	Concentration Account

Debtor	Bank Name and Address	Account Number	Average Balance Over Past 30 Days	Use
Pegasus Satellite Television, Inc.				
	Deutsche Bank Trust Company Delaware 60 Wall Street New York, NY 10005-2858	00-533-464	\$0.00	CDA-Zero Balance Account
	Deutsche Bank Trust Company Delaware 60 Wall Street New York, NY 10005-2858	00-535-136	\$0.00	CDA-Zero Balance Account
	Deutsche Bank Trust Company Delaware 60 Wall Street New York, NY 10005-2858	00-537-166	\$0.00	CDA-Zero Balance Account
	Fleet Bank, N.A. 100 Federal Street Boston, MA 02110	001361-4512	\$1,624.55	Demand Deposit Account
	Fleet Bank, N.A. 100 Federal Street Boston, MA 02110	001361-4520	\$47,090.76	Demand Deposit Account
	Fleet Bank, N.A. 100 Federal Street Boston, MA 02110	007493-2621	\$51,264.16	Demand Deposit Account
	Bank of America, N.A. Mail Code: CA5701-1711 1455 Market Street, 17 th Fl. San Francisco, CA 94103	Ref. Merchant Nos. 43013523537 06811 or 43013523536 67401	\$119,839.21	Process Credit Card Transactions
	Bank of America, N.A. P.O. Box 25118 Tampa, FL 33620-5118	3310-2035-0162	\$4,119.78	Escrow Account

Debtor	Bank Name and Address	Account Number	Average Balance Over Past 30 Days	Use
Pegasus Satellite Television, Inc.				
	Deutsche Bank Trust Company Americas 60 Wall Street New York, NY 10005-2858	00-628-690	\$1,802,333.33	Overnight Investment Account
	Scudder Investments c/o Deutsche Asset Management Institutional Money Funds, Client Services 811 Main Street Kansas City, MO 64105	403-240002485	\$11,564,152.26	Money Market Account
Golden Sky Systems, Inc.				
	Bank One, N.A. 1 Bank One Plaza Chicago, IL 60670	2955-3071	\$1,504,258.75	Demand Deposit Account
	Deutsche Bank Trust Company Americas 60 Wall Street New York, NY 10005-2858	00-390-707	\$12,142.24	Concentration Account
	Deutsche Bank Trust Company Delaware 60 Wall Street New York, NY 10005-2858	00-535-101	\$0.00	CDA-Zero Balance Account
	Fleet Bank, N.A. 100 Federal Street Boston, MA 02110	937382-5751	\$15,747.35	Demand Deposit Account
	Deutsche Bank Trust Company Americas 60 Wall Street New York, NY 10005-2858	00-628-834	\$92,333.33	Overnight Investment Account

Debtor	Bank Name and Address	Account Number	Average Balance Over Past 30 Days	Use
Pegasus Broadcast Television, Inc.				
	Sovereign Bank One Belmont Avenue Bala Cynwyd, PA 19004	2361051206	\$1,782,201.27	Overnight Investment Account
	Sovereign Bank One Belmont Avenue Bala Cynwyd, PA 19004	2361051206	\$91,517.57	Concentration Account
	Sovereign Bank One Belmont Avenue Bala Cynwyd, PA 19004	2361051214	\$0.00	Zero Balance Account
	Sovereign Bank One Belmont Avenue Bala Cynwyd, PA 19004	2361051222	\$0.00	Zero Balance Account
	Sovereign Bank One Belmont Avenue Bala Cynwyd, PA 19004	2361051230	\$0.00	Zero Balance Account
	Sovereign Bank One Belmont Avenue Bala Cynwyd, PA 19004	2361051249	\$0.00	Zero Balance Account
	Sovereign Bank One Belmont Avenue Bala Cynwyd, PA 19004	2361051257	\$0.00	Zero Balance Account
	Sovereign Bank One Belmont Avenue Bala Cynwyd, PA 19004	2361051265	\$0.00	Zero Balance Account
	Sovereign Bank One Belmont Avenue Bala Cynwyd, PA 19004	2361051273	\$0.00	Zero Balance Account
	Sovereign Bank One Belmont Avenue Bala Cynwyd, PA 19004	2361051281	\$0.00	Zero Balance Account
	Sovereign Bank One Belmont Avenue Bala Cynwyd, PA 19004	2361051303	\$0.00	Zero Balance Account
	Sovereign Bank One Belmont Avenue Bala Cynwyd, PA 19004	2361051311	\$0.00	Zero Balance Account

Debtor	Bank Name and Address	Account Number	Average Balance Over Past 30 Days	Use
Pegasus Broadcast Television, Inc.				
	Sovereign Bank One Belmont Avenue Bala Cynwyd, PA 19004	2361051389	\$0.00	Zero Balance Account
	Sovereign Bank One Belmont Avenue Bala Cynwyd, PA 19004	2361051338	\$1,990.63	Petty Cash Account
	Sovereign Bank One Belmont Avenue Bala Cynwyd, PA 19004	2361051346	\$2,816.13	Petty Cash Account
	Sovereign Bank One Belmont Avenue Bala Cynwyd, PA 19004	2361051354	\$1,486.62	Petty Cash Account
	Sovereign Bank One Belmont Avenue Bala Cynwyd, PA 19004	2361051362	\$3,178.55	Petty Cash Account
	Sovereign Bank One Belmont Avenue Bala Cynwyd, PA 19004	2361051370	\$1,137.11	Petty Cash Account
	Wachovia Bank, N.A. Business Banking Group 217 W. Baltimore Pike, 2d Fl. Media, PA 19063	20000033454 01	\$19,924.75	Overnight Investment Account
	Wachovia Bank, N.A. Business Banking Group 217 W. Baltimore Pike, 2d Fl. Media, PA 19063	20000033454 01	\$6,339.10	Concentration Account
	Wachovia Bank, N.A. Business Banking Group 217 W. Baltimore Pike, 2d Fl. Media, PA 19063	20000032360 44	\$0.00	Zero Balance Account
	Wachovia Bank, N.A. Business Banking Group 217 W. Baltimore Pike, 2d Fl. Media, PA 19063	20000032360 15	\$0.00	Zero Balance Account

Debtor	Bank Name and Address	Account Number	Average Balance Over Past 30 Days	Use
Pegasus Broadcast Television, Inc.				
	Wachovia Bank, N.A. Business Banking Group 217 W. Baltimore Pike, 2d Fl. Media, PA 19063	20000111724 62	\$0.00	Zero Balance Account
	Wachovia Bank, N.A. Business Banking Group 217 W. Baltimore Pike, 2d Fl. Media, PA 19063	20000130773 03	\$0.00	Zero Balance Account
	Wachovia Bank, N.A. Business Banking Group 217 W. Baltimore Pike, 2d Fl. Media, PA 19063	20000032360 31	\$194.27	Petty Cash
	Wachovia Bank, N.A. Business Banking Group 217 W. Baltimore Pike, 2d Fl. Media, PA 19063	20000111718 16	\$1,749.90	Petty Cash
	Wachovia Bank, N.A. Business Banking Group 217 W. Baltimore Pike, 2d Fl. Media, PA 19063	20000034528 28	\$370.09	Petty Cash
	Wachovia Bank, N.A. Business Banking Group 217 W. Baltimore Pike, 2d Fl. Media, PA 19063	20000096018 19	\$933.58	Petty Cash
	Wachovia Bank, N.A. Business Banking Group 217 W. Baltimore Pike, 2d Fl. Media, PA 19063	20000111714 76	\$260.01	Petty Cash