

Hearing Date:  
July 22, 2004 at 10:30 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.	)	(Jointly Administered)
_____	)	

**APPLICATION FOR ORDER AUTHORIZING  
THE DEBTORS AND DEBTORS IN POSSESSION TO EMPLOY  
HERBEIN CONSULTING, INC. AS CORPORATE TAXATION ADVISORS  
PURSUANT TO 11 U.S.C. §§ 327(a) AND 328(a) NUNC PRO TUNC TO JUNE 2, 2004**

Pegasus Satellite Television, Inc. and certain of its subsidiaries and affiliates, each a debtor and debtor in possession herein (collectively, the "Debtors"),<sup>1</sup> hereby file this Application (the "Application") requesting entry of an order authorizing the Debtors to employ and retain Herbein & Company, Inc. Nunc Pro Tunc to June 2, 2004 as corporate taxation advisor in these chapter 11 cases pursuant to sections 327(a) and 328(a) of chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"). The facts and circumstances supporting this Application are set forth in the affidavit of Carl D. Herbein, the Managing Partner of Herbein & Company, Inc., in Support of Application for Order Authorizing the Debtors and Debtors in Possession to Employ and Retain Herbein & Company, Inc. as corporate taxation advisor

<sup>1</sup> 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.

and 328(a) (the "Herbein Affidavit"), attached hereto as Exhibit A. In further support of this Application, 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 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. On June 10, 2004, the United States Trustee for the District of Maine appointed an official committee of unsecured creditors pursuant to section 1102(a) of the Bankruptcy Code (the "Committee").

4. No request has been made for the appointment of a trustee or examiner in these cases.

5. 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 11 U.S.C. §§ 327(a) and 328(a).

### **BACKGROUND OF THE DEBTORS**

6. 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.

7. The Debtors' principal operating business is its direct broadcast satellite ("DBS") business.<sup>2</sup> 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.

8. 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.

9. 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.

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<sup>2</sup> 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.

10. 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 have approximately 943 employees.

### **RELIEF REQUESTED**

11. By this Application, the Debtors seek entry of an order pursuant to sections 327(a) and 328(a) of the Bankruptcy Code authorizing the employment and retention of Herbein & Company, Inc. ("Herbein"), as of the Petition Date, for the purpose of providing corporate taxation advisory and consulting services in these Chapter 11 cases.

### **BASIS FOR RELIEF**

12. In light of the size and complexity of these chapter 11 cases, the Debtors require the services of a seasoned and experienced corporate taxation advisor. As such, the Debtors have selected Herbein based on its experience in providing corporate taxation advisory services as well as its familiarity with the Debtors' businesses, finances, capital structure and operations.

13. Herbein is familiar with the Debtors' businesses and financial affairs. In 1991, the Debtors engaged Herbein to provide certain corporate taxation advisory and consulting services. Since that time, Herbein has filed all the necessary state and federal corporate and property tax filings required by all of the Debtors' businesses. In so doing, Herbein's professionals have worked closely with the Debtors' management team and the Debtors' other professionals, and they have become well acquainted with the Debtors' operations and businesses. Currently, Herbein files all necessary state and federal tax returns for 55 Pegasus entities (including Debtor and non-debtor entities). Accordingly, in the last thirteen (13) years, Herbein has developed significant relevant experience and expertise regarding the Debtors'

businesses, operations, finances and capital structure that will assist it in providing effective and efficient services in these cases. Given the length and depth of the relationship between Herbein and the Debtors, the Debtors believe that requiring them to use a different firm to prepare and file all necessary tax filings, or to advise on corporate taxation matters would be both inefficient and comparatively costly. Accordingly, the Debtors wish to retain Herbein to provide assistance during these cases.

### **SERVICES TO BE RENDERED**

14. The Debtors anticipate that Herbein will render corporate taxation advisory services as needed throughout the course of these chapter 11 cases. The Debtors have negotiated the manner in which Herbein will be compensated for its services (the “Services”). Subject to further order of the Court, Herbein will be engaged to render, among other things, the following services:

- a. preparation of federal consolidated income tax returns consisting of 54 companies as well as filings in approximately 30 states for state income, franchise, and net worth taxes for the individual companies;
- b. consulting services regarding the tax implications of various transactions;
- c. preparation of required Annual Reports for state registrations in addition to business property tax filings.

15. The Debtors note that they have also concurrently submitted an application to retain PricewaterhouseCoopers (“PWC”) as accountants and auditors in these chapter 11 cases. The services to be provided by Herbein are entirely separate from the services that will be provided by PwC. Every effort will be made to ensure that there is no duplication of work between the two firms.

### **DISINTERESTEDNESS OF PROFESSIONALS**

16. To the best of the Debtors' knowledge, information and belief, Herbein has no connection with, and holds no interest adverse to, the Debtors, their estates, their creditors or any party-in-interest in these chapter 11 proceedings or their respective attorneys in the matters on which Herbein is proposed to be engaged, except that prior to the commencement of these cases, Herbein rendered prepetition services to the Debtors and non-debtor affiliates of the Debtors as described above.

17. Herbein has further represented to the Debtors that to the best of its knowledge, no partner, principal or staff person of Herbein has any connection with or holds any interest adverse to the Debtors, their estates, their creditors or any other party in interest, or there respective attorneys or accountants, or the Office of the United States Trustee or any person employed in the Office of the United States Trustee, in the matters for which Herbein is proposed to be retained except as otherwise disclosed in the Herbein Affidavit.

18. While Herbein's partners and principals may have business associations with certain of the Debtors' creditors or parties-in-interest, such associations have no connection to these proceedings.

19. Herbein currently holds a claim against the Debtors in the approximate amount of \$48,530. Herbein has agreed to waive this claim in its entirety if this Application is approved by the Court. Accordingly, on approval of this Application by the Court, Herbein will not be a "creditor" of the Debtor within the meaning of Section 101(10) of the Bankruptcy Code.

20. Accordingly, to the best of the Debtors' knowledge, information and belief, Herbein is a "disinterested person" as that term is defined in section 101(14) of the Bankruptcy Code. Moreover, pursuant to section 1107(b) of the Bankruptcy Code, Herbein's

representation of the Debtors prepetition would not disqualify it from being retained by the Debtors pursuant to section 327(a) of the Bankruptcy Code.

21. Herbein will conduct an ongoing review of its files to ensure that no conflicts or other disqualifying circumstances exist or arise. If any new material facts or relationships are discovered or arise, Herbein will supplement its disclosure to the Court.

22. The Debtors' knowledge, information and belief regarding certain of the matters set forth in this application are based on, and made in reliance upon, the Herbein Affidavit.

### **PROFESSIONAL COMPENSATION**

23. Section 328 of the Bankruptcy Code provides, in relevant part, that a debtor "with the court's approval, may employ or authorize the employment of a professional person under section 327 on any reasonable terms and conditions of employment, including on a retainer, on an hourly basis, or on a contingent fee basis." 11 U.S.C. § 328(a).

24. The hourly rates, subject to periodic adjustment, for the Services rendered by Herbein to the Debtors in these cases will be as follows:

Partners	\$267-\$184
Managers	\$178-\$114
Supervisors	\$128-\$87
Seniors	\$107-\$75
Staff	\$90-\$57
Clerical	\$67-\$55

25. Moreover, the Debtors paid Herbein approximately \$469,255 for estimated fees and expenses incurred through the commencement of these chapter 11 cases.

26. It has been Herbein's practice to record time spent on any particular issue to the relevant company entity. Herbein intends to continue this practice going forward.

Therefore, Herbein will be able to distinguish in its time records between time spent on Pegasus debtor entities and non-debtor entities.

### **BILLING AND DISCLOSURE**

27. The Debtors understand that Herbein intends to apply to the Court for payment of compensation and reimbursement of expenses in accordance with applicable provisions of the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure Bankruptcy Rules (the "Bankruptcy Rules"), United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330 (the "Fee Guidelines"), the District of Maine Local Bankruptcy Rules (the "Local Rules"), and the Order Under 11 U.S.C. § § 331 and 105(a) Establishing Procedures for Interim Compensation and Reimbursement of Expenses for Professionals entered by the Court on June 24, 2004. In connection therewith, subject to application for and allowance by the Court, Herbein will receive reimbursement for reasonable and documented out-of-pocket expenses incurred in connection with the services rendered to the Debtors including, without limitation, the reasonable fees and disbursements of Herbein's outside counsel, travel and lodging expenses, and other customary expenditures.

28. In accordance with section 504 of the Bankruptcy Code, there is no agreement or understanding between Herbein and any other entity, other than a member, partner or regular associate of Herbein, for the sharing of compensation received or to be received for services rendered in connection with these proceedings.

29. The Debtors believe that Herbein's hourly rates are fair and reasonable in light of industry practice, market rates both in and out of Chapter 11 cases, the scope of work to



be performed pursuant to Herbein's retention and its importance to the Debtors in these chapter 11 cases.

**ENGAGEMENT IS REASONABLE  
AND APPROPRIATE UNDER THE CIRCUMSTANCES**

30. For the reasons set forth in the Application, sections 327(a) and 328(a) of the Bankruptcy Code permit the Court to approve the engagement of Herbein as set forth above.

31. Accordingly, the Debtors submit that such employment should be granted and approved pursuant to sections 327(a) and 328(a) of the Bankruptcy Code.

**NOTICE**

32. Notice of this Motion has been given to (i) the United States Trustee for the District of Maine; (ii) the proposed counsel to the Committee; and (iii) those parties in interest who have filed a notice of appearance. The Debtors submit that in light of this Court's Order Establishing Notice and Service Requirements in Debtors' Chapter 11 Cases dated June 7, 2004, and the nature of the relief requested, no further notice is required.

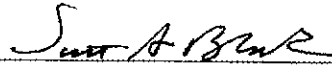
**NO PREVIOUS RELIEF REQUESTED**

33. No application for the relief requested herein has been made by the Debtors to this or any other court.

WHEREFORE, for the foregoing reasons, the Debtors hereby respectfully request that the Court enter an order approving the retention of Herbein as corporate taxation advisor to the Debtors in these chapter 11 cases pursuant to sections 327(a) and 328(a) of the Bankruptcy Code and pursuant to the terms and conditions reflected herein, and grant such other and further relief as may be just and proper.

Dated: Bala Cynwyd, Pennsylvania  
July 1, 2004

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



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Scott A. Blank, Esq.  
Senior Vice President, Legal and Corporate  
Affairs, and General Counsel

**EXHIBIT A**

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF MAINE

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

**AFFIDAVIT OF CARL D. HERBEIN IN SUPPORT OF THE APPLICATION  
FOR ORDER AUTHORIZING THE DEBTORS AND  
DEBTORS-IN-POSSESSION TO EMPLOY HERBEIN & COMPANY, INC. AS  
CORPORATE TAXATION ADVISORS PURSUANT TO  
11 U.S.C. §§ 327(a) AND 328(a) NUNC PRO TUNC TO JUNE 2, 2004**

STATE OF NEW YORK                    )  
  ) ss.  
COUNTY OF NEW YORK                )

I, Carl D. Herbein, being duly sworn, depose and say:

1. I am the Managing Partner with Herbein & Company, Inc. (together with its agents, independent contractors and employees, "Herbein") a corporate taxation consulting and advisory service firm. I make this affidavit on behalf of Herbein (the "Affidavit"). I submit this Affidavit in support of the application (the "Application") of the above-captioned debtors and debtors-in-possession in the above-captioned chapter 11 cases (collectively, the "Debtors")<sup>1</sup> for an order authorizing the employment and retention of Herbein as corporate taxation advisor

<sup>1</sup> 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, L.P., Telecast of Florida, Inc., WDSI License Corp., WILF, Inc., WOLF License Corp., WTLH License Corp.

under the terms and conditions described in the Application.<sup>2</sup> Except as otherwise noted, I have personal knowledge of the matters set forth herein.

### **HERBEIN'S PROFESSIONAL QUALIFICATIONS**

2. Herbein is a well-respected corporate taxation advisory and consulting firm and its professionals have extensive experience working with financially troubled entities in complex financial reorganizations – both in out-of-court restructurings and in chapter 11 proceedings. Herbein or its professionals have served, or are serving, as a financial advisor to numerous debtors-in-possession and official creditors' committees in various chapter 11 proceedings, including: Ice Cream Liquidation Inc. (F/K/A Fieldbrook Farms Inc.), US Bankruptcy Court for the District of Connecticut. and Embassy Dairy, Inc., US Bankruptcy Court for the District of Maryland.

### **HERBEIN'S RELATIONSHIP WITH THE DEBTORS**

3. Herbein is familiar with the Debtors' businesses and financial affairs. In 1991, the Debtors engaged Herbein to provide certain corporate taxation advisory and consulting services. Since that time, Herbein has filed all the necessary state and federal corporate and property tax filings required by all of the Debtors' businesses. In so doing, Herbein's professionals have worked closely with the Debtors' management team and the Debtors' other professionals, and they have become well acquainted with the Debtors' operations and businesses. Currently, Herbein files all necessary state and federal tax returns for 55 Pegasus entities (including Debtor and non-debtor entities). Accordingly, in the last thirteen (13) years, Herbein has developed significant relevant experience and expertise regarding the Debtors' businesses, operations, finances and capital structure that will assist it in providing effective and

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<sup>2</sup> All capitalized terms used herein but not otherwise defined herein shall have the same meanings ascribed to them in the Application.

efficient services in these cases. Given the length and depth of the relationship between Herbein and the Debtors, the Debtors believe that requiring them to use a different firm to prepare and file all necessary tax filings, or to advise on corporate taxation matters would be both inefficient and comparatively costly. Accordingly, the Debtors wish to retain Herbein to provide assistance during these cases.

#### **DISINTERESTEDNESS AND ELIGIBILITY**

4. In connection with the preparation of this Affidavit, Herbein's professionals conducted a review of its professional contacts with the Debtors, their affiliates and certain other parties-in-interest that were made known to us.

5. Based upon information supplied by the Debtors, Herbein searched its client database to identify any connection or relationship with the following parties:

- a. The Debtors and their affiliates;
- b. The Debtors' officers and directors;
- c. The equity shareholders known to own more than twenty percent (20%) of outstanding stock;
- d. The Debtors' major secured creditors;
- e. The Debtors' largest unsecured creditors;
- f. The Debtors' counsel and other professionals; and
- g. Certain other parties-in-interest.

6. The names provided to Herbein are attached hereto as Schedule 1 to this Affidavit.

7. Herbein's review consisted of queries of an internal database containing names of individuals and entities that are present or recent former clients of Herbein in order to identify potential relationships.

8. To the best of my knowledge, no services have been provided to creditors or potential parties-in-interest which relate to the Debtors or these chapter 11 cases.

9. As part of its business, Herbein is involved in many transactions and proceedings that involve many different professionals, including attorneys, investment bankers, accountants and financial consultants, who may represent claimants and parties-in-interest in the Debtors' chapter 11 cases. Also, Herbein may perform in the future certain services for various attorneys and law firms in the legal community, and has been represented by several attorneys and law firms in the legal community, some of whom may be involved in these proceedings. In addition, Herbein has in the past, may currently and will likely in the future be working with or against other professionals involved in these cases in matters unrelated to the Debtors and these cases. Based on our current knowledge of the professionals involved, and to the best of my knowledge, none of these business relationships create interests materially adverse to the Debtors herein in matters upon which Herbein is to be employed, and none are in connection with this case.

10. The Debtors paid Herbein approximately \$469,255 for estimated fees and expenses incurred in the last 12 months. Herbein currently holds a claim against the Debtors for pre-petition services rendered in the approximate amount of \$48,530. Herbein has agreed to waive this claim in its entirety if the Application is approved by the Court. Accordingly, upon approval of the Application by the Court, Herbein will not be a "creditor" of the Debtors within the meaning of Section 101(10) of the Bankruptcy Code.

11. Further, neither I nor any other Herbein partner, to the best of my knowledge, is a holder of any shares of the Debtors' stock.

12. Based on the results of the relationship search conducted to date as described above, insofar as I have been able to ascertain, Herbein has no connection with the above-captioned Debtors, their creditors, equity security holders, other parties-in-interest (as

reasonably known to us) or their respective attorneys, except as disclosed or otherwise described herein. Further, to the best of my knowledge, no one associated with Herbein has any connection to the U.S. Trustee or any person employed in the Office of the U.S. Trustee in this District

13. As such, to the best of my knowledge, Herbein is a “disinterested person” as that term is defined in section 101(14) of the Bankruptcy Code, in that Herbein

- a. is not a creditor, equity security holder or insider of the Debtors;
- b. is not and was not an investment banker for any outstanding security of the Debtors;
- c. has not been, within three years before the date of the filing of the Debtors’ chapter 11 petition, (i) an investment banker for a security of the Debtors or (ii) an attorney for such an investment banker in connection with the offer, sale, or issuance of a security of the Debtors; and
- d. was not, within two years before the date of filing of the Debtors’ chapter 11 petitions, a director, officer, or employee of the Debtors or of any investment banker as specified in subparagraph (b) or (c) of this paragraph.

14. In addition, to the best of my knowledge and based upon the results of the relationship search described above, Herbein neither holds nor represents an interest adverse to the Debtors within the meaning of Section 327(a) of the Bankruptcy Code.

15. It is Herbein’s policy and intent to update and expand its ongoing relationship search for additional parties in interest in an expedient manner. If any new relevant facts or relationships are discovered or arise, Herbein will promptly file a Bankruptcy Rule 2014(a) Supplemental Affidavit.

#### **PROFESSIONAL COMPENSATION**

16. Subject to Court approval, Herbein will seek payment for compensation and expenses on the terms described in the Application.

17. Subject to Court approval, Herbein intends to apply to the Court for allowance of compensation and reimbursement of expenses in accordance with applicable provisions of the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, the District of Maine Local Bankruptcy Rules, and the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330 (“Fee Guidelines”), and orders of this Court.

18. In accordance with section 504 of the Bankruptcy Code, there is no agreement or understanding between Herbein and any other entity, other than a member, partner or regular associate of Herbein, for the sharing of compensation received or to be received for services rendered in connection with these proceedings.

19. It has been Herbein’s practice to record time spent on any particular issue to the relevant company entity. Herbein intends to continue this practice going forward. Therefore, Herbein will be able to distinguish in its time records between time spent on services rendered to the Debtors and non-debtor entities.



22. It is my understanding that Herbein will be retained to provide services entirely separate from those to be provided to the Debtors by PricewaterhouseCoopers, LLC. Every effort will be made to ensure there is no duplication of effort between the two firms.

Dated this 1<sup>st</sup> day of July 2004.

Carl D. Herbein  
CARL D. HERBEIN

Subscribed and Sworn to before me  
this 1<sup>st</sup> day of July, 2004.

Gloria J. Gombur  
Notary Public  
My Commission Expires: 2-15-05

COMMONWEALTH OF PENNSYLVANIA  
Notarial Seal  
Gloria J. Gombur, Notary Public  
City of Reading, Berks County  
My Commission Expires Feb. 15, 2005  
Member, Pennsylvania Association of Notaries

## SCHEDULE 1

### ALL PEGASUS ENTITIES (including non-debtor affiliates)

ARGOS SUPPORT SERVICES COMPANY  
B.T. SATELLITE, INC.  
BRIDE COMMUNICATIONS, INC.  
CARR RURAL TV, INC.  
DBS TELE-VENTURE, INC.  
DIGITAL TELEVISION SERVICES OF INDIANA,  
LLC  
PBT HOLDING, INC.  
PEGASUS BROADCAST TELEVISION I, INC.  
PEGASUS SATELLITE FINANCE CORPORATION  
PEGASUS SATELLITE TELEVISION I, INC.  
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 COMMUNICATIONS CORPORATION  
PEGASUS COMMUNICATIONS CORPORATION  
PAC  
PEGASUS COMMUNICATIONS MANAGEMENT  
COMPANY  
PEGASUS DEVELOPMENT 107 CORPORATION  
PEGASUS DEVELOPMENT 107 LICENSE  
CORPORATION  
PEGASUS DEVELOPMENT 9182 CORPORATION  
PEGASUS DEVELOPMENT CORPORATION  
PEGASUS DEVELOPMENT DBS CORPORATION  
PEGASUS GUARD BAND, LLC  
PEGASUS LETTER OF CREDIT SUBSIDIARY, INC.  
PEGASUS MEDIA & COMMUNICATIONS, INC.  
PEGASUS REAL ESTATE COMPANY  
PEGASUS RURAL BROADBAND, LLC  
PEGASUS RURAL TELEVISION, LLC  
PEGASUS PCS PARTNERS, LP  
PEGASUS SATELLITE COMMUNICATIONS  
HOLDINGS, INC.  
PEGASUS SATELLITE COMMUNICATIONS, INC.  
PEGASUS SATELLITE DEVELOPMENT  
CORPORATION  
PEGASUS SATELLITE TELEVISION OF ILLINOIS,  
INC.  
PEGASUS SATELLITE TELEVISION, INC.  
PEGASUS TRAVEL, INC.  
PMC SATELLITE DEVELOPMENT, LLC  
PORTLAND BROADCASTING, INC.  
PRIMEWATCH, INC.  
PST HOLDINGS, INC.  
SATELLITE ACCESS CORPORATION

SOUTH PLAINS DBS, L.P.  
TELECAST OF FLORIDA, INC.  
WDSI LICENSE CORPORATION  
WFXU CORPORATION  
WFXU LICENSE CORPORATION  
WGFL CORPORATION  
WGFL LICENSE CORPORATION  
WILF, INC.  
WOLF LICENSE CORPORATION  
WPME CORPORATION  
WPME LICENSE CORPORATION  
WTLH LICENSE CORPORATION

**50 LARGEST UNSECURED CREDITORS**

AIG GLOBAL INVESTMENTS  
AMERICAN EXPRESS ASSET MANAGEMENT  
BANK ONE  
BASIC YOUR BEST BUY INC.  
BCK COMMUNICATIONS  
CITY OF MARLBOROUGH  
COLLECTECH SYSTEMS, INC.  
COMMISSIONER OF REV. SERVICES  
DIRECTV  
DIRECTV LITIGATION VERDICT  
EATON VANCE MANAGEMENT  
ESTADO LIBRE ASOCIADO DE PUERTO RICO  
FEDEX CORPORATION  
FIDELITY MANAGEMENT & RESEARCH CO.  
FIRST UNION NATIONAL BANK  
FLORIDA DEPARTMENT OF FINANCE  
FLORIDA DEPARTMENT OF REVENUE  
GUCKENHEIMER ENTERPRISES INC  
INDIANA DEPT OF REV  
IOWA DEPARTMENT OF REVENUE  
J.P MORGAN TRUST COMPANY, N.A.  
JEFFERSON CO. SHERIFF'S OFFICE  
JOHN HANCOCK ADVISORS  
JOHNSON COUNTY TAC  
JOHNSON COUNTY TREASURER  
KANSAS DEPARTMENT OF REVENUE  
MINNESOTA DEPT OF REVENUE  
NATIONAL RURAL TELECOMMUNICATIONS COOPERATIVE  
NATIONWIDE CREDIT, INC.  
NEBRASKA DEPT. OF REVENUE  
NEW MEXICO TAXATION  
NORTEL NETWORKS  
NORTH CAROLINA DEPT OF REVENUE  
NRTC  
NUCONTRIX CONVERSIONS  
PAYMENTECH  
PCC  
PEGASUS COMMUNICATIONS CORPORATION  
PROFESSIONAL SATELLITE & COMMUNICATIONS  
SATELLITE SYSTEM NETWORK  
SOUTH CAROLINA DEPT OF REVENUE  
SOUTH DAKOTA STATE TREASURER

STANDARD & POOR'S  
STATE CONTROLLER - TEXAS  
STATE OF ARKANSAS  
STATE OF TEXAS COMPTROLLER  
STATE TAX COMMISSIONER  
TENNESSEE DEPT OF REVENUE  
TREASURER OF STATE (OHIO)  
UTAH STATE TAX COMMISSION  
VERMONT DEPARTMENT OF TAXES  
WACHOVIA BANK, NA  
WEBCLICK CONCEPTS INC.  
WEST VIRGINIA STATE TAX DEPT

**MAJOR LENDERS TO THE DEBTORS**

1888 FUND LTD  
A3 FUNDING LP  
ABLECO FINANCE LLC  
AMMC CDO I LIMITED  
AMMC CDO II LTD  
APEX (TRIMARAN) CDO I, LTD  
ARCHIMEDES FUNDING III LTD  
AVERY POINT CLO LTD  
BALLYROCK CDO I LIMITED  
BANK OF AMERICA  
BANK OF AMERICA DISTRESSED TRADE  
BILL & MELINDA GATES FOUNDATION  
BINGHAM CDO LP  
BLUE SQUARE FUNDING LIMITED SER 3  
BRANT POINT CBO 1999-1 LTD  
CALIFORNIA ENDOWMENT  
CALIFORNIA PUBLIC EMPLOYEES  
CANPARTNERS INVESTMENTS IV LLC  
CASTLE HILL I – INGOTS LTD  
CASTLE HILL II – INGOTS LTD  
CENTURION CDO II LTD  
CENTURION CDO VI LTD  
CANADIAN IMPERIAL BANK OF COMMERCE  
COHANZICK CREDIT OPPORTUNITIES FUND, LTD.  
COHANZICK HIGH YIELD PARTNERS, LP  
CREDIT OPPORTUNITIES FUNDING INC  
DAIMLER CHRYSLER CORPORATION MASTER  
DELTA MASTER TRUST  
DEBT STRATEGIES FUND INC.  
DEUTSCHE BANK TRUST CO AMERICAS  
ELF FUNDING TRUST I  
EMERALD ORCHARD LIMITED  
ENDURANCE CLO I LTD  
FERNWOOD ASSOCIATES  
FERNWOOD RESTRUCTURING  
FIDELITY ADVISOR SERIES II  
FIR TREE RECOVERY MASTER FUND LP  
FIR TREE VALUE PARTNERS LDC  
FRANKLIN CLO II, LIMITED  
FRANKLIN FLOATING RATE TRUST  
FRANKLIN FLOATING RATE DAILY ACCESS  
FRANKLIN FLOATING RATE MASTER

GABRIEL CAPITAL, L.P.  
GENERAL BOARD OF PENSION AND HEALTH  
GENERAL MOTORS INVESTMENT  
GLENEAGLES TRADING LLC  
GMAC INVESTMENT FUNDS  
GREAT POINT CLO 1999-1 LTD  
HALCYON FUND  
HARBOUR TOWN FUNDING LLC  
HIGHLAND LEGACY LIMITED  
HIGHLAND LOAN FUNDING V LTD  
HIGHLAND OFFSHORE PARTNERS LP  
IBM RETIREMENT PLAN  
ING PRIME RATE TRUST  
ING SENIOR INCOME FUND  
INNER HARBOR CBO 2001-1 LTD  
INTERNATIONAL PAPER RETIREMENT PLAN  
IOWA PUBLIC EMPLOYEES RETIREMENT  
J PAUL GETTY TRUST  
KZH CYPRESS TREE-1 LLC  
KZH STERLING LLC  
LONG LANE MASTER TRUST IV  
LONGHORN CDO (CAYMAN) LTD  
LONGHORN CDO II LTD  
MAGMA CDO LTD  
MASTER SENIOR FLOATING RATE TRUST  
MERRILL LYNCH GLOBAL INVESTMENT SERIES  
MERRILL LYNCH PRIME RATE PORTFOLIO  
MICROSOFT CORPORATION  
ML CBO IV CAYMAN LTD  
ML CLO XV PILGRIM AMERICA CAYMAN  
ML CLO XX PILGRIM AMERICA CAYMAN  
OCM HIGH YIELD FUND II LP  
OCM HIGH YIELD LIMITED PARTNERSHIP  
OCM HIGH YIELD TRUST  
ORIX FINANCE CORP I  
PACIFIC GAS AND ELECTRIC COMPANY  
PAM CAPITAL FUNDING LP  
PAMCO CAYMAN LTD  
PILGRIM AMERICA HIGH INCOME INVESTMENT  
PILGRIM CLO 1999-1 LTD  
QWEST PENSION TRUST  
RACE POINT CLO LIMITED  
RACE POINT II CLO LIMITED  
RESTORATION FUNDING CLO LTD  
SAB CAPITAL PARTNERS II  
SAB CAPITAL PARTNERS, LP  
SAB OVERSEAS FUND  
SAN DIEGO COUNTY EMPLOYEES  
SANKATY HIGH YIELD PARTNERS III LP  
SAWGRASS TRADING LLC  
SEA PINES FUNDING LLC  
SENIOR HIGH INCOME PORTFOLIO  
SEQUILS CENTURION V, LTD.  
SEQUILS PILGRIM I LTD  
SEQUILS-ING I (HBDGM) LTD  
STANFIELD ARBITRAGE CDO, LTD.

STANFIELD CLO LTD  
STANFIELD QUATTRO CLO LTD  
STANFIELD/RMF TRANSATLANTIC CDO LTD  
STATE TEACHERS RETIREMENT SYSTEM  
STELLAR FUNDING LTD  
SUNAMERICA LIFE INSURANCE COMPANY  
SUNAMERICA SENIOR FLOATING RATE  
THE PRESIDENT & FELLOWS OF HARVARD  
COLLEGE  
T ROWE PRICE HIGH YIELD FUND INC  
T ROWE PRICE INSTITUTIONAL HIGH  
TORONTO DOMINION (NEW YORK), INC.  
TRIPAR PARTNERSHIP  
TRS CALLISTO LLC  
TRS ELARA LLC  
UBS AG, STAMFORD BRANCH  
VULCAN VENTURES INC  
WELLS CAPITAL MANAGEMENT  
WELLS FARGO BANK NA  
WHIPPOORWILL DISTRESSED OPPORTUNITY  
FUND, L.P.  
WINDSOR LOAN FUNDING LIMITED

**PARTIES TO SIGNIFICANT LITIGATION WITH THE DEBTORS**

ANTERA BROADBAND, INC.  
ASSOULIN, MICHAEL D/B/A DISH AMERICA  
CABLE AMERICA, INC. D/B/A SATELLITE AMERICA, INC.  
DIRECTV  
ERVING FOODS  
FOX ENTERTAINMENT GROUP, INC. (PARENT TO DIRECTV)  
GALAXY AMERICAN COMMUNICATIONS  
GALAXY TELECOM, L.P.  
GENSSER PELLEGER D/B/A SATELLITE CONCEPTS  
HESTER, FELICIA  
HUGHES ELECTRONICS CORPORATION (PARENT TO DIRECTV)  
JONES, OLA  
MIDAMERICAN CABLE SYSTEMS, L.P.  
MILLER, DAVID  
MORRIS, GREGORY  
NEW PATH COMMUNICATIONS, L.C.  
NEWS CORPORATION, LTD. (PARENT TO DIRECTV)  
OMEGA SATELLITE  
PARACOMM, INC.  
R/COM, L.C.  
RAMSEY, JATARQUA  
RUSSELL, ROBERT  
TELEPARTNERS, L.L.C.  
WESTCOM, L.C.

**MAJOR INSURANCE CARRIERS, REINSURANCE CARRIERS, AGENTS AND BROKERS**

NATIONAL CASUALTY COMPANY  
XL SPECIALTY INSURANCE CO.  
HOUSTON CASUALTY  
SCOTTSDALE INSURANCE CO.  
HARTFORD FIRE INS. CO.

CHUBB GROUP

**INDENTURE TRUSTEES**

J.P MORGAN TRUST COMPANY, N.A.  
FIRST UNION NATIONAL BANK  
WACHOVIA BANK, NA

**EQUITY HOLDERS HOLDING MORE THAN 5% OF THE EQUITY IN ANY ONE OF THE DEBTORS**

ARGOS SUPPORT SERVICES COMPANY  
BRIDE COMMUNICATIONS, INC.  
DTS MANAGEMENT (SOLE MEMBER)  
GOLDEN SKY HOLDINGS, INC.  
GOLDEN SKY SYSTEMS, INC.  
GOLDEN SKY SYSTEMS, INC. (GENERAL PARTNER)  
LEC DEVELOPMENT, INC. (GENERAL PARTNER)  
PEGASUS BROADCAST TELEVISION, INC. (GENERAL PARTNER)  
PEGASUS BROADCAST TELEVISION, INC.  
PEGASUS COMMUNICATIONS CORPORATION  
PEGASUS DEVELOPMENT CORPORATION  
PEGASUS DEVELOPMENT CORPORATION  
PEGASUS MEDIA & COMMUNICATIONS, INC.  
PEGASUS SATELLITE COMMUNICATIONS, INC.  
PEGASUS SATELLITE TELEVISION, INC.  
PEGASUS SATELLITE TELEVISION, INC. (SOLE MEMBER)  
PST HOLDINGS, INC.

**ADDITIONAL EQUITY HOLDERS IN PEGASUS SATELLITE COMMUNICATIONS, INC.**

JPMORGAN CHASE BANK  
AMERICAN EXPRESS TRUST COMPANY  
BEAR, STEARNS SECURITIES, CORP.  
CITIBANK, N.A.  
FLEET NATIONAL BANK  
J.J.B HILLIARD, W.L. LYONS, INC.  
LEHMAN BROTHERS, INC.  
MORGAN STANLEY & CO. INCORPORATED  
PNC BANK, NATIONAL ASSOCIATION  
STATE STREET BANK AND TRUST COMPANY  
WACHOVIA CAPITAL MARKETS, LLC

**EQUITY HOLDERS HOLDING MORE THAN 5% OF THE EQUITY IN PEGASUS COMMUNICATIONS CORPORATION**

ALTA COMMUNICATIONS VI, L.P  
AVENUE SPECIAL SITUATIONS FUND II, LP  
DBS INVESTORS, LLC  
FMR CORP.  
JOHN HANCOCK FINANCIAL SERVICES, INC.  
PAR CAPITAL MANAGEMENT, INC.  
FARLEY, STEPHEN L.  
PERRY CORP.  
PENINSULA CAPITAL ADVISORS.

**DIRECTORS AND OFFICERS OF THE FILING ENTITIES**

BLANK, SCOTT A.  
CARPENTER, LEE M.  
CRATE, CHERYL

DIDIO, JOHN  
DORRAN, WILLIAM  
FINCK, DOUGLAS B.  
HANE, JOHN  
HEISLER, KAREN M.  
JORDAN, MICHAEL B.  
LINDGREN, RORY J.  
LODGE, TED S.  
PAGON, MARSHALL W.  
PARIS, JACK  
POOLER, JOSEPH W., JR.  
ROLFE, DENISE  
VERLIN, HOWARD E.  
YANNUZZI, MICHAEL

**OTHER RETAINED PROFESSIONALS**

ARNOLD & PORTER  
BALCH & BINGHAM LLP  
CAPELL & HOWARD, P.C.  
CAPITAL MANAGEMENT ASSOCIATES, INC.  
DRINKER BIDDLE & REATH LLP  
FLEISHMAN & WALSH  
FTI CONSULTING, INC.  
HERBEIN & COMPANY, INC.  
HEWITT ASSOCIATES  
HUNTER, MACLEAN, EXLEY & DUNN  
KEKST & COMPANY, INC.  
KING & SPAULDING LLP  
LEWIS, FISHER, HENDERSON, CLAXTON & MULROY