

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF MAINE**

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

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**RESPONSE TO DEBTORS' OBJECTION TO PROOF OF CLAIM FILED BY  
WILMINGTON TRUST COMPANY**

Wilmington Trust Company ("Wilmington Trust") by and through its undersigned attorneys, hereby submits this response (the "Response") to the Debtors' objection to Wilmington Trust's (i) Proof of Claim filed against Pegasus Media & Communications, Inc. ("PM&C") numbered 586 (the "Original PM&C Proof of Claim") and (ii) Amended Proof of Claim filed against PM&C numbered 884 (the "Amended PM&C Proof of Claim" and together with the Original PM&C Proof of Claim, the "PM&C Proofs of Claim"). In support of this Response, Wilmington Trust respectfully represents as follows:

1. The Debtors seek to disallow and expunge the PM&C Proofs of Claim on the basis that such claims have been filed against Debtor entities that have no liability for the obligations owed to Wilmington Trust. Wilmington Trust does not object to the Debtors' request to expunge the Original PM&C Proof of Claim because it has been superseded by the Amended PM&C Proof of Claim. Wilmington Trust, however, does object to the Debtors' request to expunge the Amended PM&C Proof of Claim.

2. Pursuant to the Amended and Restated Term Loan Agreement, dated as of August 1, 2003 (the “Credit Agreement”) among Pegasus Satellite Communications, Inc. (“PSC”), as borrower, and the lenders from time to time party thereto (the “Junior Term Lenders”), the obligations owing thereunder are the direct obligations of PSC. However, the obligations owing under the Credit Agreement are secured by a second lien on, among other things, all outstanding equity securities of PM&C, all dividends and distributions thereon and all proceeds thereof, all indebtedness of PM&C owed to PSC, including without limitation all intercompany loans made to PSC from PM&C, and all payments received by PSC from PM&C with respect thereto.

3. Accordingly, in the event that PSC fails to pay the full claim owed to Wilmington Trust, Wilmington Trust has a contractual right to receive all payments made in respect of the equity of or in payment of intercompany receivables from PM&C. Thus, out of an abundance of caution, Wilmington Trust filed a claim against PM&C in accordance with the Debtors’ bar date procedures to ensure that PM&C was aware of this claim.

4. Therefore, Wilmington Trust duly filed its claim against PM&C in accordance with the bar date procedures and the Amended PM&C Proof of Claim relates to a “claim” available to Wilmington Trust pursuant to the Credit Agreement.

**WHEREFORE**, Wilmington Trust respectfully requests that the Debtors' objection to the Amended PM&C Proof of Claim be denied.

Dated: January 14, 2005

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– and –

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