

DESCRIPTION OF CORPORATE REORGANIZATION

The *pro forma* transfer of control contemplated by the instant application involves a corporate reorganization that will not effect a substantial change in the beneficial ownership of the licensee. By this FCC Form 316 application for transfer of control, a new corporate entity will become the parent of Pegasus Communications Corporation (referred to herein as “*Old PCC*”), currently the indirect corporate parent of the licensee that is the applicant herein. The new entity will be named Pegasus Communications Corporation (referred to herein as “*New PCC*”), and will be owned by the current shareholders of Old PCC and have the same officers and directors as Old PCC. New PCC will in turn own 100% of the stock of Old PCC, which will be renamed Pegasus Satellite Communications, Inc. The resulting ownership structure will be as follows:

The applicant herein, is wholly owned by Pegasus Broadcast Television, Inc.

Pegasus Broadcast Television, Inc. (“PBT”) is a Pennsylvania corporation located at 225 City Line Avenue, Suite 200, Bala Cynwyd, Pennsylvania, 19004, and its principal business is the provision of commercial broadcast television. PBT is the direct parent of various subsidiaries that hold FCC licenses for television stations. Specifically, PBT is the parent company of (1) WOLF License Corp., licensee of WOLF-TV, Hazleton, Pennsylvania, and low power television station W52CE, Sayre, Pennsylvania; (2) Pegasus Broadcast Associates, L.P.¹, licensee of WILF(TV), Williamsport, Pennsylvania; (3) WDSI License Corp., licensee of WDSI-TV, Chattanooga, Tennessee, and low power television station WPBD-LP, Cleveland, Tennessee; (4) WDBD License Corp., licensee of WDBD(TV), Jackson, Mississippi, and permittee of low power television station WXMS-LP, Natchez, Mississippi; (5) WTLH License Corp.², licensee of WTLH(TV), Bainbridge, Georgia, and low power television stations WGMP-LP, Valdosta, Georgia, and WBVJ-LP, Valdosta, Georgia; and (6) HMW, Inc.³, licensee of WPXT(TV), Portland, Maine.

PBT is wholly owned by Pegasus Media & Communications, Inc. (“PMC”), a Delaware corporation located at 225 City Line Avenue, Suite 200, Bala Cynwyd, Pennsylvania, 19004.

¹ PBT is the parent company of WILF, Inc., the general partner of Pegasus Broadcast Associates, L.P. PBT is the sole limited partner.

² PBT is the parent company of WTLH, Inc., which wholly owns WTLH License Corp.

³ PBT is the parent company of Bride Communications, Inc.. Bride wholly owns HMW, Inc.

PMC is owned 100% by Pegasus Satellite Communications, Inc. ("Old PCC"), a Delaware corporation located at 225 City Line Avenue, Suite 200, Bala Cynwyd, Pennsylvania, 19004.

As a result of the transfer for which approval is sought here, Pegasus Communications Corporation (New PCC) will become the 100% owner of Pegasus Satellite Communications, Inc. (Old PCC). Old PCC's current shareholders will become the shareholders of New PCC. Pegasus Communications Corporation (New PCC) will have Class A Common Stock representing approximately 33.2% of the voting rights of this company, which will be held by public shareholders. Pegasus Communications Holdings, Inc. (APCHI@) either directly or through wholly owned corporations, will hold Class B Common Stock representing approximately 49% of the voting rights in New PCC.⁴ PCHI is a Delaware corporation located at 225 City Line Avenue, Suite 200, Bala Cynwyd, Pennsylvania, 19004. Pegasus Capital, L.P. is a Pennsylvania limited partnership located at 225 City Line Avenue, Suite 200, Bala Cynwyd, Pennsylvania, 19004. Pegasus Capital, L.P., an entity controlled by Marshall W. Pagon, will hold the remainder of the Class B Common Stock of PCC, representing approximately 17.7% of the voting rights in PCC.⁵ Following this transfer, these shareholders will have no longer have an interest in Old PCC, but instead their interests will be held in New PCC.

The voting stock of PCHI is held by a limited partnership, Pegasus Communications Limited Partnership (APCLP@), a Connecticut limited partnership, located at 225 City Line Avenue, Suite 200, Bala Cynwyd, Pennsylvania, 19004. PCLP is controlled by its sole general partner Northwest Management Associates, L.P. (ANMALP@), a Pennsylvania limited partnership, located at 225 City Line Avenue, Suite 200, Bala Cynwyd, Pennsylvania, 19004. NMALP has a single general partner, Pegasus Cable Associates, Ltd., a Pennsylvania corporation, owned 100% by Marshall W. Pagon. The limited partners of PCLP and NMALP are insulated.⁶

⁴ Pegasus Northwest Offer Corp., a Delaware corporation located at 225 City Line Avenue, Suite 200, Bala Cynwyd, Pennsylvania, 19004, holds Class B Common Stock representing approximately 2% of the voting rights in PCC. Pegasus Scranton Offer Corp., a Delaware corporation, located at 225 City Line Avenue, Suite 200, Bala Cynwyd, Pennsylvania, 19004, also holds 2% of the voting rights in PCC. PCHI owns 100% of the stock of both Pegasus Northwest Offer Corp. and Pegasus Scranton Offer Corp.

⁵ Pegasus Capital, L.P. has a single corporate general partner, Pegasus Capital, Ltd., a Pennsylvania corporation, located at 225 City Line Avenue, Suite 200, Bala Cynwyd, Pennsylvania, 19004. The stock of that corporation is owned 100% by Marshall W. Pagon. All of the limited partners of Pegasus Capital, L.P. are insulated.

⁶ Among the insulated partners of PCLP and NMALP are other limited partnerships in which certain officers, directors and employees of the operating companies hold equity interests. Among these are Marshall W. Pagon, whose interests are already attributable. To the extent that other individuals, due to their involvement in day-to-day operations

Footnote continued on next page

Thus, as set forth above, through his control of PCHI and Pegasus Capital, L.P., Marshall Pagon, who controlled approximately 66.7% of the voting stock of Old PCC, will continue to hold approximately 66.7% of New PCC and is thus a single majority shareholder of that corporation.

Officers and Directors of Corporate Entities Listed Above

The officers and directors of PBT are Marshall W. Pagon, 108 E. 81st Street, Apt. 9, New York, New York 10022; Nicholas A. Pagon, 7851 Gettysburg Road, Philadelphia, Pennsylvania, 19128; Alfred Tanksley, 42 Greystone Drive, Madison, Mississippi, 39110; Ted S. Lodge, 9159 Greentree Road, Philadelphia, Pennsylvania 19118; Peter Kilcullen, 1627 Quincy Avenue, Dunmore, Pennsylvania 18509; Lee M. Carpenter, 124 Lake Dockery Drive, Jackson, Mississippi, 39212; Howard E. Verlin, 922 Spruce Street, Philadelphia, Pennsylvania, 19107; Michael B. Jordan, 247 East Gravers Lane, Philadelphia, Pennsylvania, 19118; Scott A. Blank, 623 W. Upsal Street, Philadelphia, Pennsylvania, 19119; and Denise Rolfe, 159 Greenwood Avenue, Wyncote, Pennsylvania, 19075. All officers and directors of PBT are U.S. citizens.

The officers and directors of PMC are Marshall W. Pagon, 108 E. 81st Street, Apt. 9, New York, New York 10022; Nicholas A. Pagon, 7851 Gettysburg Road, Philadelphia, Pennsylvania, 19128; Kasin Smith, 2244 Deer Path Road, Huntingdon Valley, Pennsylvania, 19006; Scott A. Blank, 623 W. Upsal Street, Philadelphia, Pennsylvania, 19119; Robert N. Verdecchio, 122 Webster Avenue, Wyncote, Pennsylvania, 19095; Ted S. Lodge, 9159 Greentree Road, Philadelphia, Pennsylvania 19118; Howard E. Verlin, 922 Spruce Street, Philadelphia, Pennsylvania, 19107; Michael B. Jordan, 247 East Gravers Lane, Philadelphia, Pennsylvania, 19118; Harry F. Hopper III, 517 S. Fairfax Street, Alexandria, Virginia 22314; James J. McEntee, III, 601 University Place, Swarthmore, Pennsylvania 19081; Kazie Metzger, 333 E. 57th Street, Apt. 8A, New York, New York 10022; William P. Phoenix, 251 Kelbourne Avenue, Sleepy Hollow, New York 10591; Riordon B. Smith, 60 Bow Street, East Greenwich, Rhode Island 02818; Robert Benbow, 53 Norman Way, Tiburon, California 94920; William Collatos, 227 Temple Street, Newton, Massachusetts; and Yolanda Robins, 237 Hutchinson Avenue, Philadelphia, PA 19107. All officers and directors of PMC are U.S. citizens.

The officers and directors of Pegasus Satellite Communications, Inc., (Old PCC) are Marshall W. Pagon, 108 E. 81st Street, Apt. 9 New York, New York, 10022; Nicholas A. Pagon, 7851 Gettysburg Road, Philadelphia, Pennsylvania, 19128; Kasin Smith, 2244 Deer Path Road, Huntingdon Valley, Pennsylvania, 19006; Scott A. Blank, 623 West Upsal Street, Philadelphia, Pennsylvania, 19119; Robert N. Verdecchio, 122 Webster Avenue, Wyncote, Pennsylvania, 19095; Ted S. Lodge, 9159 Greentree Road, Philadelphia, Pennsylvania, 19118; Howard E. Verlin, 922 Spruce Street, Philadelphia, Pennsylvania, 19107; Michael B. Jordan, 247 East

Footnote continued from previous page

have interests that are attributable, all hold less than 1% of the equity of PCLP or NMALP, and cumulatively hold less than 5%.

Gravers Lane, Philadelphia, Pennsylvania, 19118; Harry F. Hopper III, 517 S. Fairfax St., Alexandria, Virginia, 22314; James J. McEntee, III, 601 University Place, Swarthmore, Pennsylvania, 19081; Kazie Metzger, 333 E. 57th Street, New York, New York, 10022; William P. Phoenix, 251 Kelbourne Ave., Sleepy Hollow, New York, 10591; Riordon B. Smith, 60 Bow Street, East Greenwich, Rhode Island, 02818; William Collatos, 227 Temple St., Newton, MA 02110; Robert Benbow, 53 Norman Way, Tiburon, CA 94920; and Yolanda Robins, 237 Hutchinson Avenue, Philadelphia, PA 19107. All officers and directors of Old PCC are U.S. citizens.

The officers and directors of Pegasus Communications Corporation (New PCC) are Marshall W. Pagon, 108 E. 81st Street, Apt. 9 New York, New York, 10022; Nicholas A. Pagon, 7851 Gettysburg Road, Philadelphia, Pennsylvania, 19128; Kasin Smith, 2244 Deer Path Road, Huntingdon Valley, Pennsylvania, 19006; Scott A. Blank, 623 West Upsal Street, Philadelphia, Pennsylvania, 19119; Robert N. Verdecchio, 122 Webster Avenue, Wyncote, Pennsylvania, 19095; Ted S. Lodge, 9159 Greentree Road, Philadelphia, Pennsylvania, 19118; Howard E. Verlin, 922 Spruce Street, Philadelphia, Pennsylvania, 19107; Michael B. Jordan, 247 East Gravers Lane, Philadelphia, Pennsylvania, 19118; Harry F. Hopper III, 517 S. Fairfax St., Alexandria, Virginia, 22314; James J. McEntee, III, 601 University Place, Swarthmore, Pennsylvania, 19081; Kazie Metzger, 333 E. 57th Street, New York, New York, 10022; William P. Phoenix, 251 Kelbourne Ave., Sleepy Hollow, New York, 10591; Riordon B. Smith, 60 Bow Street, East Greenwich, Rhode Island, 02818; William Collatos, 227 Temple St., Newton, MA 02110; Robert Benbow, 53 Norman Way, Tiburon, CA 94920; and Yolanda Robins, 237 Hutchinson Avenue, Philadelphia, PA 19107. All officers and directors of New PCC are U.S. citizens.

The officers and directors of PCHI are Marshall W. Pagon, 108 E. 81st Street, Apt. 9 New York, New York, 10022; Ted S. Lodge, 9159 Greentree Road, Philadelphia, Pennsylvania, 19118; Howard E. Verlin, 922 Spruce Street, Philadelphia, Pennsylvania, 19107; Michael B. Jordan, 247 East Gravers Lane, Philadelphia, Pennsylvania, 19118; Kasin Smith, 2244 Deer Path Road, Huntingdon Valley, Pennsylvania, 19006; and Scott A. Blank, 623 West Upsal Street, Philadelphia, Pennsylvania, 19119. All officers and directors of PCHI are U.S. citizens.

The officers and directors of Pegasus Cable Associates, Ltd. are Marshall W. Pagon, 108 E. 81st Street, Apt. 9, New York, New York, 10022; Ted S. Lodge, 9159 Greentree Road, Philadelphia, Pennsylvania, 19118; Howard E. Verlin, 922 Spruce Street, Philadelphia, Pennsylvania, 19107; Michael B. Jordan, 247 East Gravers Lane, Philadelphia, Pennsylvania, 19118; Kasin Smith, 2244 Deer Path Road, Huntingdon Valley, Pennsylvania, 19006; and Scott A. Blank, 623 West Upsal Street, Philadelphia, Pennsylvania, 19119. All of the officers and directors of Pegasus Cable Associates, Ltd. are U.S. citizens.

Other Interests

Furthermore, in the interest of complete disclosure, it should be noted that the mother of Marshall Pagon is married to W.W. Keen Butcher, the Chief Executive Officer and Chairman of

the Board of Managers of KB Prime Media LLC (AKB Prime@), licensee of WFXU(TV), Live Oak, Florida and WSWB(TV), Scranton, Pennsylvania, and the permittee of WTLF(TV), Tallahassee, Florida and WGMP(TV), Gulf Shores, Alabama, and the proposed assignee of WPME(TV), Lewiston, Maine (See FCC File No. BALCT-20000627AGK). PCC and its related entities hold an option to acquire any or all of the membership interests and/or assets of KB Prime. However, this arrangement has been approved by the Commission on two occasions. See FCC File Nos. BAPCT-981116IA and BALCT-980526IA. As disclosed in those applications, PCC has provided neither equity nor debt financing to KB Prime, although it has provided credit support for third party debt financing.

PCC or certain subsidiaries provide programming pursuant to local marketing agreements to the following television stations: (1) WSWB(TV), Scranton, Pennsylvania; (2) WFXU(TV), Live Oak, Florida; (3) WPME(TV), Lewiston, Maine; and (4) WGFL(TV), High Springs, Florida.