

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 EMPLOYMENT AND COMPENSATION
OF PROFESSIONALS FOR SPECIFIC SERVICES RENDERED
TO THE DEBTORS IN THE ORDINARY COURSE OF BUSINESS**

Upon consideration of the motion (the “Motion”) 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 an order authorizing the employment and compensation of professionals used by the Debtors in the ordinary course of their business; 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 notice of this Motion 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 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; (v) those parties in interest who have filed a notice of appearance; and

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.

(vi) the proposed Ordinary Course Professionals,² and it appearing that no other notice need be given; and the Court having held a hearing on June 24, 2004 to consider the Motion and any responses thereto; and after due deliberation, and sufficient cause appearing therefor, it is hereby

ORDERED, that the Motion is granted; and it is further

ORDERED, that any responses or objections thereto not previously resolved or withdrawn are overruled; and it is further

ORDERED, that the Debtors may, in the reasonable and ordinary conduct of their business and affairs as debtors in possession, employ and retain the Ordinary Course Professionals listed on Exhibit A attached to the Motion as of the Petition Date without further order of the Court, subject to the terms of this Order; and it is further

ORDERED, that within three (3) days hereof, the Debtors shall serve this order upon each Ordinary Course Professional. Thereafter, within the earlier of (i) thirty (30) days after the date of this Order, or (ii) thirty (30) days from the date of service of a supplemental list or lists of Ordinary Course Professionals that adds such Ordinary Course Professional, each Ordinary Course Professional shall file with the Court, and serve copies thereof on (i) the Debtors, (ii) the undersigned counsel to the Debtors, (A) Bernstein, Shur, Sawyer & Nelson, 100 Middle Street, P.O. Box 9729, Portland, Maine 04104, Attn: Robert J. Keach, Esq., and (B) Sidley Austin Brown & Wood LLP, Bank One Plaza, 10 South Dearborn Street, Chicago Illinois 60603, Attn: Larry J. Nyhan, Esq. and James F. Conlan, Esq., (iii) the Office of the United States Trustee for the District of Maine (the "US Trustee"); and (iv) the attorneys for any committees that may be appointed pursuant to section 1102 of the Bankruptcy Code, and until such time as an official committee of unsecured creditors is appointed, on the Debtors' fifty (50) largest

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

unsecured creditors on a consolidated basis (collectively, the “Notice Parties”), a declaration of disinterestedness pursuant to Bankruptcy Rule 2014, substantially in the form of the “Declaration of Proposed Professional” attached as Exhibit B to the Motion; and it is further

ORDERED, that the Notice Parties shall have fifteen (15) days after the receipt of each Ordinary Course Professional’s Declaration of Proposed Professional to object to the retention of such Professional and serve such objection upon the Ordinary Course Professional and all other Notice Parties. If no objection is received from the Notice Parties within fifteen (15) days after the filing of the Declaration of Proposed Professional, or such objection is promptly resolved by the Debtors and the objecting party, the Debtors shall be authorized to retain such Ordinary Course Professional as a final matter as of the date of the Ordinary Course Professional began rendering services to the Debtors. If any such objection cannot be promptly resolved, the Debtors may seek an order of the Court approving the retention of such Ordinary Course Professional as of the date the Ordinary Course Professional began rendering services to the Debtors or any other relief the Debtors deem appropriate; and it is further

ORDERED, that professionals who are not Ordinary Course Professionals will be retained by the Debtors pursuant to individual retention applications; and it is further

ORDERED, that the arrangement for compensation reached between the Debtors and the Ordinary Course Professionals will be based reasonably upon the nature, extent and value of such services, the time spent on such services and the cost of comparable services, and may include reimbursement of actual and necessary expenses not exceeding the value of such expenses; and it is further

ORDERED, that all transactions between the Debtors and such professionals will be subject to section 328 of the Bankruptcy Code, as well as to all other provisions of the

Bankruptcy Code regulating the fairness and reasonable worth of services rendered by professionals seeking and receiving compensation; and it is further

ORDERED, that the Debtors are authorized and empowered to pay, without formal application to the Court by them or by any Ordinary Course Professional, one hundred percent (100%) of the fees and disbursements of each Ordinary Course Professional fifteen (15) days after an appropriate invoice setting forth in reasonable detail the nature of the services rendered by such Ordinary Course Professional has been served on the Notice Parties (as defined in the Motion), as long as (x) such fees and disbursements do not exceed \$20,000 per month for any one firm of Ordinary Course Professionals or \$200,000 per annum for the duration of these chapter 11 cases, and (y) no written objection to payment of the invoice is made by or received by the Debtors within fifteen (15) days after receipt of the invoice by the Debtors. Any objection by any of the Notice Parties must be served in writing upon the relevant Ordinary Course Professional and upon the other Notice Parties. If the parties cannot resolve the objection, the Ordinary Course Professional whose fees are objected to may file a request for payment of the disputed amount with the Court; and it is further

ORDERED, that if in any given month the fees and expenses for any one firm of Ordinary Course Professionals exceed \$20,000, such firm shall be required to apply for approval by the Court of all such firm's fees and disbursements for such month, but shall be entitled to an interim payment of up to \$20,000 as a credit against the fees and disbursements for such month ultimately allowed by this Court; and it is further

ORDERED, that if at any point in time during the course of a year the fees and expenses sought by an Ordinary Course Professional exceeds \$200,000, such Ordinary Course Professional will be required to apply for approval by the Court of all its fees and disbursements

in compliance with any interim compensation procedures that have been approved by the Court as applicable to the Debtors' retained case professionals and it is further

ORDERED that the Debtors shall file a statement (the "OCP Report") with the Court and serve such statement on the United States Trustee beginning with the first submission of the interim fee applications, and every three months thereafter. The OCP Report shall include the following information of each Ordinary Course Professional: (a) the name of such Ordinary Course Professional, (b) the aggregate amounts paid as compensation for services rendered and reimbursement of expenses incurred by such Ordinary Course Professional during the period (i) ending with the month prior to the date of the OCP Report and (ii) beginning at the end of the reporting period covered by the previously filed OCP Report, and (c) the aggregate amount paid as compensation for services rendered and reimbursements of expenses incurred by such Ordinary Course Professional during the pendency of these cases; and it is further

ORDERED that this Order shall not apply to any professional retained by the Debtors pursuant to a separate order of the Court

Dated:

UNITED STATES BANKRUPTCY JUDGE