

August 6, 2004

Dear

Good news—Pegasus Satellite Television has reached an agreement with DIRECTV to transition its customers to DIRECTV. Both companies are working together to ensure a smooth transition and expect to have the necessary approvals for the DIRECTV and Pegasus agreement within the next month.

WHAT TO EXPECT IN THE NEXT FOUR TO SIX WEEKS

- An easy transfer. Your service will continue without interruption—no need to call or do anything.
- For now, you also will continue to receive your service and your bill from Pegasus. So please continue to call Pegasus for any customer service issues, and pay your bill just as you would every month.
- After the agreement is approved, we will automatically match your current package with the one you will receive from DIRECTV to make the transition as seamless as possible.

ADDED BENEFITS YOU WILL RECEIVE AFTER THE SWITCH

- Award-winning 24-hour, 7-day customer service.
- Anytime account access at DIRECTV.com—see your account balance, pay your bill, order Pay Per View or make changes to your service.
- Excellent offers for equipment upgrades and new services, including the amazing DIRECTV® DVR.
- Many customers may see their package pricing remain about the same, or even see a reduction in their monthly bill.

Please keep checking DIRECTV.com/Pegasus or Channel 205 for the latest updates, and thanks for your patience during this brief transition. From all the people at Pegasus – it has been our pleasure to serve you.

Sincerely,



Ted S. Lodge, President
Pegasus Satellite Television

FREQUENTLY ASKED QUESTIONS & ANSWERS

1. Will my programming change?

No. You will continue to receive the DIRECTV programming service you enjoy today, without interruption.

2. What do I need to do to become a DIRECTV customer?

There is nothing you need to do. The transition team, which includes employees of both Pegasus and DIRECTV, will work together to ensure all Pegasus customers are transferred to DIRECTV in a seamless manner.

3. I have a service call scheduled with Pegasus, will it still occur on time?

Yes, we expect that all scheduled service appointments will be fulfilled. Please call us at the customer care number provided on your billing statement if you have any problems.

4. Will my monthly account statement be affected?

Your monthly account statement will continue to be provided to you by Pegasus Satellite Television until further notice. Please continue to make your monthly payment to Pegasus. When your account is transferred, your monthly bill statement will be provided by DIRECTV.

5. Can I transfer my services right now to DIRECTV?

There is no need for you to take action at this time. We will be working with DIRECTV to ensure a smooth transfer of all our accounts.

6. Will my favorite channels still be available?

Yes, DIRECTV & Pegasus offer the same channel selection.

7. I currently lease my Pegasus receiver(s) and related equipment from Pegasus.

Will I need to return it to Pegasus when my account is transferred?

We are working through the details of subscriber lease arrangements and will have more information soon. You will not need to return your current equipment and there is no action required on your part, at this time.

8. When will my account be transferred from Pegasus to DIRECTV?

We are currently working through the details of our account migration plan. Nothing will happen until after we receive the necessary approvals for the DIRECTV and Pegasus agreement, which we expect within the next month.

9. How will my warranty service plan be affected? Does DIRECTV offer different service plans?

The warranty service plan you currently have with Pegasus will be cancelled. However, you will have the opportunity to enroll in a comparable plan provided by DIRECTV.

10. When my account is transferred to DIRECTV, will the pricing on my current monthly programming package change? If so, how?

Once your account is transferred to DIRECTV you will be subject to the terms, conditions and pricing available from DIRECTV. We have compared pricing between the two services and expect that in most instances your new pricing with DIRECTV may be the same or lower than it is today with Pegasus.

11. What if I pay my bill on mypgtv.com?

We are working on a plan for transitioning Pegasus online billing customers to the DIRECTV online billing platform. Updates will be posted on mypgtv.com.