

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MAINE

_____))
In re:) Chapter 11
))
PEGASUS SATELLITE TELEVISION, INC., et al.,) Case No. 04-20878
))
Debtors.) (Jointly Administered)
_____))

**ORDER AUTHORIZING THE DEBTORS
AND DEBTORS IN POSSESSION TO EMPLOY AND RETAIN
MILLER BUCKFIRE LEWIS YING & CO., LLC AS FINANCIAL ADVISOR
AND INVESTMENT BANKER PURSUANT TO 11 U.S.C. §§ 327(a) AND 328(a)**

Upon the Application (the "Application") of Pegasus Satellite Television, Inc and certain of its subsidiaries and affiliates, each a debtor and debtor in possession herein (collectively, the "Debtors"),¹ for entry of an order pursuant to sections 11 U.S.C. §§ 327(a) and 328(a) authorizing the Debtors to employ and retain Miller Buckfire Lewis Ying & Co., LLC ("MBLY") as financial advisor and investment banker in these chapter 11 cases pursuant to the terms of the Engagement Letter between the Debtors and MBL Y, annexed as Exhibit B to the Application; and upon the Affidavit of Ted S. Lodge, President, Chief Operating Officer and Counsel of Pegasus Satellite Communications, Inc., in support of First Day Motions; and upon the Affidavit of Marc D. Puntus, Managing Director of MBL Y, in support of the Application; and Notice of this Application has been given to (i) the United States Trustee for the District of Maine; (ii) the Debtors' fifty (50) largest unsecured creditors on a consolidated basis, as

¹ The Debtors are: Argos Support Services Company, Bride Communications, Inc., B.T. Satellite, Inc., Carr Rural TV, Inc., DBS Tele-Venture, Inc., Digital Television Services of Indiana, LLC, DTS Management, LLC, Golden Sky DBS, Inc., Golden Sky Holdings, Inc., Golden Sky Systems, Inc., Henry County MRTV, Inc., HMW, Inc., Pegasus Broadcast Associates, L.P., Pegasus Broadcast Television, Inc., Pegasus Broadcast Towers, Inc., Pegasus Media & Communications, Inc., Pegasus Satellite Communications, Inc., Pegasus Satellite Television of Illinois, Inc., Pegasus Satellite Television, Inc., Portland Broadcasting, Inc., Primewatch, Inc., PST Holdings, Inc., South Plains DBS, LP., Telecast of Florida, Inc., WDSI License Corp., WILF, Inc., WOLF License Corp., WTLH License Corp.

identified in their chapter 11 petitions; (iii) the administrative agents for the credit facilities of Pegasus Media & Communications, Inc. and Pegasus Satellite Communications, Inc. ("PSC"); (iv) each of the indenture trustees for each series of notes of PSC and (v) those parties in interest who have filed a Notice of Appearance. The Debtors submit that in light of the nature of the relief requested, no further notice is required; and after due deliberation and sufficient cause appearing therefore, it is hereby

ORDERED, that pursuant to sections 327(a) and 328(a) of the Bankruptcy Code, MBL Y is hereby employed as the Debtors' financial advisor and investment banker, as of the Petition Date,² on the terms and conditions set forth in the Engagement Letter as modified by this Order; and it is further

ORDERED, that the terms and conditions of MBL Y's retention, including, without limitation, the Fee Structure and the Indemnification Provisions, are approved pursuant to section 328(a) of the Bankruptcy Code (and will not be subject to the standard of review set forth in section 330 of the Bankruptcy Code); and it is further

ORDERED, that MBL Y shall be entitled to compensation in the amounts and at the times set forth in the Engagement Letter; and it is further

ORDERED, that MBL Y is authorized to provide services to the Debtors as set forth in the Application; and it is further

ORDERED, notwithstanding anything to the contrary in the Bankruptcy Code, the Bankruptcy Rules, the Local Rules of this Court, any orders of this Court or any guidelines regarding submission and approval of fee applications, MBL Y and its professionals (i) shall only

² Capitalized terms used herein but not otherwise defined herein shall have the meanings ascribed to them in the Application.

be required to maintain time records for services rendered postpetition, in half-hour increments, (ii) shall not be required to provide or conform to any schedule of hourly rates and (iii) shall be entitled to receive payments of any Sale Transaction Fee, Restructuring Transaction Fee or financing fee earned pursuant to the Engagement Letter on the date specified in the Engagement Letter, subject to later review by this Court pursuant to an interim or final fee application, as the case may be; and it is further

ORDERED, that the indemnification provisions of the Engagement Letter are approved, subject to the following modifications:

- (a) Subject to the provisions of subparagraphs (c) and (d) below, the Debtors are authorized to indemnify, and shall indemnify, MBLY, in accordance with the Engagement Letter, for any claim arising from, related to or in connection with MBLY's performance of the services described in the Engagement Letter;
- (b) MBLY shall not be entitled to indemnification, contribution or reimbursement pursuant to the Engagement Letter for services other than the financial advisory and investment banking services provided under the Engagement Letter, unless such services and the indemnification, contribution or reimbursement therefore are approved by the Court;
- (c) Notwithstanding anything to the contrary in the Engagement Letter, the Debtors shall have no obligation to indemnify any person, or provide contribution or reimbursement to any person, for any claim or expense that is either (i) judicially determined (the determination having become final) to have arisen from that person's gross negligence or willful misconduct, or (ii) settled prior to a judicial determination as to that person's gross negligence or willful misconduct, but determined by this Court, after notice and a hearing, to be a claim or expense for which that person should not receive indemnity, contribution or reimbursement under the terms of the Engagement Letter as modified by this Order;
- (d) If, before the earlier of (i) the entry of an order confirming a chapter 11 plan in this case (that order having become a final order no longer subject to appeal) and (ii) the entry of an order closing this chapter 11 case, MBLY believes that it is entitled to the payment of any amounts by the Debtor on account of the Debtor's indemnification, contribution and/or reimbursement obligations under the Engagement Letter (as modified by this Order), including without limitation the advancement of defense costs, MBLY must file an application before this Court, and the Debtor may not

pay any such amounts to MBL Y before the entry of an order by this Court approving the payment. This subparagraph (d) is intended only to specify the period of time under which the court shall have jurisdiction over any requests for fees and expenses by MBL Y for indemnification, contribution or reimbursement, and not a provision limiting the duration of the Debtor's obligation to indemnify MBL Y.

ORDERED, that notwithstanding any provision in the Engagement Letter to the contrary, to the extent this Court has jurisdiction over any matters arising out of or related to the Engagement Letter, such matter shall be heard in this Court; and it is further

ORDERED, that this Court shall retain jurisdiction with respect to all matters arising from or related to the implementation of this Order.

Dated: _____, 2004

UNITED STATES BANKRUPTCY JUDGE