

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF DELAWARE**

In re: ProtoStar II LTD

Debtor

Case No. 09-12661(MFW)

Reporting Period: March 2010

**MONTHLY OPERATING REPORT**  
File with Court and submit copy to United States Trustee within 20 days after end of month

Submit copy of report to any official committee appointed in the case.

REQUIRED DOCUMENTS	Form No.	Documents Attached	Explanations Attached	Amendments Attached	Supplements Attached
Schedule of Cash Receipts and Disbursements	MOR-1	x			
Bank Reconciliation (or copies of debtor's bank reconciliations)	MOR-1a	x			
Schedule of Professional Fees Paid	MOR-1b	x			
Copies of bank statements					
Cash disbursements journals					
Statement of Operations	MOR-2	x			
Balance Sheet	MOR-3	x			
Status of Postpetition Taxes	MOR-4	x			
Copies of IRS Form 6123 or payment receipt					
Copies of tax returns filed during reporting period					
Summary of Unpaid Postpetition Debts	MOR-4	x			
Listing of aged accounts payable	MOR-4	x			
Accounts Receivable Reconciliation and Aging	MOR-5	x			
Debtor Questionnaire	MOR-5	x			

I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents are true and correct to the best of my knowledge and belief.

Signature of Debtor

Date

Signature of Joint Debtor

Date

Signature of Authorized Individual\*

Date

Cynthia Pelini  
Printed Name of Authorized Individual

Chief Financial Officer  
Title of Authorized Individual

\*Authorized individual must be an officer, director or shareholder if debtor is a corporation; a partner if debtor is a partnership; a manager or member if debtor is a limited liability company.



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### SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

Amounts reported should be per the debtor's books, not the bank statement. The beginning cash should be the ending cash from the prior month or, if this is the first report, the amount should be the balance on the date the petition was filed. The amounts reported in the "CURRENT MONTH - ACTUAL" column must equal the sum of the four bank account columns. The amounts reported in the "PROJECTED" columns should be taken from the SMALL BUSINESS INITIAL REPORT (FORM IR-1). Attach copies of the bank statements and the cash disbursements journal. The total disbursements listed in the disbursements journal must equal the total disbursements reported on this page. A bank reconciliation must be attached for each account. [See MOR-1 (CON'T)]

	BANK ACCOUNTS			CURRENT MONTH		CUMULATIVE FILING TO DATE	
	OPER.	CFI	TAX	OTHER	ACTUAL	PROJECTED	ACTUAL
<b>CASH BEGINNING OF MONTH</b>	2,436,664.37	0		36,507,363.73	38,944,028.10		
<b>RECEIPTS</b>							
CASH SALES					0.00		
ACCOUNTS RECEIVABLE	387,121.00	1,243,197.00			1,630,318.00		
LOANS AND ADVANCES	0.00				0.00		
SALE OF ASSETS					0.00		
OTHER (ATTACH LIST)	0.00			3,300.81	3,300.81		
TRANSFERS (FROM DIP ACCTS)	0.00				0.00		
					0.00		
<b>TOTAL RECEIPTS</b>	<b>387,121.00</b>	<b>1,243,197.00</b>		<b>3,300.81</b>	<b>1,633,618.81</b>		
<b>DISBURSEMENTS</b>							
NET PAYROLL					0.00		
PAYROLL TAXES					0.00		
SALES, USE, & OTHER TAXES					0.00		
INVENTORY PURCHASES					0.00		
SECURED/ RENTAL/ LEASES					0.00		
INSURANCE					0.00		
ADMINISTRATIVE	1,012,836.77				1,012,836.77		
SELLING					0.00		
OTHER (ATTACH LIST)	0.00				0.00		
					0.00		
OWNER DRAW *					0.00		
TRANSFERS (TO DIP ACCTS)	230,105.41				230,105.41		
					0.00		
PROFESSIONAL FEES	0.00				0.00		
U.S. TRUSTEE QUARTERLY FEES					0.00		
COURT COSTS					0.00		
<b>TOTAL DISBURSEMENTS</b>	<b>1,242,942.18</b>	<b>0.00</b>	<b>0.00</b>		<b>1,242,942.18</b>		
NET CASH FLOW					0.00		
(RECEIPTS LESS DISBURSEMENTS)					0.00		
<b>CASH - END OF MONTH</b>	<b>1,580,843.19</b>	<b>1,243,197.00</b>		<b>36,510,664.54</b>	<b>39,334,704.73</b>		

\* COMPENSATION TO SOLE PROPRIETORS FOR SERVICES RENDERED TO BANKRUPTCY ESTATE

0.00 0.00 0.00

#### THE FOLLOWING SECTION MUST BE COMPLETED

DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES: (FROM CURRENT MONTH ACTUAL COLUMN)	
<b>TOTAL DISBURSEMENTS</b>	1,242,942.18
LESS: TRANSFERS TO DEBTOR IN POSSESSION ACCOUNTS	-230,105.41
PLUS: ESTATE DISBURSEMENTS MADE BY OUTSIDE SOURCES (i.e. from escrow accounts)	0.00
<b>TOTAL DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES</b>	1,012,836.77

In re: ProtoStar II

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## **BANK RECONCILIATIONS**

**Continuation Sheet for MOR-1**

A bank reconciliation must be included for each bank account. The debtor's bank reconciliation may be substituted for this page.

In re: ProtoStar II  
Debtor

Case No. 09-12661(MFW)  
Reporting Period: March 2010

## SCHEDULE OF PROFESSIONAL FEES AND EXPENSES PAID

This schedule is to include all retained professional payments from case inception to current month

**STATEMENT OF OPERATIONS**  
(Income Statement)

The Statement of Operations is to be prepared on an accrual basis. The accrual basis of accounting recognizes revenue when it is realized and expenses when they are incurred, regardless of when cash is actually received or paid.

	Month	Cumulative Filing to Date
<b>REVENUES</b>		
Gross Revenues	1,718,070.98	12,617,190.20
Less: Returns and Allowances	0.00	0.00
Net Revenue	1,718,070.98	12,617,190.20
<b>COST OF GOODS SOLD</b>		
Beginning Inventory	0.00	0.00
Add: Purchases	0.00	0.00
Add: Cost of Labor	0.00	0.00
Add: Other Costs (attach schedule)	16,200.00	407,973.67
Less: Ending Inventory	0.00	0.00
Cost of Goods Sold	16,200.00	407,973.67
Gross Profit	1,701,870.98	12,209,216.53
<b>OPERATING EXPENSES</b>		
Advertising	0.00	0.00
Auto and Truck Expense	0.00	0.00
Bad Debts	0.00	0.00
Contributions	0.00	0.00
Employee Benefits Programs	0.00	0.00
Insider Compensation*	0.00	0.00
Insurance	0.00	0.00
Management Fees/Bonuses	0.00	0.00
Office Expense	0.00	10.40
Pension & Profit-Sharing Plans	0.00	0.00
Repairs and Maintenance	0.00	0.00
Rent and Lease Expense	0.00	15,441.64
Salaries/Commissions/Fees	0.00	0.00
Supplies	0.00	0.00
Taxes - Payroll	0.00	0.00
Taxes - Real Estate	0.00	0.00
Taxes - Other	0.00	0.00
Travel and Entertainment	2,941.48	74,800.27
Utilities	135.08	3,595.69
Other (attach schedule)	372,423.03	5,456,075.70
Total Operating Expenses Before Depreciation	375,499.59	5,549,923.70
Depreciation/Depletion/Amortization	1,430,955.68	11,448,290.14
Net Profit (Loss) Before Other Income & Expenses	-104,584.29	-4,788,997.31
<b>OTHER INCOME AND EXPENSES</b>		
Other Income (attach schedule)	0.00	-556.77
Interest Expense	83,614.19	699,886.04
Other Expense (attach schedule)	397,182.87	3,242,030.89
Net Profit (Loss) Before Reorganization Items	-585,381.35	-8,731,471.01
<b>REORGANIZATION ITEMS</b>		
Professional Fees	0.00	0.00
U. S. Trustee Quarterly Fees	0.00	9,750.00
Interest Earned on Accumulated Cash from Chapter 11 (see continuation sheet)	0.00	0.00
Gain (Loss) from Sale of Equipment	0.00	0.00
Other Reorganization Expenses (attach schedule)	0.00	0.00
Total Reorganization Expenses	0.00	0.00
Income Taxes	0.00	0.00
Net Profit (Loss)	-585,381.35	-8,741,221.01

\*"Insider" is defined in 11 U.S.C. Section 101(31).

In re: ProtoStar II

**Debtor**

Case No. 09-12661(MFW)  
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**STATEMENT OF OPERATIONS - continuation sheet**

## Reorganization Items - Interest Earned on Accumulated Cash from Chapter 11:

Interest earned on cash accumulated during the chapter 11 case, which would not have been earned but for the bankruptcy proceeding, should be reported as a reorganization item.

## BALANCE SHEET

The Balance Sheet is to be completed on an accrual basis only. Pre-petition liabilities must be classified separately from postpetition obligations.

ASSETS	BOOK VALUE AT END OF CURRENT REPORTING MONTH	BOOK VALUE ON PETITION DATE
<b>CURRENT ASSETS</b>		
Unrestricted Cash and Equivalents	2,824,040.19	5,483.22
Restricted Cash and Cash Equivalents (see continuation sheet)	36,510,664.54	0.00
Accounts Receivable (Net)	3,023,385.96	532,705.00
Notes Receivable	0.00	0.00
Inventories	0.00	0.00
Prepaid Expenses	0.00	6,450.83
Professional Retainers	0.00	0.00
Other Current Assets (attach schedule)	4,661,352.12	1,488,363.74
<b>TOTAL CURRENT ASSETS</b>	<b>47,019,442.81</b>	<b>2,033,002.79</b>
<b>PROPERTY AND EQUIPMENT</b>		
Satellite Costs	274,743,490.46	274,743,490.46
Machinery and Equipment	0.00	3,313.54
Furniture, Fixtures and Office Equipment	0.00	0.00
Leasehold Improvements	0.00	0.00
Vehicles	0.00	0.00
Less Accumulated Depreciation	-14,309,556.79	-2,862,309.19
<b>TOTAL PROPERTY &amp; EQUIPMENT</b>	<b>260,433,933.67</b>	<b>271,884,494.81</b>
<b>OTHER ASSETS</b>		
Loans to Insiders*	0.00	0.00
Other Assets (attach schedule)	50,000.00	37,500.00
<b>TOTAL OTHER ASSETS</b>	<b>50,000.00</b>	<b>37,500.00</b>
<b>TOTAL ASSETS</b>	<b>307,503,376.48</b>	<b>273,954,997.60</b>

LIABILITIES AND OWNER EQUITY	BOOK VALUE AT END OF CURRENT REPORTING MONTH	BOOK VALUE ON PETITION DATE
<b>LIABILITIES NOT SUBJECT TO COMPROMISE (Postpetition)</b>		
Accounts Payable	298,393.23	0.00
Taxes Payable (refer to FORM MOR-4)	0.00	0.00
Rent / Leases - Building/Equipment	0.00	0.00
Secured Debt / Adequate Protection Payments	0.00	0.00
DIP loan	2,267,787.70	0.00
Professional Fees	0.00	0.00
Amounts Due to Insiders*	0.00	0.00
Other Postpetition Liabilities (attach schedule)	42,726,066.76	0.00
<b>TOTAL POSTPETITION LIABILITIES</b>	<b>45,292,247.69</b>	<b>0.00</b>
<b>LIABILITIES SUBJECT TO COMPROMISE (Pre-Petition)</b>		
Secured Debt	0.00	0.00
Accounts Payable	13,273,035.05	13,297,828.97
Other Prepetition Liabilities (attach schedule)	175,693,825.69	178,671,679.57
<b>TOTAL PRE-PETITION LIABILITIES</b>	<b>188,966,860.74</b>	<b>191,969,508.54</b>
<b>TOTAL LIABILITIES</b>	<b>234,259,108.43</b>	<b>191,969,508.54</b>
<b>OWNER EQUITY</b>		
Capital Stock	0.00	0.00
Additional Paid-In Capital	50,000,000.00	50,000,000.00
Partners' Capital Account	0.00	0.00
Owner's Equity Account	0.00	0.00
Retained Earnings - Pre-Petition	31,985,489.06	31,985,489.06
Retained Earnings - Postpetition	-8,741,221.01	0.00
Adjustments to Owner Equity (attach schedule)	0.00	0.00
Postpetition Contributions (Distributions) (Draws) (attach schedule)	0.00	0.00
<b>NET OWNER EQUITY</b>	<b>73,244,268.05</b>	<b>81,985,489.06</b>
<b>TOTAL LIABILITIES AND OWNERS EQUITY</b>	<b>307,503,376.48</b>	<b>273,954,997.60</b>

\*"Insider" is defined in 11 U.S.C. Section 101(31).

0.00 0.00

**BALANCE SHEET - continuation sheet**

Restricted Cash is cash that is restricted for a specific use and not available to fund operations. Typically, restricted cash is segregated into a separate account, such as an escrow account.

In re: ProtoStar II  
Debtor

Case No. 09-12661(MFW)  
Reporting Period: March 2010

### STATUS OF POSTPETITION TAXES

The beginning tax liability should be the ending liability from the prior month or, if this is the first report, the amount should be zero.  
Attach photocopies of IRS Form 6123 or payment receipt to verify payment or deposit of federal payroll taxes.  
Attach photocopies of any tax returns filed during the reporting period.

	Beginning Tax Liability	Amount Withheld or Accrued	Amount Paid	Date Paid	Check No. or EFT	Ending Tax Liability
<b>Federal</b>						
Withholding						
FICA-Employee						
FICA-Employer						
Unemployment						
Income						
Other:						
<b>Total Federal Taxes</b>						
<b>State and Local</b>						
Withholding						
Sales						
Excise						
Unemployment						
Real Property						
Personal Property						
Other:						
<b>Total State and Local</b>						
<b>Total Taxes</b>						

### SUMMARY OF UNPAID POSTPETITION DEBTS

Attach aged listing of accounts payable.

	Current	0-30	31-60	61-90	Over 90	Total
Accounts Payable	298,393.23	0.00	0.00	0.00	0.00	298,393.23
Wages Payable						
Taxes Payable						
Rent/Leases-Building						
Rent/Leases-Equipment						
Secured Debt/Adequate Protection Payments						
Professional Fees						
Amounts Due to Insiders*						
Other:						
Other:						
<b>Total Postpetition Debts</b>	<b>298,393.23</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>298,393.23</b>

Explain how and when the Debtor intends to pay any past-due postpetition debts.

\*"Insider" is defined in 11 U.S.C. Section 101(31).

## ACCOUNTS RECEIVABLE RECONCILIATION AND AGING

Accounts Receivable Reconciliation		Amount
Total Accounts Receivable at the beginning of the reporting period		2,951,916.98
+ Amounts billed during the period		1,434,030.30
- Amounts collected during the period		1,362,561.32
Total Accounts Receivable at the end of the reporting period		3,023,385.96
Accounts Receivable Aging		Amount
0 - 30 days old		1,434,030.30
31 - 60 days old		19,000.00
61 - 90 days old		1,570,355.66
91+ days old		0.00
Total Accounts Receivable		
Amount considered uncollectible (Bad Debt)		
Accounts Receivable (Net)		

## DEBTOR QUESTIONNAIRE

Must be completed each month	Yes	No
1. Have any assets been sold or transferred outside the normal course of business this reporting period? If yes, provide an explanation below.	X	
2. Have any funds been disbursed from any account other than a debtor in possession account this reporting period? If yes, provide an explanation below.	X	
3. Have all postpetition tax returns been timely filed? If no, provide an explanation below.	X	
4. Are workers compensation, general liability and other necessary insurance coverages in effect? If no, provide an explanation below.	X	
5. Has any bank account been opened during the reporting period? If yes, provide documentation identifying the opened account(s). If an investment account has been opened provide the required documentation pursuant to the Delaware Local Rule 4001-3.	X	

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

In re: ) Chapter 11  
PROTOSTAR LTD., et al.,<sup>1</sup> ) Case No. 09-12659 (MFW)  
Debtors. ) Jointly Administered

**AFFIDAVIT OF SERVICE**

Linda M. Ellis, being duly sworn according to law, deposes and says that she is employed by the law firm of Pachulski Stang Ziehl & Jones LLP, counsel for the Debtors in the above-captioned action, and that on the 22<sup>nd</sup> day of April, 2010, she caused a copy of the following document to be served upon the attached service list in the manner indicated:

## **Monthly Operating Report Regarding ProtoStar II LTD For the Reporting Period of March 2010**

Linda M. Ellis  
Linda M. Ellis

SWORN TO AND SUBSCRIBED  
by me on this 22<sup>nd</sup> of April, 2010.

MARY E. CORCORAN  
NOTARY PUBLIC  
STATE OF DELAWARE  
My Commission Expires Nov. 4, 2011

Notary Public  
My Commission Expires: 11/4/11

<sup>1</sup> The ProtoStar entities, along with the last four digits of each of the Debtor's federal tax identification numbers, are as follows: ProtoStar Ltd. (4245); ProtoStar I Ltd. (1042); ProtoStar II Ltd. (1244), ProtoStar Satellite Systems, Inc. (2615), ProtoStar Development Ltd. (none); and ProtoStar Asia Pte. Ltd. (none). The mailing address for the Debtors' is 100 California Street, Suite 700, San Francisco, CA 94111.

**ProtoStar Ltd. Service List re Monthly Operating Reports**

Case No. 09-12659 (MFW)

Document No. 151297

01 – Hand Delivery

**Hand Delivery**

(United States Trustee)

Jane M. Leamy, Esquire

Office of the United States Trustee

J. Caleb Boggs Federal Building

844 King Street, Suite 2207

Wilmington, DE 19801