

EXHIBIT B

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF MAINE**

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

**DECLARATION OF JOSHUA A. LEFKOWITZ IN SUPPORT
OF MOTION OF WILMINGTON TRUST COMPANY FOR
ALLOWANCE AND PAYMENT OF (I) PREPAYMENT PREMIUM,
(II) DEFAULT INTEREST AND (III) INTEREST ON THE PREPAYMENT
PREMIUM AND DEFAULT INTEREST AT THE POST-DEFAULT RATE**

JOSHUA A. LEFKOWITZ hereby declares under penalty of perjury that the following is true and correct:

1. I am an attorney with the law firm of Stroock & Stroock & Lavan LLP (“Stroock”), which was retained by Wilmington Trust Company (“Wilmington Trust”), the administrative agent under that certain Amended and Restated Term Loan Agreement, dated as of August 1, 2003 (the “Credit Agreement”), among Pegasus Satellite Communications, Inc., as borrower (the “Debtor”), and the lenders from time to time parties thereto.

2. I submit this declaration in support of the Motion (the “Motion”) of Wilmington Trust seeking allowance and payment of the Prepayment Premium, Default Interest, and interest on the Prepayment Premium and Default Interest at the post-default rate through and including the date of payment thereof.¹

¹ Capitalized terms used, but not defined, herein possess the meanings ascribed thereto in the Motion.

3. The Prepayment Premium sought by Wilmington Trust is approximately \$2,157,137.98, which, pursuant to the terms of the Credit Agreement, was calculated as 2% of the principal and accrued interest paid to Wilmington Trust on the Payment Date. The Default Interest sought by Wilmington Trust is approximately \$791,579.35, which, pursuant to the terms of the Credit Agreement, was calculated as 2.5% of the outstanding balances on the Junior Loan from the date of the Event of Default on June 1, 2004 through and including the Payment Date. Assuming that the Prepayment Premium and Default Interest are paid on November 8, 2004, the date that the Motion will be heard, the interest sought by Wilmington Trust on such amounts calculated at the contractual default interest rate of 15% is approximately \$58,160.

4. Between October 12, 2004 and October 15, 2004 as part of my research for the Motion, I searched the Global Securities Information, Inc. website (www.gsionline.com) for information on term loan agreements of comparable size and duration that were issued between August 1, 2003, the issue date of the Junior Loan, and October 1, 2004 (together, the “Reviewed Loan Agreements”). I reviewed 15 loan agreements in total. I did not have the ability to determine whether the borrowers under the Reviewed Loan Agreements had comparable credit ratings to those of the Debtor in August, 2003. A table summarizing the relevant financial terms of the Reviewed Loan Agreements is included at the end of this Declaration as Attachment 1.

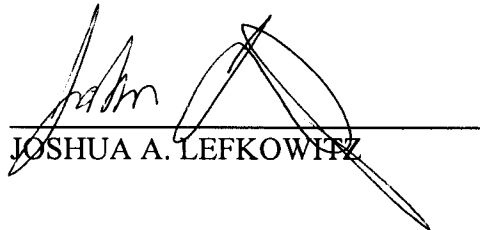
5. As shown in the table: (i) each Reviewed Loan Agreement contained a default interest rate provision similar to the provision contained in the Credit Agreement, ranging from 2% to 5% above the non-default rate of interest; (ii) of the 12 Reviewed Loan Agreements with an interest rate above the Base Rate, the majority of these 12 Reviewed Loan Agreements contained voluntary prepayment provisions structured in the same manner as that found in the Credit Agreement, with decreasing premiums over the initial years of the Reviewed Loan Agreements from 3% in the first year to 2% in the second year and to 1% in the third year; (iii) the non-default rate of interest under the Credit Agreement was comparable to the prevailing market rates for the Reviewed Loan Agreements that were issued at approximately the same time as the Junior Loans; and (iv) for the fifteen-month period after the issuance of the Junior Loan, the rate of non-default interest contained in the Reviewed Loan Agreements was below that contained in the Credit Agreement, with rates ranging from approximately 11.25% to 4.75%.²

6. Wilmington Trust did not retain the services of a financial advisor in connection with these cases because it was not reimbursed for the fees and expenses for such an advisor pursuant to the terms of the Cash Collateral Order. Accordingly, Wilmington Trust relied on Stroock to undertake the general review described herein.

7. While the nature of my review and the methodologies elaborated on herein contain inherent flaws, the information that I reviewed supports the general conclusion that a lender's ability to charge the non-default 12.5% rate of interest contained in the Credit

² Unlike the Junior Loan, many of the Reviewed Loan Agreements contained a more standard variable rate of interest comprised of a floating contractual base rate plus a certain percentage. The calculation of the specific base rate of interest differs for each Reviewed Loan Agreement and is, to a certain degree, within the discretion of the agent lending institution thereunder. However, in order to add uniformity to the survey, I used a standard base rate of 4.75%, the current Prime Rate as published in the *Wall Street Journal* as of October 15, 2004, as the base rate for all Reviewed Loan Agreements.

Agreement has declined significantly since the August 1, 2003 issuance of the Junior Loan. The information also supports the general conclusion that a 2.5% increase from the non-default rate of interest to the default rate of interest is standard, as is a prepayment premium that declines over the first three years of a term loan from 3% to 1%.



JOSHUA A. LEFKOWITZ

**Selected Term Loans from August 1, 2003 to October 1, 2004
with Principal Amounts of \$75 - \$200 Million**

<u>Company</u>	<u>Date of Loan</u>	<u>Total Commitment</u>	<u>Benchmark Rate</u>	<u>Increase Above Base Rate (in basis points)</u>	<u>Default Rate of Interest over Base Rate</u>	<u>Voluntary Pre-Payment Premium Calculation</u>	<u>Agent</u>
Alexandria Real Estate Equities, Inc.	November 3, 2003	\$150M	Base rate	90-160 (depending on rating)	2%	None	Fleet
Arch Western Finance LLC	September 19, 2003	\$100M	Base Rate	125	2%	None	PNC Bank
Brandywine Realty Trust	September 17, 2004	\$113M	Base Rate	35 – 95	4%	None	Bear Stearns
Chart Industries Inc.	September 15, 2003	\$120M	Base Rate	250	2%	None	JP Morgan
Comsys Services LLC	September 30, 2004	\$70M	Base Rate	650	2%	Year 1: 2% Year 2 -3: 1%	Merrill Lynch
Developers Diversified Realty Corporation	May 20, 2004	\$200M	Prime Rate	0 OR 125 if rating below BBB-	2%	None	Bank One
Dresser Inc.	March 1, 2004	\$125M	Base Rate	250	2%	Year 1: 3% Year 2: 2% Year 3: 1%	Morgan Stanley

**Selected Term Loans from August 1, 2003 to October 1, 2004
with Principal Amounts of \$75 - \$200 Million (cont'd)**

<u>Company</u>	<u>Date of Loan</u>	<u>Total Commitment</u>	<u>Benchmark Rate</u>	<u>Increase Above Base Rate (in basis points)</u>	<u>Default Rate of Interest over Base Rate</u>	<u>Voluntary Pre-Payment Premium Calculation</u>	<u>Agent</u>
Hights Cross Operating Company	August 20, 2003	\$100M	Euro Dollar	450 – 600	2%	Year 1: 3% Year 2: 2% Year 3: 1%	Bear Stearns
Helen of Troy Limited	June 1, 2004	\$200M	Base Rate	0	2%	None	Bank of America
James River Coal Company	May 6, 2004	\$75M	9.0%	N/A	2%	None	BNY Asset Solutions LLC
Keystone Property Trust	September 11, 2003	\$75M	Base Rate	0	5%	No allowed prepayment for 1 year	Wells Fargo
KMS Dairy Inc.	November 20, 2003	\$135M	Base Rate	275	2%	Year 1: 3% Year 2: 2% Year 3: 1%	Bank of America
Quest Diagnostics Inc.	December 19, 2003	\$75M	Base Rate	0	2%	None	Sumitomo Mitsui Banking Corporation
Simmons Bedding Co.	December 19, 2003	\$140M	Prime Rate or 50 basis points above Fed Funds Rate	275	2%	Year 1: 3% Year 2: 2% Year 3: 1%	Deutsche Bank
Waste Management Inc.	June 30, 2003	\$175M	LIBOR (London Interbank Offered Rate)	Applicable Margin	3%	Year 2: 2% Year 3: 1%	Bank of America