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Attorneys for Creditor,
William J. Dorran

UNITED STATES BANKRUPTCY COURT

DISTRICT OF MAINE

In re	)	Chapter 11
PEGASUS SATELLITE TELEVISION, INC.	)	Case No. 04-20878
Debtor and Debtor-In-Possession.	)	(Jointly Administered)

OPPOSITION OF WILLIAM J. DORRAN TO DEBTORS' SECOND OMNIBUS OBJECTION TO AND MOTION TO RECLASSIFY, REDUCE OR DISALLOW CERTAIN CLAIMS PURSUANT TO 11 U.S.C. § 502(b), BANKRUPTCY RULES 3001 AND 3007, AND D.ME.LBR 3007-1; DECLARATION OF WILLIAM J. DORRAN IN SUPPORT THEREOF

TO THE HONORABLE JAMES B. HAINES, JR., UNITED STATES BANKRUPTCY COURT JUDGE; THE DEBTOR AND ITS COUNSEL OF RECORD; AND INTERESTED PARTIES:

PLEASE TAKE NOTICE that William J. Dorran ("Dorran" or "Creditor"), a creditor herein, hereby files his opposition (the "Opposition") to the Second Omnibus Objection to and Motion to Reclassify, Reduce or Disallow Certain Claims (the "Objection"), filed by the above-captioned jointly

administered debtors and debtors-in-possession herein (collectively, the "Debtors").

The Creditor has filed a proof of claim in each of the Debtors' cases. The Debtors' Objection seeks to disallow all of the Creditor's proofs of claim except his claim against DTS Management, LLC ("DTS"), but offers no evidence that DTS alone is liable on the Creditor's claim. The Creditor does not dispute that he is not entitled to be paid more than once on the same obligation or debt; however, the Creditor opposes the Debtors' Objection in order to preserve his right to pursue any other jointly administered debtor entity to the extent such debtor entity is also liable on the Creditor's claim.

Because the Court may not be able to fully resolve the Objection on the hearing date due to the factual complexity of the evidence, the Creditor requests that this matter be deemed a contested matter under Federal Rule of Bankruptcy Procedure, Rules 3007 and 9014, and that the adversary proceeding rules of Federal Rule of Bankruptcy Procedure 7000, et. seq. be applicable. The Creditor intends to conduct discovery regarding the interrelationship of the debtor entities and requests that a continued hearing be set 90 to 120 days in the future for a status conference and to set briefing and hearing dates, and that an evidentiary hearing ultimately be held on this issue.

PLEASE TAKE FURTHER NOTICE that Costell & Cornelius Law Corporation, attorneys for the Creditor, are authorized to reconcile, settle or otherwise resolve the Objection on behalf of the Creditor. Any and all communications regarding the Creditor's claims should be directed to: Costell & Cornelius Law Corporation, Attn: Mitchell Rishe, 1299 Ocean Ave., Suite 400, Santa Monica, CA 90401; Tel: (310) 458-5959; Fax: (310) 458-7959.

PLEASE TAKE FURTHER NOTICE that the Debtors should serve any Reply to the Objection as follows: Costell & Cornelius Law Corporation, Attn: Mitchell Rishe, 1299 Ocean Ave., Suite 400, Santa Monica, CA 90401.

I.

STATEMENT OF FACTS

On or about June 2, 2004 (the "Petition Date"), the approximately 28 affiliated debtors (the "Debtors") each filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"). The Debtors cases are being jointly administered pursuant to order of this Court.

The Creditor is or was an executive employee and is or was an officer and/or director of several of the jointly administered Debtors. In order to preserve his rights to severance compensation, the Creditor filed a $175,000 proof of claim[1] against each of the Debtors on October 12, 2004, which is the approximate amount of severance the Creditor would be entitled to should his employment be terminated.[2]

On or about January 25, 2005, the Debtors filed and served their Objection. The Objection seeks to disallow the Creditor's proofs of claim nos. 767 and 859 against debtor Digital Television Services of Indiana, LLC ("DTS Indiana") as "multi-debtor claims," and preserve only the Creditor's proof of claim no. 860 against DTS Management, LLC ("DTS").[3]

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[1] The Proof of Claim, and this Opposition, is filed without prejudice to the Creditor's right to replace and/or amend his Proof of Claim if and when it is determined that either the amounts and/or the classification of the Creditor's claim is different than that set forth in the Proof of Claim.

[2] On or about September 1, 2004, the Court entered an order establishing October 12, 2004 as the last day to file proofs of claim against any of the Debtors (the "Bar Date"). The Debtor does not seek to disallow the Creditor's claim as being filed after the Bar Date.

[3] On or about December 23, 2004, the Debtors filed their First Omnibus Objection to and Motion to Reclassify, Reduce or Disallow Certain Claims (the "First Objection"), which seeks to: (1) disallow the Creditor's proof of claim no. 769 against debtor DTS Management, LLC ("DTS") as a duplicate of claim no. 860 also against DTS; and (2) disallow the Creditor's proofs of claim against all remaining jointly administered Debtors, except Digital Television Services of

Because the Debtors have offered no evidence that DTS Indiana is not liable along with DTS on the Creditor's claims, the Creditor opposes the Debtors' Objection in order to preserve its rights to pursue any jointly administered Debtor other than DTS to the extent such Debtor is also liable to the Creditor.

II.

STANDARD OF PROOF

The prima facie evidentiary effect granted to the filing of a properly completed proof of claim by Federal Rule of Bankruptcy Procedure, Rule 3001(f), serves to require an objecting party to provide evidence rebutting the claim. *See, e.g., In re Fidelity Holding Co., Ltd.*, 837 F.2d 696, 698 (5th Cir. 1988). A party objecting to a claim has the initial burden of presenting factual evidence tending to defeat the prima facie validity of a proof of claim without the burden of ultimate persuasion. *In re Distrigas Corp.*, 75 B.R. 770, 772-73 (Bankr.D.Mass. 1987) (citing King, 3 *Collier on Bankruptcy*, 502.01 at 502-17, 18 (15th ed. 1988)). This rebuttal evidence should be equivalent in probative value to that of the creditor to rebut the prima facie effect of the proof of claim. *In re VTN, Inc.*, 69 B.R. 1005, 1008 (Bankr.S.D.Fla. 1987). Here, the Debtors have failed to present any evidence to rebut the prima facie validity of the Creditor's claims against the jointly administered Debtors.

III.

ARGUMENT

The basis of the Debtors' Objection is that the Debtors should not be required to pay a claimant twice on the same obligation or debt. *See* Objection, para. 28, p. 11. The Objection further

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Indiana, LLC. The hearing on the Debtor's First Objection has been continued to February 24, 2005.

states that, "The Debtors have determined that the Multi-Debtor Claims are properly asserted against the entity identified on Exhibit G as the 'Correct Debtor Entity'." Exhibit G lists the "Correct Debtor Entity" as "DTS Management, LLC".

Although the Creditor does not dispute that it is not entitled to be paid more than once on the same obligation or debt, no showing is made by the Debtors that DTS is in fact the "correct debtor entity" or that it is the *only* responsible debtor entity. Accordingly, to the extent that any of the other jointly administered Debtors are also liable for the Creditor's claim, the Creditor's proof of claim against that entity should not be expunged. Because the Debtors have produced no evidence that DTS Indiana is not liable for payment of the Creditor's claim, the Debtors have failed to meet their burden of rebutting the prima facie validity of the Creditor's proof of claim against DTS Indiana.

A. The Creditor's Employment Agreement Confirms that Other Debtor Entities Are Liable for the Creditor's Claim.

The Creditor's Employment Agreement with the Debtors, which is attached to each of the Creditor's Proofs of Claim, identifies the Creditor's employer as "Columbia DBS Management, LLC." *See* Declaration of William J. Dorran ("Dorran Dec."), Exh. "A." Columbia DBS Management, LLC ("Columbia") is defined in the Employment Agreement as the "Company." The Creditor is informed and believes that DTS is the successor-in-interest of Columbia. However, the Debtor has offered no evidence that other jointly administered Debtors are not also successors of Columbia and/or liable for Columbia's obligations.

The Employment Agreement provides that, in addition to the services that he is obligated to render to the Company, the Creditor shall also serve "any other member of the *Group* as the Board may designate" and broadly defines the "Group" as "[Columbia DBS Holdings, LLC ("Holdings")], the Company and all entities controlled by Holdings or the Company whether currently existing or

formed in the future..." *See* Employment Agreement. In fact, in filings made with the Securities and Exchange Commission, DTS Indiana is identified as a subsidiary of DTS and therefore is an entity "controlled by ... the Company" and a member of the "Group." *See* Dorran Dec., Exh. "B."

Among the duties owed to the Company *and the Group*, the Employment Agreement provides that the Creditor:

> shall use his best efforts to promote the business and interests of the Company and the *Group*, to diligently, faithfully and to the best of his abilities perform all tasks and duties reasonably assigned to him by the Board or the President, to comply with the rules, regulations, policies and procedures of the Company, and to act and comport himself at all times in the best interest of the Company and the *Group* (emphasis added)."

See Employment Agreement, para. 2.

As further evidence that all members of the Group are liable for the Creditor's claim, the Employment Agreement provides that the Group may pay the Creditor his bonuses and may reimburse the Creditor for his out-of-pocket expenses. *See* Employment Agreement, paras. 4 & 5. Furthermore, the Debtors and their non-debtor affiliates have confirmed to the Creditor that they will "continue to honor the employment contract you entered into with DTS." *See* Dorran Dec., Exh. "C." Accordingly, because the Employment Agreement specifically provides for the Group's payment of the Creditor's compensation under the Employment Agreement and the Debtors have confirmed that they will continue to honor the Employment Agreement, all members of the Group, including DTS Indiana, are liable for the Creditor's claim.

As additional evidence that all members of the Group, and not merely DTS, are liable for the Creditor's claim, is that the Employment Agreement's restrictive covenants inure for the benefit of

the Group as a whole and not merely DTS. For example, the Employment Agreement defines "Proprietary Information" as the proprietary information of the Group and not solely DTS. *See* Employment Agreement, para. 13(d). Among other restrictive covenants, the Employment Agreement prohibits the Creditor's competition with the *Group* (para. 14); prohibits the Creditor's solicitation of the *Group's* customers (para. 15); prohibits the Creditor's disclosure of the *Group's* proprietary or confidential information (para. 16); and prohibits the Creditor's disclosure of the *Group's* trade secrets (para. 17). The Employment Agreement also provides that the Group, not merely DTS, may seek injunctive relief and/or damages for a breach of any restrictive covenant. *See* Employment Agreement, paras. 23 & 25. Based on the foregoing, as the Group is a beneficiary under the Employment Agreement, its members are liable for the obligations due thereunder, including liability for the Creditor's claim. It would be unfair and inequitable to hold that the Creditor owes ongoing duties of loyalty to the Group under the Employment Agreement but that no member of the Group other than DTS owes any duty to the Creditor to account for his salary and/or severance.

Based on the foregoing, as the Creditor is an employee of the Group, all members of the Group, including DTS Indiana, are liable on the Creditor's claim.

B. <u>The Creditor's Claim Should Be Enforced Against Any Debtor Entity That Has Benefitted from the Creditor's Services to the Debtors.</u>

The Creditor's services have benefitted numerous Debtor entities and, to the extent the Creditor's services have benefitted a Debtor entity, that Debtor should be liable to the Creditor to account for his claim. For example, the Creditor is or was an officer of both DTS and DTS Indiana. *See* Dorran Dec., Exh. "D." The Creditor is informed and believes that he was named as an officer and/or director of numerous other debtor and non-debtor entities. Accordingly, even if a jointly administered Debtor does not fall under the broad definition of Group, to the extent that during the

scope of the Creditor's employment his services benefitted such Debtor, it should nevertheless be held liable to the Creditor on equitable grounds.

Furthermore, the Creditor is informed and believes that the Debtors routinely form and dissolve companies, and transfer assets from one Debtor entity to another. The Creditor also is informed and believes that many of the Debtor entities are simply shell companies without sufficient assets formed solely to shield its parent or affiliate from liability, and the fact that there are twenty-eight (28) jointly administered Debtors is evidence enough that the Debtors have utilized a complex corporate structure in an attempt to shield themselves from liability. To the extent that a responsible Debtor entity is undercapitalized, other Debtor entities should not be permitted to escape liability if they have received assets from such Debtor that could be used to pay the Creditor's claims.

Accordingly, the Creditor respectfully requests that it be allowed to seek recovery against any and all any jointly administered Debtors, including DTS Indiana, to the extent such Debtors are also liable on the Creditor's claim. The Creditor does not dispute that it is not entitled to be paid more than once on the same obligation or debt, but it should not be limited to recovery from only DTS absent a showing of proof that DTS alone is liable on the Creditor's claim. Until such time as the Creditor has had an opportunity to investigate the Debtors to determine the entities that have benefitted from his services and the interrelationships among the various entities, the Creditor's claims against each of the Debtors should be preserved.

C. <u>In the Alterative, The Debtor Requests that it be included in the Employee Retention Plan.</u>

In or about November 24, 2004, this Court approved the Key Employee Retention Plan ("KERP"). The Creditor, notwithstanding that he is an executive employee of the Debtors and holds positions and/or has duties similar to other designated "key employees," was not included in the

KERP. The Creditor is informed and believes that he was not included in the KERP because the onerous restrictive covenants contained in the Employment Agreement made it unnecessary to incentivize the Creditor to remain employed by the Debtors. The Creditor respectfully requests that, in the event that the Court is inclined to grant the Debtors' Objection, that he instead be included in the KERP and allowed to participate in the KERP as other similar situated key employees.

IV.

CONCLUSION

WHEREFORE, the Creditor respectfully requests that the Debtors' Objection be denied to the extent that it precludes the Creditor's recovery from responsible Debtors other than DTS Management, LLC. In the alternative, the Creditor requests that it be included as a participant in the Key Employee Retention Plan.

DATED: February 10, 2005

COSTELL & CORNELIUS Law Corporation

By: _____

Mitchell Rishe
Attorneys for Creditor, William J. Dorran

DECLARATION OF WILLIAM J. DORRAN

I, William J. Dorran, declare as follows:

1. I am a creditor of one or more of the jointly administered debtors ("Debtors") herein. I know the following of my own personal knowledge, information and belief, and if called upon to do so, I could and would competently testify thereto. I make this declaration in support of the opposition (the "Opposition") to the First Omnibus Objection to and Motion to Reclassify, Reduce or Disallow Certain Claims (the "Objection"), filed by the Debtors.

2. On or about June 2, 2004 (the "Petition Date"), the approximately 28 affiliated debtors (the "Debtors") each filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"). The Debtors cases are being jointly administered pursuant to order of this Court.

3. I am or was an executive employee of one or more of the jointly administered Debtors. In order to preserve my right to severance compensation in the event my Employment Agreement was rejected by the Debtors and my employment terminated, I filed a $175,000 proof of claim against each of the Debtors on October 12, 2004, which is the amount of severance I would be entitled to should my employment be terminated. Attached hereto as Exhibit "A" is a true and correct copy of my proof of claim against Debtor entity DTS Management, LLC ("DTS") which attached my Employment Agreement. Because each of the proofs of claims are substantially the same, in order to preserve judicial resources only the proof of claim against DTS is attached.

4. On or about January 25, 2005, the Debtors filed and served their Objection. The net effect of the Debtors' Objection, should it be sustained, would be to allow only proof of claim no. 860 against DTS and disallow all other proofs of claim filed against other jointly administered Debtors.

5. Although I do not dispute that I am not entitled to be paid more than once on the same

obligation or debt, no showing is made that DTS is in fact the "correct debtor entity" or that it is the *only* responsible debtor entity. The Debtors have produced no evidence that DTS alone is liable for the Debtors' obligations under the Employment Agreement.

6. I am informed and believe that DTS is a successor-in-interest of Columbia DBS Management, LLC ("Columbia"). However, I have received no evidence from the Debtors to disprove that other jointly administered Debtors may also be successors of Columbia or liable for Columbia's obligations.

7. I am informed and believe that Television Services of Indiana, LLC ("DTS Indiana") is a member of the "Group," as that term is defined in my Employment Agreement. Attached hereto as Exhibit "B" is a true and correct copy of an the organizational chart of the Debtors which I am informed has been filed with the Securities and Exchange Commission.

8. Attached hereto as Exhibit "C" is a true and correct copy of an e-mail I received from Laura Andersen, Director of Human Resources for the Debtors. I understood the email to confirm that each of the jointly administered Debtors would honor the obligations under my Employment Agreement.

9. Attached hereto as Exhibit "D" is a true and correct copy of an e-mail I received from Ted Lodge, President, Chief Operating Officer and Counsel of Pegasus Satellite Communications, Inc., confirming my position as senior vice president of DTS Indiana. In addition to the positions identified in the e-mail, I am informed and believe that I have been designated an officer or director of numerous other debtor and non-debtor entities.

10. I am informed and believe that the Debtors routinely form and dissolve companies, and transfer assets from one Debtor entity to another. I am also informed and believe that many of the Debtor entities are simply shell companies without sufficient assets formed solely to shield its

parent or affiliate from liability.

11. Notwithstanding that I am an executive employee of the Debtors and hold positions and/or have duties similar to other designated "key employees," I was not included in the Key Employee Retention Plan ("KERP"). I am informed and believe that I was not included in the KERP because the onerous restrictive covenants contained in the Employment Agreement made it unnecessary to incentivize me to remain employed by the Debtors. I respectfully request that, in the event that the Court is inclined to grant the Debtors' Objection, that I instead be included in the KERP and allowed to participate in the KERP as other similar situated key employees.

12. Based on the foregoing, I respectfully request that the Debtors' Objection be denied to the extent that it precludes recovery from responsible Debtors other than DTS Management, LLC. In the alternative, I request that I be included in the Key Employee Retention Plan.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct of my own personal knowledge, or that I believe the foregoing to be true and correct. This declaration was made on February 10, 2005, and executed by me at San Francisco, California.

WILLIAM J. DORRAN

FORM B10 (Official Form 10) (04/04)

COPY

United States Bankruptcy Court — **District of Maine**

PROOF OF CLAIM

Name of Debtor	Case Number
DTS MANAGEMENT, LLC	04-20884

NOTE: This form should not be used to make a claim for an administrative expense arising after the commencement of the case. A "request" for payment of an administrative expense may be filed pursuant to 11 U.S.C. § 503.

Name of Creditor (The person or other entity to whom the debtor owes money or property):
William J. Dorran

Name and address where notices should be sent:
Mitchell Rishe
Costell & Cornelius Law Corporation
1299 Ocean Avenue, Suite 400
Santa Monica, CA 90401
Telephone number: (310) 458-5959

☐ Check box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars.

☒ Check box if you have never received any notices from the bankruptcy court in this case.

☐ Check box if the address differs from the address on the envelope sent to you by the court.

RECEIVED AND FILED
2004 OCT 12 A 11:04
U.S. BANKRUPTCY COURT
PORTLAND, MAINE

This space is for Court Use Only

Account or other number by which creditor identifies debtor:

Check here if this claim ☐ replaces ☐ amends a previously filed claim, dated: _____

1. Basis for Claim
- ☐ Goods sold
- ☒ Services performed
- ☐ Money loaned
- ☐ Personal injury/wrongful death
- ☐ Taxes
- ☒ Other Contract

☐ Retiree benefits as defined in 11 U.S.C. § 1114(a)
☒ Wages, salaries, and compensation (Fill out below)
Last four digits of SS#: 5763
Unpaid compensation for services performed
from (see attached) (date) to (see attached) (date)

2. Date debt was incurred: 04/01/1996

3. If court judgment, date obtained:

4. Total Amount of Claim at Time Case Filed: $ _____ (unsecured) _____ (secured) $175,000.00 (priority) $175,000.00 (Total)

If all or part of your claim is secured or entitled to priority, also complete Item 5 or 7 below.

☐ Check this box if claim includes interest or other charges in addition to the principal amount of the claim. Attach itemized statement of all interest or additional charges.

5. Secured Claim.
☐ Check this box if your claim is secured by collateral (including a right of setoff).

Brief Description of Collateral:
☐ Real Estate ☐ Motor Vehicle
☐ Other _____

Value of Collateral: $ _____

Amount of arrearage and other charges at time case filed included in secured claim, if any: $

6. Unsecured Nonpriority Claim $ _____
☐ Check this box if : a) there is no collateral or lien securing your claim, or b) your claim exceeds the value of the property securing it, or if c) none or only part of your claim is entitled to priority.

7. Unsecured Priority Claim.
☒ Check this box if you have an unsecured priority claim

Amount entitled to priority $ 175,000.00
Specify the priority of the claim:
- ☒ Wages, salaries, or commissions (up to $4,925),* earned within 90 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier -11 U.S.C. § 507(a)(3).
- ☐ Contributions to an employee benefit plan - 11 U.S.C. § 507(a)(4).
- ☐ Up to $2,225* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use - 11 U.S.C. § 507(a)(6).
- ☐ Alimony, maintenance, or support owed to a spouse, former spouse, or child - 11 U.S.C. § 507(a)(7).
- ☐ Taxes or penalties owed to governmental units - 11 U.S.C. § 507(a)(8).
- ☐ Other - Specify applicable paragraph of 11 U.S.C. § 507(a)( ).

Amounts are subject to adjustment on 4/1/07 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.

7. Credits: The amount of all payments on this claim has been credited and deducted for the purpose of making this proof of claim.

8. Supporting Documents: *Attach copies of supporting documents*, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, court judgments, mortgages, security agreements, and evidence of perfection of lien. DO NOT SEND ORIGINAL DOCUMENTS. If the documents are not available, explain. If the documents are voluminous, attach a summary.

9. Date-Stamped Copy: To receive an acknowledgment of the filing of your claim, enclose a stamped, self-addressed envelope and copy of this proof of claim.

This Space Is for Court Use Only

Date	Sign and print the name and title, if any, of the creditor or other person authorized to file this claim (attach copy of power of attorney, if any):
10/08/04	Mitchell Rishe

Penalty for presenting fraudulent claim: Fine of up to $500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 and 3571.

ATTACHMENT TO PROOF OF CLAIM

IN RE HMW, INC., CASE NO 04-20864
IN RE B.T. SATELLITE, INC., CASE NO. 04-20865
IN RE PORTLAND BROADCASTING, INC., CASE NO. 04-20866
IN RE PEGASUS BROADCAST TELEVISION, INC., CASE NO. 04-20867
IN RE BRIDE COMMUNICATIONS, INC., CASE NO. 04-20868
IN RE PEGASUS BROADCAST ASSOCIATES, L.P., CASE NO. 04-20871
IN RE PEGASUS BROADCAST TOWERS, INC., CASE NO. 04-20872
IN RE TELECAST OF FLORIDA, INC., CASE NO. 04-20873
IN RE WDSI LICENSE CORP., CASE NO. 04-20874
IN RE WILF, INC., CASE NO. 04-20875
IN RE WOLF LICENSE CORP., CASE NO. 04-20876
IN RE WTLH LICENSE CORP., CASE NO. 04-20877
IN RE PEGASUS SATELLITE TELEVISION, INC., CASE NO. 04-20878
IN RE ARGOS SUPPORT SERVICES COMPANY, CASE NO. 04-20879
IN RE CARR RURAL TV, INC., CASE NO. 04-20880
IN RE DBS TELE-VENTURE, INC., CASE NO. 04-20881
IN RE GOLDEN SKY SYSTEMS, INC., CASE NO. 04-20882
IN RE DIGITAL TELEVISION SERVICES OF INDIANA, LLC, CASE NO. 04-20883
IN RE DTS MANAGEMENT, LLC, CASE NO. 04-20884
IN RE HENRY COUNTY MRTV, INC., CASE NO. 04-20885
IN RE GOLDEN SKY DBS, INC., CASE NO. 04-20886
IN RE PEGASUS MEDIA & COMMUNICATIONS, INC., CASE NO. 04-20887
IN RE GOLDEN SKY HOLDINGS, INC., CASE NO. 04-20888
IN RE PEGASUS SATELLITE COMMUNICATIONS, INC., CASE NO. 04-20889
IN RE PRIMEWATCH, INC., CASE NO. 04-20890
IN RE PEGASUS SATELLITE TELEVISION OF ILLINOIS, INC., CASE NO. 04-20891
IN RE PST HOLDINGS, INC., CASE NO. 04-20892
IN RE SOUTH PLAINS DBS, LP , CASE NO. 04-20893

Attached hereto is a true and correct copy of the Employment Agreement by and between creditor William J. Dorran (the "Creditor") and Columbia DBS Management, LLC, a Georgia limited liability company, predecessor-in-interest to debtors and debtors-in-possession Pegasus Satellite Television, Inc., et al. (the "Debtor" or "Debtors"). This Proof of Claim is filed to preserve the Creditor's right to severance pay in the event the Debtors reject the Employment Agreement and terminate the employment of the Creditor pursuant to Section 7 of the Employment Agreement. This Proof of Claim is filed without prejudice to the Creditor's right to replace and/or amend his Proof of Claim if and when it is determined that either the amounts and/or the classification of the Creditor's claim is different than that set forth in this Proof of Claim; and is made without prejudice to the Creditor's right to seek payment from other related or unrelated entities and/or persons for sums due under the Employment Agreement to the extent they are liable to the Creditor on account of the same and /or for the Creditor to move to have his Employment Agreement treated as similar employment contracts and paid a severance amount and/or to file a motion to have the Creditor's Employment Agreement assumed and assigned to any successor of the Debtors or acquiring party. Because the Debtors have failed and refused to identify which Debtor entity is the obligee under the attached Employment Agreement, the Creditor hereby files this Proof of Claim against all Debtor entities.

EMPLOYMENT AGREEMENT

This Employment Agreement is executed this 19th day of November, 1996, effective as of April 1, 1996, by and between WILLIAM J. DORRAN (the "Executive"), and COLUMBIA DBS MANAGEMENT, LLC, a Georgia limited liability company (the "Company")

W I T N E S S E T H:

WHEREAS, the Company is engaged in the business of providing management services to a group of affiliated entities substantially all of the equity interests of which are currently owned directly or indirectly by Columbia DBS Holdings, LLC, a Delaware limited liability company ("Holdings") (Holdings, the Company and all entities controlled by Holdings or the Company whether currently existing or formed in the future are referred to collectively as the "Group").

WHEREAS, Holdings is the successor entity to DBS Holdings, L.P., a Delaware limited partnership, that was converted into a Delaware limited liability company by filing pursuant to Section 18-214 of the Delaware Limited Liability Company Act and Section 17-219 of the Delaware Revised Uniform Limited Partnership Act effective on November ___, 1996; and

WHEREAS, the Group is engaged in the business of providing services delivered over direct broadcast satellite frequencies; and

WHEREAS, the Executive desires to provide services to the Company and the Company desires to obtain the services of the Executive in connection with the business of the Group;

NOW, THEREFORE, in consideration of the premises and the mutual covenants of the parties hereto, the parties hereby agree as follows:

1. Term. The term of this Agreement (the "Term") shall commence effective April 1, 1996, and shall end on March 31, 1997, provided, however, that commencing in 1997, the Term shall automatically be extended until March 31 of the following year, unless either (i) the Executive shall, no later than January 31 in the year on which the Term is scheduled to end, have given notice to the Company of his resignation, (ii) the board of managers of the Company (the "Board") shall, no later than January 31 in the year on which the Term is scheduled to end, have given notice to the Executive that the Executive's performance has not been satisfactory to the Board, or (iii) the Board shall, prior to January 31 in the year on which the Term is scheduled to end, have determined to cease the operations of the Group.

2. Employment. During the Term, the Executive shall serve the Company as a Senior Vice President or in such other comparable office or offices of the Company or any other member of the Group as the Board may designate from time to time, and shall, except as otherwise specified by the Board, be responsible, under the general supervision of the Board and the President, for certain marketing and operational oversight and business development responsibilities. The Executive shall serve in such capacity on a full-time basis, and shall use his best efforts to promote the business and interests of the Company and the Group, to diligently, faithfully and to the best of his abilities perform all tasks and duties reasonably assigned to him by the Board or the President, to comply with the rules, regulations, policies and procedures of the Company, and to act and comport himself at all times in the best interests of the Company and the Group.

3. Salary. During the Term the Executive shall be paid an annual salary of not less than $120,000. The Board shall review the salary of the Executive not less often than annually, provided that any increases in such salary shall be in the sole judgment and discretion of the Board.

4. Bonuses. On or before January 31 in 1997 and in each year thereafter, provided in each case that the Executive continues to be employed by the Company or the Group on such date, the Company or the Group shall pay to the Executive a bonus as determined by the Board in its discretion in light of the Executive's performance during the fiscal year preceding the bonus. For 1996, the bonus shall not be less than $15,000 and not more than 25,000.

5. Expenses. The Executive shall be reimbursed for any reasonable out-of-pocket expenses which the Executive may incur in connection with his services to the Company or the Group, consistent with the Company or the Group's policies and procedures for reimbursement of expenses.

6. Benefits. During the Term, the Company shall make available to the Executive life insurance, health and dental insurance, disability insurance, vacation, participation in 401(k) plans, and other benefits to the extent and upon the terms that are offered generally to employees of the Company or the Group or to employees of Columbia Capital Corporation ("CCC"); provided, however, that such benefits shall at a minimum include term life insurance with a face amount of $1 million. For purposes of

vesting, time in service and similar considerations under such plans, the Executive shall be deemed to have commenced employment on April 1, 1996.

7. Termination.

a. The Company may terminate the employment of the Executive under this Agreement in the event that the Board determines that the Executive (a) has materially and substantially breached his obligations under this Agreement, provided that the employment of the Executive shall not be terminated under this clause (a) unless the Executive is given notice in writing that the conduct in question constitutes grounds for termination under this Section 7(a) and the Executive is allowed at least thirty (30) days to remedy the refusal or failure, (b) has been convicted of a felony constituting a crime of moral turpitude (whether or not in conjunction with the performance by the Executive of his duties under this Agreement), or (c) has through willful misconduct or gross negligence engaged in an act or course of conduct that causes material injury to the Company or any member of the Group (any of the foregoing constituting "Cause"). If the employment of the Executive under this Agreement is terminated under this Section 7(a), the Board shall give written notice to the Executive specifying the cause of such action. Upon a termination of employment under this Section 7(a), the Company and the Group shall be relieved of all further obligations under this Agreement.

b. For purposes of this Agreement, the resignation by the Executive from the Company shall be deemed a "Voluntary Termination."

c. In the event that the Company terminates the employment of the Executive other than for Cause, but not in the event of a Voluntary Termination, the Company shall pay to the Executive, in lieu of and in full satisfaction of any salary, bonuses, or other compensation that would otherwise be payable hereunder for periods after the date of such termination, a severance payment in the amount of one year's base salary (at the rate in effect at the time of termination), paid in 12 equal monthly installments commencing on the date one month after the date of termination.

8. Holdings Interest.

a. Effective on the date this Agreement is executed, the Company has caused Holdings to issue to the Executive, and the Executive has purchased, a member interest in Holdings (the "Purchased Interest"), as evidenced by the limited liability company agreement of Holdings dated as of the date this Agreement is executed (the "LLC Agreement"), in consideration for the commitment by the Executive to contribute to Holdings, in parity with equity contributions by the other members of Holdings when and

as required by Holdings in accordance with the LLC Agreement, equity up to a total amount of $200,000. Such Purchased Interest shall entitle the Executive to 2% of the distributions to which the contributors of the first $10 million of capital to Holdings are entitled with respect to such contributions. The Purchased Interest shall be subject to all of the provisions of the LLC Agreement (including the provisions permitting the issuance of additional member interests) and this Agreement. Any interest in any successor entity to Holdings for which the Purchased Interest may be exchanged or into which it may be converted by merger or otherwise shall be subject to the terms of the governing instruments of such successor entity and to the provisions of this Agreement. Any references to the Purchased Interest in this Agreement shall include the interests in any such successor entity into which the Purchased Interest may be converted or for which it may be exchanged. Any references in this Agreement to Holdings shall include such successor entity to Holdings.

b. Simultaneous with the execution of this Agreement, the Executive is entering into a loan agreement with CCC pursuant to which CCC is agreeing to advance to the Executive a total of $190,000, when and as necessary to fund the equity contributions by the Executive described above in excess of the first $10,000, with such advance secured by the Purchased Interest, and evidenced by a promissory note bearing interest at the rate of 10% per annum without compounding, payable in full at maturity, and maturing on the earliest to occur of (i) April 1, 2001, or (ii) receipt by the Executive or other owner of the Purchased Interest of proceeds from the sale of all of the Purchased Interest. The note will be subject to a mandatory prepayment equal to (i) 100% of all cash distributions, other than distribution to pay taxes, received by the Executive from Holdings with respect to the Purchased Interest, plus (ii) 60% of the cash proceeds received by the Executive from a sale of less than all of the Purchased Interest. For this purpose, distributions to pay taxes shall mean distributions by Holdings expressly contemplated under its LLC Agreement or other governing instruments, or otherwise earmarked or designated by Holdings, to enable its owners to pay their state, federal and local income taxes on their distributive shares of Holdings' items of income or gain.

c. The Purchased Interest shall be subject to the provisions of Section 10 of this Agreement. The Executive shall not transfer, convey, assign, pledge or encumber the Purchased Interest (other than the grant of a security interest to CCC in accordance with Section 8(b) of this Agreement or a "Permitted Transfer," as defined below) prior to the termination of the Executive's employment by the Company and the failure of the Company, as the case may be, within 90 days thereafter, to give notice of exercise of its rights hereunder to purchase such Purchased Interest. For purposes of this Section 8(c), a "Permitted Transfer" means a transfer of all or a portion of the

Purchased Interest to any of (i) the spouse or descendants of the Executive, (ii) any trust the beneficiaries of which are any one or more of the Executive, his spouse and descendants (or such other persons as may be named therein as beneficiaries in the event of the death of the foregoing), and (iii) any corporation or other entity all of the equity owners of which are persons described in clauses (i) and (ii) hereof; provided in each such case, however, that (A) the transferee agrees in writing to be bound by the terms of the LLC Agreement and the provisions of this Agreement applicable to such Purchased Interest, (B) the transferee takes the Purchased Interest subject to the pledge by the Executive to CCC pursuant to Section 8(b) of this Agreement, (C) such transfer does not, in the reasonable judgment of the Company, have adverse tax consequences upon the Company or the Group or the Group's partners or members or violate any applicable securities laws and (D) the transfer otherwise complies with the terms of the LLC Agreement.

9. Restricted Interests. The Company hereby grants to the Executive, effective as of the date this Agreement is executed, member interests in Holdings (the "Restricted Interests"). The terms of the Restricted Interests shall be as set forth below:

a. The LLC Agreement shall provide that the Restricted Interests will have, at issuance, a capital account of $0.00, that the Executive shall not be entitled to any distributions upon the Restricted Interests until all debt and equity contributions to Holdings have been repaid in full, that after such debt and equity have been repaid the Executive shall be entitled to 2.5% of the remaining distributions, subject to dilution with respect to capital contributions in excess of $10.0 million. The Restricted Interests shall be subject to all of the provisions of the LLC Agreement and this Agreement. Any interest in any successor entity to Holdings into which the Restricted Interest may be exchanged or converted by merger or otherwise shall be subject to the terms of the governing instruments of such successor entity and to the provisions of this Agreement. Any references to the Restricted Interests in this Agreement shall include the interests in any such successor entity into which the Restricted Interests may be converted.

b. Restricted Interests with the "Percentage Interests" indicated below shall vest at the times specified below:

Percent	Date
1%	The date on which the Company first serves 200,000 households.
1%	September 1, 1996
0.5%	September 1, 1997

The number of households shall be the most recent number reported by Claritas, or such other service as the Group obtains in replacement therefore.

c. Any Restricted Interests that have not vested or been forfeited prior to the earliest to occur of (i) the date upon which Holdings completes a public offering of its equity securities, (ii) the date upon which CCC and its officers, directors, stockholders and employees cease to own, directly or indirectly, in the aggregate at least 50% of the equity interests of Holdings held by them on the date of this Agreement, and (iii) March 31, 1998, shall become fully vested and cease to be restricted on that date, provided that the Executive remains in the employ of the Group through that date.

d. Upon termination of employment of the Executive by the Group for Cause or by reason of Voluntary Termination, all unvested Restricted Interests shall be forfeited. Upon termination of employment of the Executive by the Group for any other reason, all unvested Restricted Interests shall thereupon become fully vested and unrestricted.

e. The Restricted Interests shall be subject to the provisions of Section 10 of this Agreement. The Executive shall not transfer, convey, assign, pledge or encumber any Restricted Interest prior to the vesting or forfeiture of such Restricted Interest.

10. Repurchase by Holdings. Upon the termination of the Executive's employment by the Company for Cause or by Voluntary Termination prior to April 1, 1998, Holdings may, by written notice given not later than 90 days after the date of such termination elect to repurchase, or in lieu thereof permit any other person or persons designated by it to purchase, the Purchased Interest and all Restricted Interests acquired by the Executive pursuant to this Agreement that have vested prior to termination in accordance with Section 9 of this Agreement, upon the following terms:

a. Holdings or its designee (the "Purchaser") shall pay to the Executive fair market value for all Purchased Interest and vested Restricted Interests then held by the Executive. Fair market value shall be determined by agreement between the Purchaser and the Executive or, in the absence of such agreement within 30 days after notice by Holdings of its election to repurchase, by an appraisal conducted by three independent appraisers: one appointed by the Purchaser, one by the Executive, and one by the first two. The Purchaser and the Executive shall direct each appraiser to determine the fair market value of the Purchased Interest and the vested Restricted Interests, taking into account all relevant factors, within 60 days after their appointment, and the "fair market value" for purposes of this Agreement shall be the average

of the two appraisals of the three that are closest to one another.

b. The Purchaser shall pay to the Executive fair market value for all vested Restricted Interests then held by the Executive. Fair market value of the vested Restricted Interests shall be determined by agreement or appraisal as specified above.

c. Within 30 days after the price of the Purchased Interest and Restricted Interests has been determined, the Purchaser shall pay such amount to the Executive, and the Executive shall convey to the Purchaser good and clear title, free of any lien, encumbrance, charge or claim (other than the interest granted to CCC in accordance with Section 8(b) of this Agreement), to the Purchased Interest and Restricted Interests. Such amount shall be paid in cash, provided, however, that if such amount exceeds $750,000 and the Purchaser is Holdings, then the Purchaser shall have the right to pay $500,000 in cash or the amount necessary to pay the Executive's taxes owed in that year with respect to the transaction, whichever is higher, and the balance in the form of a promissory note with interest at a floating prime rate, paid quarterly in arrears, and principal payable in three equal annual installments.

d. After April 1, 1998, neither the Purchased Interest nor the Restricted Interest shall be subject to any right of repurchase hereunder.

11. Preemptive Rights. The LLC Agreement shall confer upon the Executive preemptive rights, in parity with all other members of Holdings, with respect to the issuance by Holdings of additional equity at such time as, and to the extent that, the capitalization of Holdings will, after issuance of such additional equity, exceed $10.0 million (hereinafter "Proportionate Preemptive Rights").

12. Representation and Warranty. The Executive represents and warrants to the Company that the execution and delivery by the Executive of this Agreement and his performance of his obligations hereunder will not violate, contravene or conflict with any employment agreement, consulting agreement, confidentiality agreement, non-competition agreement or other agreement or contract to which he is a party or by which he may be bound.

13. Acknowledgments.

(a) The Group is in the business of marketing, selling and distributing television services delivered over direct broadcast satellite frequencies. As used in this Agreement, the term "Competing Business" shall mean a person or entity engaged in any business which is the same or essentially the same as the business of the Group and that conducts or transacts its business

in any county, city, or zip code in which the Group conducts or transacts its business.

(b) The Group has expended, and expects to continue to expend, substantial resources to develop business methods for marketing, distributing, and selling services delivered over direct broadcast satellite frequencies. Additionally, Executive has and shall receive experience and information pertaining to the Group's business, sales and marketing methods and methods of operation.

(c) Executive acknowledges the necessity of the restrictive covenants set forth in this Agreement to protect the Group's legitimate interests in the proprietary and confidential information of the Group and to protect the customer relations and the goodwill with customers and suppliers that the Group has established at substantial investment. Executive also acknowledges and agrees that any violation of the restrictive covenants set forth in this Agreement would bestow an unfair competitive advantage upon any competing business to whom Executive might agree to render services or disclose confidential information.

(d) Executive acknowledges that the Group's business is highly specialized and during his/her employment with the Group, Executive has had and/or will have access to the various proprietary information of the Group, including, but not limited to, technical and non-technical data; methods; techniques; processes; finances; actual or potential customer and supplier information and lists; marketing strategies; margins, prices, operations; existing and future services; and other financial, sales, marketing, and operations information, whether written or otherwise ("Proprietary Information"). Documents and information regarding these factors are highly confidential and subject to efforts that are reasonable under the circumstances to maintain their confidentiality. Furthermore, this Proprietary Information is not generally known in the industry. The Executive acknowledges that such Proprietary Information and trade secrets are owned and shall continue to be owned solely by the Group.

(e) Executive's duties in the course of his employment with the Group will include high level managerial functions relating to the various aspects of the Group's business including the development and implementation of business strategies and plans involving the areas of marketing, sales, pricing, customer service and relations, business development and diversification.

(f) Executive's duties in the course of his employment with the Group will include functions and duties which substantially affect the Group's business in the cities, counties or zip codes set forth on Schedule 1 hereto and Executive will have Proprietary Information relating to the Group's business with regard to the cities, counties or zip codes set forth on Schedule 1 hereto.

14. Agreement Not to Compete.

Executive agrees that during his employment by the Company and for a one (1) year period following the termination of Executive's employment with the Company and any member of the Group, whether such termination is voluntary or involuntary, with or without cause, Executive will not, without the prior written consent of the Company:

(a) Accept employment or affiliate with any Competing Business performing duties the same as or substantially similar to the duties he provided for the Company or any member of the Group as set forth in Section 13(e) ("Duties") within the prohibited geographical area as set forth on Schedule 1 hereto ("Geographical Areas"); or

(b) Accept any position or affiliation with a Competing Business, in which Executive would, in the regular and ordinary course of business, of necessity be called upon, required, or expected to reveal, base judgments on, or otherwise use Proprietary Information or Trade Secrets (as hereinafter defined) that Executive received, obtained, or acquired during, or as a consequence of, his employment with the Group. It is the intent of the parties hereto that Executive shall be prohibited from using the training, business goodwill, and Proprietary Information, including Trade Secrets, gained by the Executive from the Group, to directly injure the Group in its ability to carry on its business and compete within the time limit set forth in this Section. Notwithstanding the above, this Section 14(b) shall only apply to Competing Businesses which conduct business in the cities, counties, or zip codes which the Executive's duties substantially affected or as to which the Executive had access to confidential information or Proprietary Information as set forth in Section 13(f).

15. Non-solicitation of Customers. The Executive agrees that (except for services rendered for the Group's benefit) during his employment with the Group and for a period of two (2) years immediately following the termination of such employment relationship, whether such termination is voluntary or involuntary or with or without cause, the Executive shall not solicit, contact, or call upon any customer or customer prospect of the Group, or any representative of any customer or prospect of the Group, with a view toward sale or providing of any service or product competitive with any service or product sold, provided or under development by the Group during the Executive's employment with the Group.

16. Non-disclosure of Proprietary and Confidential Information. The Executive covenants and agrees that, for so long as the Executive remains an employee of the Group and for a two (2) year period following the Executive's termination, whether such termination is voluntary or involuntary or with or without cause,

all Proprietary Information will be kept in strict confidence and trust by the Executive. The Executive agrees that during such time he will not, directly or indirectly, without the written consent of the Company, divulge, use, appropriate, or disclose (except in performing his obligations with the Group during his employment with the Group) any Proprietary Information of the Group on his own behalf or on behalf of any person, firm, partnership, association, corporation, business organization, entity, or enterprise.

17. Non-disclosure of Trade Secrets. The Executive agrees that until Proprietary Information which constitutes a "Trade Secret" (as hereinafter defined) becomes a part of the public domain by independent discovery or development through no fault of the Executive, he will not, directly or indirectly, use, appropriate, or disclose any trade secret (except in performing his obligations to the Group during his employment with the Group) to benefit a competitor, customer, individual, corporation, or other entity, without the express, written permission of the Company. As used herein, the term "Trade Secret" means information, including, but not limited to, technical or non-technical data, formulas, patterns, compilations, programs, devices, methods and techniques of doing business, drawings, designs, processes, financial data, financial plans, product or service plans, and lists of actual or potential customers or suppliers which: (i) derive economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from their disclosure or use; and (ii) are the subjects of efforts that are reasonable under the circumstances to maintain their secrecy.

18. Ownership of Intellectual Property. Any inventions, patents, licenses, copyrights, computer software, computer programs, or other intellectual property developed by the Executive as part of his performance of services on behalf of the Company shall be the property of the Company, as the case may be.

19. Non-solicitation of Employees. The Executive agrees that (except for the Group's benefit) during his employment with the Company or any member of the Group and for a period of two (2) years immediately following the termination of such employment relationship, whether such termination is voluntary or involuntary or with or without cause, the Executive shall not, directly or indirectly, except with the written consent of the Company, solicit, attempt to solicit, encourage, divert, or attempt to cause any employee or prospective employees of the Group to terminate and/or leave the employment of the Group for the Executive's own behalf or on behalf of any person, firm, partnership, association, corporation, business organization, entity, or enterprise.

20. Company Property. The Executive agrees that under no circumstances shall the Executive, upon or after termination of

his/her employment whether such termination is voluntary or involuntary, with or without cause, remove from the Group's offices or premises any of the Group's books, business records, documents, customer lists, employee lists, pricing information, trade secrets, or other confidential information or copies of such information without the express, written permission of the Group. The Executive agrees that he will not use, cause to be used, or appropriate Group property to benefit a competitor, customer, individual (including himself), corporation, or other entity (except in performing his obligations to the Group during his employment with the Group), without the express, written permission of the Company.

21. Construction of Covenants. Each provision, Section, and subsection of this Agreement is declared to be severable from every other provision, Section, and subsection and constitutes a separate and distinct covenant.

22. Survival of Certain Terms. This Agreement governs the terms and conditions of employment. This Agreement shall terminate at termination of employment, except that Sections 9, 10 and 13-20 pertaining to post-employment obligations shall remain in full force to the extent that such Sections so provide.

23. Violations and Remedies. The Executive acknowledges that a breach of any restrictive covenant will irreparably and continually damage the Group, for which money damages may not be adequate. Consequently, the Executive agrees that in the event that he breaches or threatens to breach any of the covenants, the Company and the Group shall be entitled to: (1) preliminary and permanent injunctions to prevent the continuation of such harm; and (2) such money damages as may be appropriate and provable.

24. Withholding. All payments required to be made by the Company hereunder to the Executive shall be subject to the withholding of such amounts relating to taxes as the Company may reasonably determine it should withhold pursuant to any applicable law or regulation.

25. Injunctive Relief. The Company and the Executive agree that, without limitation of the rights of the Company with respect to any other breach of this Agreement, the harm to the Company arising from any breach by the Executive of Sections 9, 10, and 13-20 of this Agreement could not adequately be compensated for by monetary damages, and accordingly the Company or any other member of the Group shall, in addition to any other remedies available to it at law or in equity, be entitled to obtain preliminary and permanent injunctive relief against such breach.

26. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the

State of Georgia, without regard to the conflict of law provisions thereof.

27. Notices. All communications, notices and disclosures required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been duly given upon receipt when delivered by hand, one (1) day after dispatch when sent by certified first-class mail, postage prepaid, return receipt requested, or by overnight courier maintaining records of receipt; or on the date of dispatch when sent by facsimile transmission during normal business hours with telephone confirmation of receipt. Notices shall be addressed as follows or to such other address as the parties hereto shall specify by written notice:

If to the Company:

Columbia DBS Management, LLC
880 Holcomb Bridge Road
Building C-200
Suite C-200
Roswell, GA 30076
Attn: President
Telephone: 770-645-4440
Facsimile: 770-645-9586

and:

Columbia Capital Corporation
Suite 300
201 W. Union Street
Alexandria, VA 22314-2642
Attn: Harry Hopper
Telephone: (703) 519-3581
Facsimile: (703) 519-3904

If to the Executive:

William J. Dorran
1371 Bay Street
San Francisco, CA 94123
Telephone: (415) 928-1163
Facsimile: (415) 928-1163

28. Entire Agreement; Amendments. This Agreement constitutes the entire agreement between the parties pertaining to the subject matter hereof and supersedes all prior and contemporaneous agreements, understandings, negotiations and discussions of the parties, whether oral or written, relating to the subject matter hereof, and there are no warranties, representations or other agreements between the parties in connection with the subject matter hereof, except as specifically

set forth herein or therein. No amendment, supplement, modification, waiver or termination of this Agreement shall be binding unless executed in writing by the party to be bound thereby. No waiver of any of the provisions of this Agreement shall constitute a waiver of any other provision of this Agreement, whether or not similar, nor shall such waiver constitute a continuing waiver unless otherwise expressly provided thereby.

29. Miscellaneous. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their heirs, executors, administrators, legal representatives, successors and assigns. The obligations of the Executive under this Agreement may not be assigned without the express written consent of the Company or the LLC . Nothing contained herein is intended to create any rights enforceable by any person not a party hereto or the permitted successor or assign thereof. If any term, provision, Section, clause or part of this Agreement, or the application thereof under certain circumstances, is held invalid or unenforceable for any reason, the remainder of this Agreement, or the application of such term, provision, Section, clause or part under other circumstances, shall not be affected thereby and shall remain in effect to the greatest extent and scope that is valid and enforceable. This Agreement may be executed in counterparts, all of which together shall constitute a single instrument.

IN WITNESS WHEREOF, the undersigned have set their hands as of the day and year first above written.

COLUMBIA DBS MANAGEMENT, LLC

By _____
a manager

WILLIAM J. DORRAN,
the Executive

By _____

PROOF OF SERVICE
UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF MAINE

I am employed in the County of Los Angeles, State of California, I am over the age of 18 and not a party to the within action; my business address is 1299 Ocean Avenue, Suite 400, Santa Monica, California 90401.

On October 11, 2004, I served the following: **PROOF OF CLAIM,** on certain interested parties in this action by placing a true copy thereof enclosed in a sealed envelope addressed as follows:

PLEASE SEE ATTACHED SERVICE LIST.

(X) I am readily familiar with the business's practice for collection and processing of correspondence for mailing with the United States Postal Service. I know that the correspondence is deposited with the United States Postal Service on the same day this declaration was executed in the ordinary course of business. I know that the envelope was sealed and, with postage thereon fully prepaid, placed for collection and mailing on this date, following ordinary business practices, in the United States mail at Los Angeles, California.

(X) I caused such envelope(s) to be deposited in the mail at Los Angeles, California.

(X) By Federal Express: I placed a true and complete copy of said document in a sealed FEDERAL EXPRESS envelope addressed as indicated above, with delivery fees provided for, and, as is this firm's regular practice of collection, said envelope was collected by an authorized FEDERAL EXPRESS courier or driver on October 11, 2004 for next day (by 4:00 p.m.) delivery.

( ) By Personal Service, I caused such envelope(s) to be delivered by hand to the parties listed above and/or on the attached service list.

( ) BY TELECOPIER AS FOLLOWS: I caused said document to be delivered by telecopier to the number and address(es) as listed above and/or on the attached service list.

(X) Executed on October 11, 2004, at Los Angeles, California.

(X) I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

(X) I declare that I am employed in the office of a member of the bar of this court at whose direction the service was made.

Marina D. Solis

SERVICE LIST

Via Federal Express:

Pegasus Satellite Television, Inc.
c/o The Trumbull Group, LLC
P. O. Box 721
Windsor, CT 06095-0721

Via U. S. Mail:

Office of the United States Trustee
537 Congress Street
Portland, ME 04101

Sidley Austin Brown & Wood LLP
787 Seventh Avenue
New York, NY 10019

Sidley Austin Brown & Wood LLP
1501 K Street, N.W.
Washington, DC 2005

Sidley Austin Brown & Wood LLP
Bank One Plaza
10 South Dearborn Street
Chicago, IL 60603

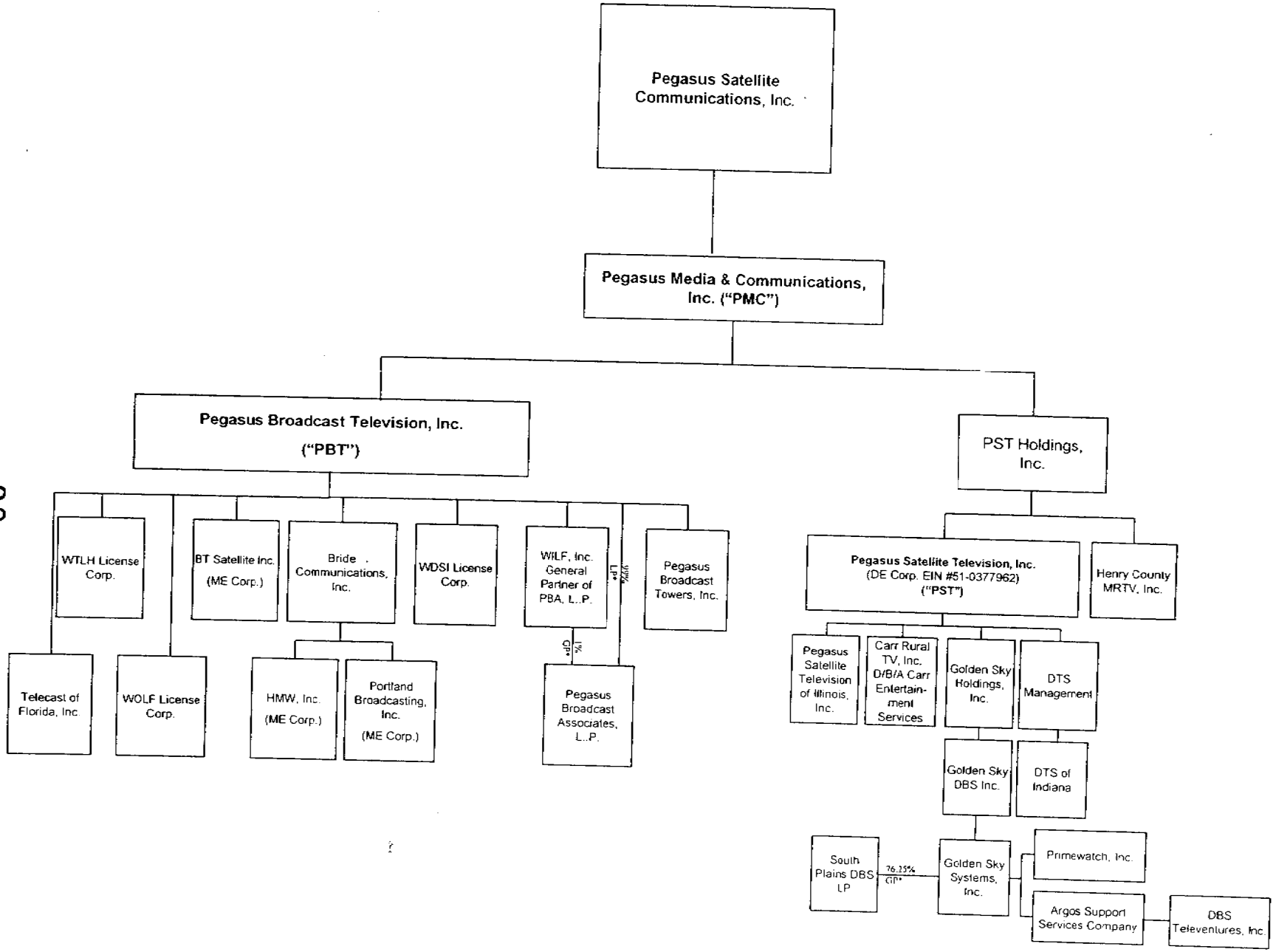
Bernstein, Shur, Sawyer & Nelson
100 Middle Street, 6th Floor
P. O. Box 9729
Portland, ME 04104-5029

Akin, Gump, Strauss, Hauer & Feld, LLP
590 Madison Avenue
New York, NY 10022

Pierce Atwood
One Monument Square
Portland, ME 04101

Pegasus Entities Filing

As of 3/31/04



Pegasus Entities Filing

As of 3/31/04

Pegasus Satellite Communications, Inc.

Capital Structure (as of March 31, 2004):

9-5/8% senior notes due 2005: $81.6 million

12-3/8% senior notes due 2006: $158.2 million

9-3/4% senior notes due 2006: $71.1 million

13-1/2% senior subordinated discount notes due 2007: $128.8 million

12-1/2% senior notes due 2007: $118.5 million

11-1/4% senior notes due 2010: $341.9 million, net of unamortized net premium of $1.0 million

12-3/4% cumulative exchangeable preferred stock: $231.0 million, including accrued dividends of $52.8 million

Note payable to Pegasus Communications due 2010: $42.0 million

Term loan facility due 2009: $96.0 million, net of unamortized discount of $8.5 million

Assets (as of March 31, 2004):

Cash: $9.1 million

Pegasus Communications Class A common stock: 657,604 shares

Television license: WGFL, Gainesville, FL

Option to acquire television licenses: WPME, WSWB, WTLF and pending applications

Pegasus Media & Communications, Inc. ("PMC")

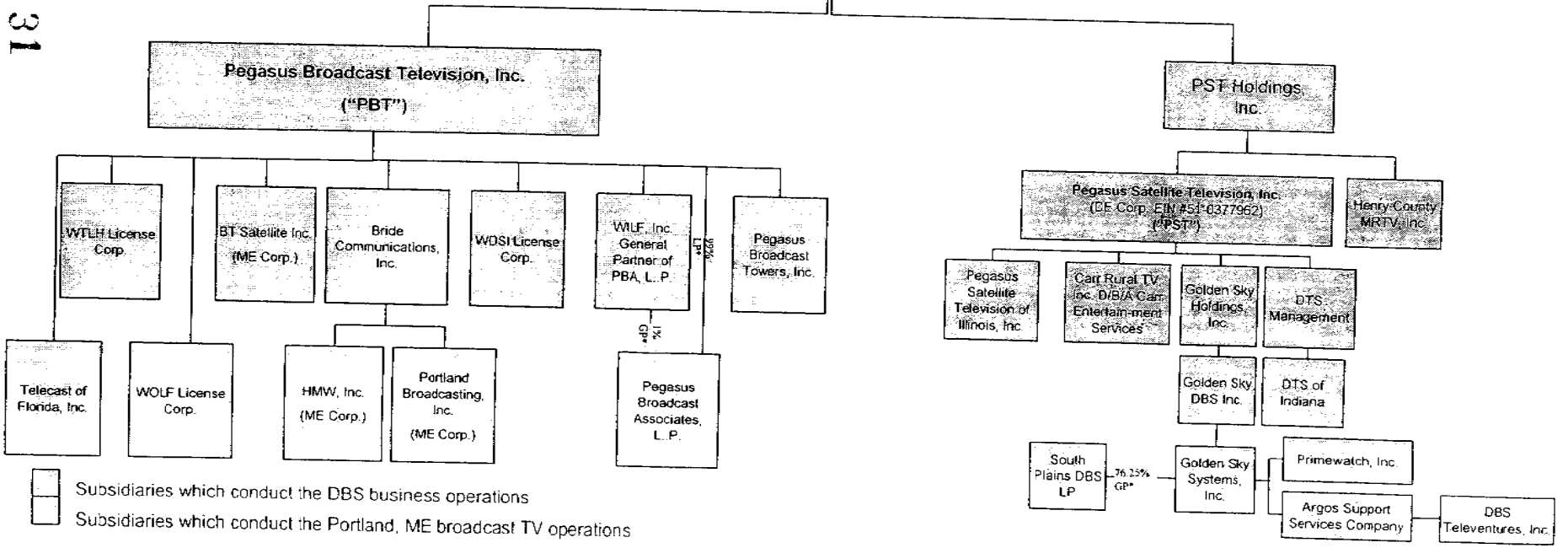
Capital Structure (as of March 31, 2004):

Term loan facility due 2005: $75.6 million

Incremental term loan facility due 2005: $17.6 million

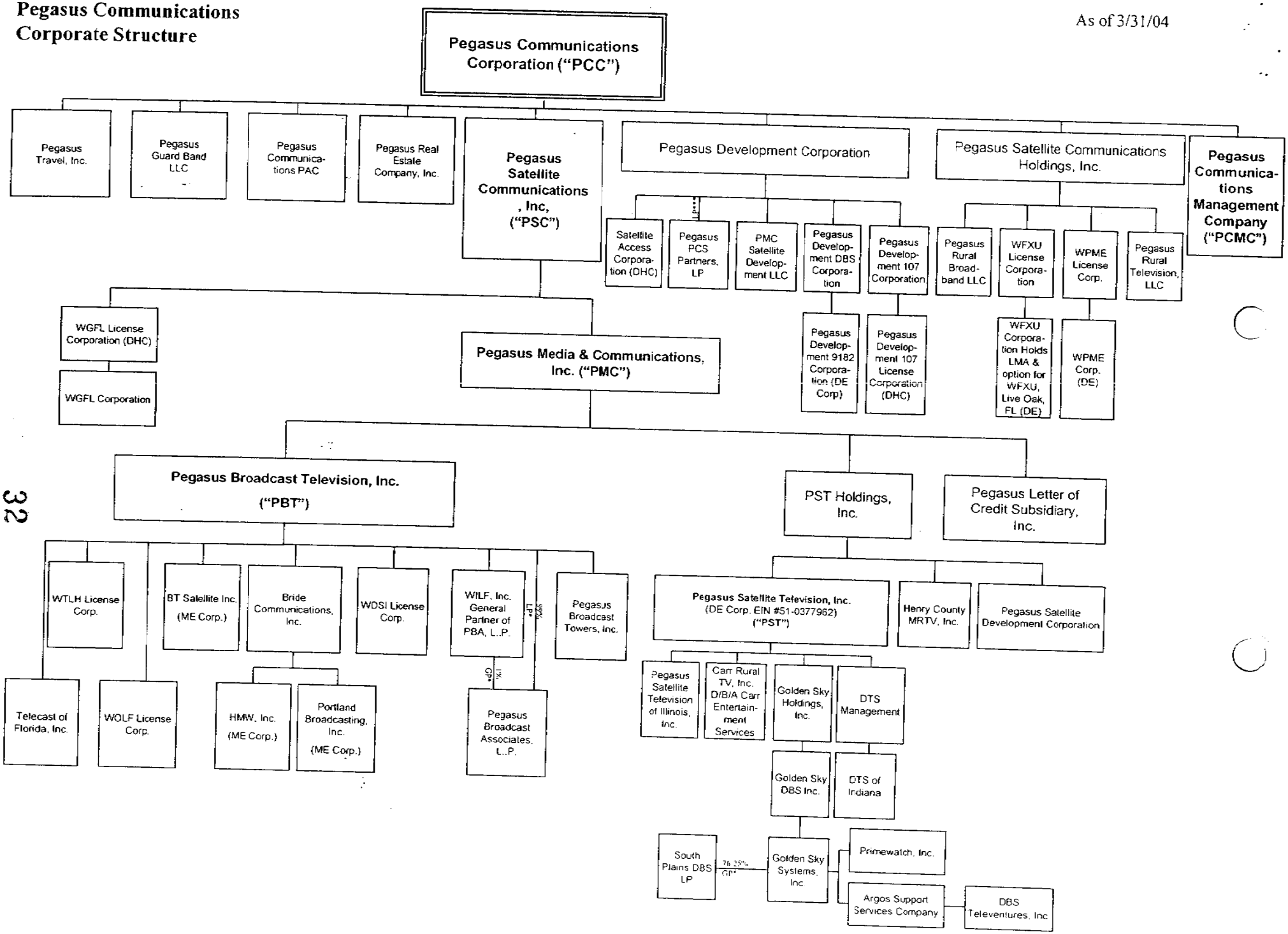
Tranche D term loan facility: $295.0 million, net of unamortized discount of $4.2 million

Revolver: $0 million



Pegasus Communications
Corporate Structure

As of 3/31/04



Laura Andersen

08/23/1999 12:41 PM

To: Bill Dorran/STV/PEGASUS@PEGASUS
cc: Howard Verlin/CORP/PEGASUS@PEGASUS, Ted Lodge/CORP/PEGASUS@PEGASUS, Mark Pagon/CORP/PEGASUS@PEGASUS
Subject: Contract/Compensation Issues

As a follow up Bill:

(1) Your compensation has been increased from 120,000 to 125,000 effective 5/1/99 (you will see the change in your next paycheck)

(2) As per a previous email - some one from MARSH has been trying to contact you regarding the 1 million dollar term life insurance policy. This policy will be effective immediately.

(3) We will continue to honor the employment contract you entered into with DTS

I hope this resolves all of your outstanding issues. Please do not hesitate to contact me should you have any further questions.

Ted Lodge
12/01/1998 01:06 PM

To: Bill Dorran/STV/PEGASUS@PEGASUS
cc:
Subject: Dorran

---------- Forwarded by Ted Lodge/CORP/PEGASUS on 12/01/98 04:02 PM ----------

Michael_Jordan@DBR.COM on 11/30/98 03:49:37 PM

cc: Ted Lodge/CORP/PEGASUS

Dorran

Bill Dorran is:

President and chief operating officer of Pegasus Development Corporation (replacing Nick effective November 5).

A director (replacing Nick effective November 5) and senior vice president (which he already was) of Digital Television Services, Inc. The other directors are Mark and Howard.

Senior vice president (which he already was) of the DTS subsidiaries. (Mark is sole director.)

Bill isn't anything at Pegasus Satellite Development Corporation, but probably should be senior vice president.

You'll be getting from me tomorrow replacements of the resolutions I sent a couple of weeks ago that seem to have gone astray. They reflect the above but don't do anything about PSDC. If you agree, I'll send something separately on PSDC.

PROOF OF SERVICE
UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF MAINE

I am employed in the County of Los Angeles, State of California, I am over the age of 18 and not a party to the within action; my business address is 1299 Ocean Avenue, Suite 400, Santa Monica, California 90401.

On February 10, 2005, I served the following: **OPPOSITION OF WILLIAM J. DORRAN TO DEBTOR'S SECOND OMNIBUS OBJECTION TO AND MOTION TO RECLASSIFY, REDUCE OR DISALLOW CERTAIN CLAIMS PURSUANT TO 11 U.S.C. § 502(b), BANKRUPTCY RULE 3001 AND 3007, AND D.ME.LBR 3007-1; DECLARATION OF WILLIAM J. DORRAN IN SUPPORT THEREOF,** on certain interested parties in this action by placing a true copy thereof enclosed in a sealed envelope addressed as follows:

PLEASE SEE ATTACHED SERVICE LIST.

( ) I am readily familiar with the business's practice for collection and processing of correspondence for mailing with the United States Postal Service. I know that the correspondence is deposited with the United States Postal Service on the same day this declaration was executed in the ordinary course of business. I know that the envelope was sealed and, with postage thereon fully prepaid, placed for collection and mailing on this date, following ordinary business practices, in the United States mail at Los Angeles, California.

( ) I caused such envelope(s) to be deposited in the mail at Los Angeles, California.

(X) By Federal Express: I placed a true and complete copy of said document in a sealed FEDERAL EXPRESS envelope addressed as indicated above, with delivery fees provided for, and, as is this firm's regular practice of collection, said envelope was collected by an authorized FEDERAL EXPRESS courier or driver on January 13, 2005 for next day (by 4:00 p.m.) delivery.

( ) By Personal Service, I caused such envelope(s) to be delivered by hand to the parties listed above and/or on the attached service list.

( ) BY TELECOPIER AS FOLLOWS: I caused said document to be delivered by telecopier to the number and address(es) as listed above and/or on the attached service list.

(X) Executed on February 10, 2005, at Los Angeles, California.

(X) I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

(X) I declare that I am employed in the office of a member of the bar of this court at whose direction the service was made.

Marina D. Solis

SERVICE LIST

Via Overnight Mail:

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