

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF MAINE

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

**EMERGENCY MOTION FOR AN  
INTERIM ORDER (A) AUTHORIZING USE  
OF CASH COLLATERAL, (B) GRANTING ADEQUATE  
PROTECTION TO CERTAIN PREPETITION SECURED  
PARTIES PURSUANT TO SECTIONS 105, 361, AND 363  
OF THE BANKRUPTCY CODE INCLUDING REPLACEMENT  
LIENS AND SUPERPRIORITY CLAIMS AND (C) SCHEDULING  
A HEARING FOR FINAL APPROVAL OF USE OF CASH COLLATERAL**

Pegasus Satellite Television, Inc., and certain of its subsidiaries and affiliates, each a debtor and debtor in possession herein (each a “Debtor”, and collectively, the “Debtors”)<sup>1</sup>, hereby file this motion (the “Motion”), pursuant to sections 105, 361 and 363 of title 11 of the United States Bankruptcy Code (the “Bankruptcy Code”), Rules 2002 and 4001 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) and Rule 4001-2 of the District of Maine Local Bankruptcy Rules (the “Local Rules”), requesting that this Court enter an Order: (1) Authorizing the Debtor to use Cash Collateral, (2) Granting Adequate Protection to Certain Prepetition Secured Parties and (3) Scheduling and Approving the Form and Method of Notice of

<sup>1</sup> 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 Communications Management Company, Pegasus Media & Communications, Inc., Pegasus Satellite Communications, Inc., Pegasus Satellite Development Corporation, 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.

Final Hearing. The facts and circumstances supporting this Motion are set forth in the concurrently filed Affidavit of Ted S. Lodge, President, Chief Operating Officer and Counsel of Pegasus Satellite Communications, Inc., in support of First Day Motions (the "Lodge Affidavit"). In further support of the Motion, the Debtors respectfully state as follows:

### **STATUS OF THE CASE AND JURISDICTION**

1. On June 2, 2004 (the "Petition Date"), each of the Debtors filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"), and motions or applications seeking certain typical "first day" orders, including an order to have these cases jointly administered.

2. The Debtors have continued in possession of their respective properties and have continued to operate their businesses as debtors in possession pursuant to §§ 1107(a) and 1108 of the Bankruptcy Code.

3. No request has been made for the appointment of a trustee or examiner, and no official committee has yet been established in these cases.

4. The Court has jurisdiction over this Motion pursuant to 28 U.S.C. §§157 and 1334. This is a "core" proceeding within the meaning of 28 U.S.C. §157(b)(2). The statutory predicates for the relief sought herein are sections 105, 361, 362 and 363 of the Bankruptcy Code, Bankruptcy Rule 4001(b), and Local Rule 4001-2. Venue is proper in this Court pursuant to 28 U.S.C. §§1408 and 1409.

## **BACKGROUND OF THE DEBTORS**

5. Pegasus Satellite Television, Inc. (“PST”), together with its subsidiaries, is the nation’s largest independent provider of DIRECTV® programming. Organized in 1996 as a Delaware Corporation, PST is headquartered in Marlborough, Massachusetts. PST is a wholly owned indirect subsidiary of Pegasus Satellite Communications, Inc.

6. The Debtors’ principal operating business is its direct broadcast satellite (“DBS”) business.<sup>2</sup> Specifically, the Debtors provide DIRECTV programming services to rural households across the United States and, as of December 31, 2003, had in excess of 1.1 million subscribers and the exclusive right to distribute DIRECTV services to approximately 8.4 million rural households in certain territories within 41 states.

7. DBS services are digital broadcasting services that require a subscriber to install or have installed a satellite receiving antenna (or dish) and a digital receiver. DIRECTV, in particular, requires subscribers to have a satellite dish, which can be as small as 18 inches in diameter depending on the services received, to which DIRECTV directly transmits programming services via five high power Ku band satellites. The Debtors in turn offer certain core programming packages to subscribers, which vary according to channels delivered and price.

8. The Debtors maintain an independent retail network through dealer relationships to distribute DIRECTV programming. The Debtors have expanded this network to include over 4,000 consumer electronics stores and other independent retailers serving rural

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<sup>2</sup> Debtor Pegasus Media & Communications, Inc. also conducts television broadcast operations through twelve (12) subsidiaries, all of which have filed voluntary petitions under chapter 11 and are Debtors in these cases.

areas in the Debtors' service area. Today, the Debtors' retail network is one of the few sales and distribution channels available to digital satellite service providers seeking broad and effective distribution in rural areas throughout the continental United States.

9. As of March 31, 2004, the Debtors had assets aggregating approximately \$1.6 billion related to their DBS business, which generated net revenues of approximately \$831.2 million during calendar year 2003. The Debtors employ approximately 942 employees.

### **THE FINANCINGS**

10. Pursuant to that certain Fourth Amendment and Restatement of Credit Agreement, dated as of October 22, 2003 (as amended, the "Prepetition Term Loan Agreement" and, together with all agreements, documents, mortgages, assignments, guarantees, notes and instruments delivered pursuant thereto or in connection therewith, the "Prepetition Term Loan Documents"), among Pegasus Media & Communications, Inc ("PM&C", the direct parent of PST, as borrower, Bank of America, N.A., as agent (in such capacity, the "Prepetition Term Loan Agent"), Deutsche Bank and Trust Company Americas, as resigning agent, and the lenders from time to time party thereto (collectively, the "Prepetition Term Loan Lenders"), the Prepetition Term Loan Lenders made terms loans either directly or through an affiliate, to PM&C. The Debtors admit that, as of the Petition Date, (a) PM&C was truly and justly indebted to the Prepetition Term Loan Lenders and the Prepetition Term Loan Agent, without defense, counterclaim or offset of any kind, for (i) term loans in the aggregate principal amounts of \$391,766,856 (the "Term Loans"), and (ii) accrued but unpaid interest thereon in the approximate amount of \$2,950,150, plus all fees and other amounts due and owing under the Prepetition Term Loan Documents (collectively, the "Prepetition Term Loan Obligations"), (b)

Pegasus Satellite Communications, Inc. (“PSC”), the direct parent of PM&C, as limited recourse guarantor, is contingently liable to the Prepetition Term Loan Lenders with respect to the Prepetition Term Loan Obligations pursuant to and in accordance with the terms of a certain limited recourse guarantee executed by PSC in favor of the Prepetition Term Loan Agent for the benefit of the Prepetition Term Loan Lenders and (c) certain subsidiaries of PM&C, including PST, as guarantors (the “Subsidiary Guarantors,” collectively with PSC, the “Guarantors”), are contingently liable to the Prepetition Term Loan Lenders with respect to the Prepetition Term Loan Obligations pursuant to a certain subsidiary guaranty executed by such Subsidiary Guarantors in favor of the Prepetition Term Loan Agent for the benefit of the Prepetition Term Loan Lenders.

11. Pursuant to that certain Credit Agreement, dated as of December 19, 2003 (as amended, the “Prepetition Revolving Credit Agreement” and, together with all agreements, documents, guarantees, notes and instruments delivered pursuant thereto or in connection therewith, the “Prepetition Revolving Credit Documents”), among PM&C, as borrower, Madeleine, L.L.C., as administrative agent (in such capacity, the “Prepetition Revolving Credit Agent”), and the lenders from time to time party thereto (collectively, the “Prepetition Revolving Credit Lenders”), the Prepetition Revolving Credit Lenders made revolving loans and other financial accommodations to PM&C. The Debtors admit that, as of the Petition Date, (a) PM&C was truly and justly indebted to the Prepetition Revolving Credit Lenders and the Prepetition Revolving Credit Agent, without defense, counterclaim or offset of any kind, for (i) revolving loans in the aggregate principal amounts of \$18,000,000 (the “Revolving Loans”, together with the Term Loans, the “Senior Loans”), (ii) accrued but unpaid interest thereon in the approximate amount of \$275,410, (iii) a commitment fee in the amount of \$10,416.67 plus all other fees and

other amounts due and owing under the Prepetition Revolving Credit Documents (collectively, the “Prepetition Revolving Credit Obligations”, together with the Prepetition Term Loan Obligations, the “Prepetition Senior Obligations”) and (b) the Guarantors were contingently liable to the Prepetition Revolving Credit Lenders and the Prepetition Revolving Credit Agent with respect to the Prepetition Revolving Credit Obligations pursuant to and subject to the terms of the guarantees executed by the Guarantors in favor of the Prepetition Revolving Credit Lenders for the benefit of the Prepetition Revolving Credit Agent.

12. To secure the Prepetition Term Loan Obligations, pursuant to and subject to the terms of various security agreements, pledge agreements, mortgages, assignments and other related agreements, (i) PM&C and the Subsidiary Guarantors granted to the Prepetition Term Loan Agent security interests in and liens upon substantially all of their respective personal and material real property and other assets, then owned or thereafter acquired or arising, and the proceeds, products, rents and profits of all of the foregoing and (ii) PSC granted to the Prepetition Term Loan Agent security interests in and Liens upon PSC’s right, title and interest in all outstanding equity securities of PM&C and certain of its other direct subsidiaries and certain other personal property collateral (the “PSC Collateral”) as provided for in the related pledge agreement (all such collateral referred to in the preceding clauses (i) and (ii) and all property subject to valid rights of setoff in favor of the Prepetition Term Loan Agent and the Prepetition Term Loan Lenders, as of the Petition Date, is collectively referred to herein as the “Prepetition Term Loan Collateral” and the security interests and Liens upon such Prepetition Term Loan Collateral in favor of the Prepetition Term Loan Agent are referred to herein as the “Prepetition Term Loan Liens”).

13. To secure the Prepetition Revolving Credit Obligations, pursuant to and subject to the terms of various security agreements, pledge agreements, mortgages, assignments and other related agreements, PM&C and the Guarantors granted to the Prepetition Revolving Credit Agent security interests in and Liens (the “Prepetition Revolving Credit Liens”, together with the Prepetition Term Loan Liens, the “Prepetition Senior Liens”) upon all of the Prepetition Term Loan Collateral (all such collateral and all property subject to valid rights of setoff in favor of the Prepetition Revolving Credit Agent and the Prepetition Revolving Credit Lenders, as of the Petition Date, is collectively referred to herein as the “Prepetition Revolving Credit Collateral,” together with the Prepetition Term Loan Collateral, the “Prepetition Priority Collateral”).

14. As provided in that certain Intercreditor Agreement, dated as of December 19, 2003 (the “Senior Lender Intercreditor Agreement”), between the Prepetition Term Loan Agent and the Prepetition Revolving Credit Agent, the Prepetition Term Loan Liens and the Prepetition Revolving Credit Liens share pari passu in all Prepetition Priority Collateral.

15. Pursuant to that certain Amended and Restated Term Loan Agreement, dated as of August 1, 2003 (as amended, the “Junior Term Loan Agreement” and, together with all agreements, documents, mortgages, assignments, guarantees, notes and instruments delivered pursuant thereto or in connection therewith, the “Junior Term Loan Documents”), among PSC, as borrower, Wilmington Trust Company (“WTC”), as administrative agent (the “Junior Term Loan Agent,” together with the Prepetition Term Loan Agent and the Prepetition Revolving Credit Agent, the “Prepetition Agents”), and the lenders from time to time party thereto (collectively, the “Junior Term Loan Lenders”), the Junior Term Loan Lenders made term loans and other financial accommodations to PSC. The Debtors admit that, as of the Petition Date,

PSC was truly and justly indebted to the Junior Term Loan Lenders and the Junior Term Loan Agent, without defense, counterclaim or offset of any kind, for (i) term loans in the aggregate principal amounts of \$104,402,897 (the “Junior Term Loans”, together with the Senior Loans, the “Prepetition Loans”) and (ii) accrued but unpaid interest thereon in the approximate amount of \$2,246,374, plus all fees and other amounts due and owing under the Junior Term Loan Documents (collectively, the “Junior Term Loan Obligations”).

16. To secure the Junior Term Loan Obligations, pursuant to and subject to the terms of the related pledge agreement and other security documents (the “Junior Security Documents”), PSC granted to the Junior Term Loan Agent security interests in and Liens (the “Junior Term Loan Liens”, together with the Prepetition Senior Liens, the “Prepetition Liens”) upon all outstanding equity securities of PM&C, all dividends and distributions thereon and all proceeds thereof, all Indebtedness (as defined in the Junior Term Loan Agreement) of PM&C owed to PSC, including without limitation all intercompany loans made to PSC from PM&C, and all payments received by PSC from PM&C with respect thereto, and all Tax Sharing Payments (as defined in the Junior Term Loan Documents) received by PSC, as identified in the Junior Security Documents (the “Junior Term Loan Collateral”).

17. Pursuant to that certain Intercreditor Agreement, dated as of August 1, 2003 (the “Junior Intercreditor Agreement,” together with the Senior Lender Intercreditor Agreement, the “Intercreditor Agreements”), among the Prepetition Term Loan Agent, the Junior Term Loan Agent and PSC, the parties thereto agreed that, among other things, the Junior Term Loan Liens on any Junior Term Loan Collateral are junior and subordinate to the Prepetition Senior Liens thereon on the terms and subject to the conditions set forth in the Junior Intercreditor Agreement.



18. As used herein, the term “Prepetition Obligations” means the Prepetition Revolving Credit Obligations, the Prepetition Term Loan Obligations and the Junior Term Loan Obligations. The term “Prepetition Financing Documents” shall mean the Prepetition Revolving Credit Documents, the Prepetition Term Loan Documents and the Junior Term Loan Documents. The term “Prepetition Priority Lenders” shall mean the Prepetition Revolving Credit Lenders and the Prepetition Term Loan Lenders. The term “Prepetition Senior Agents” shall mean the Prepetition Revolving Credit Agent and the Prepetition Term Loan Agent. The term “Prepetition Secured Parties” shall mean the Prepetition Revolving Credit Lenders, the Prepetition Term Loan Lenders, the Junior Term Loan Lenders, the Prepetition Revolving Credit Agent, the Prepetition Term Loan Agent and the Junior Term Loan Agent. The term “Prepetition Liens” shall mean the Prepetition Revolving Credit Liens, the Prepetition Term Loan Liens and the Junior Term Loan Liens. The term “Prepetition Collateral” shall mean any collateral in which any Prepetition Secured Party has a security interest in or Lien upon as of the Petition Date pursuant to any of the Prepetition Financing Documents. The term “Majority Secured Parties” shall mean the holders of a majority of the outstanding Prepetition Senior Obligations.

19. The Debtors admit that (i) the Prepetition Liens constitute valid, binding, enforceable (other than in respect of the stay of enforcement arising from Bankruptcy Code section 362) and perfected Liens, (ii) the Prepetition Collateral is subject to no other Liens other than the Prepetition Liens and certain permitted Liens described in the Prepetition Financing Documents and (iii) the Prepetition Liens are not subject to avoidance, subordination, recharacterization or defense pursuant to the Bankruptcy Code or applicable non-bankruptcy law.

20. It would appear that adequate protection may be required pursuant to Sections 361 and 363(e) of the Bankruptcy Code with respect to the Prepetition Collateral,

including, without limitation, to compensate the Prepetition Secured Parties for any loss, diminution or damage resulting from the use of their respective interests in Cash Collateral (as defined below) or the use, sale or other disposition of their respective interests in the Prepetition Collateral and the imposition of the automatic stay.

21. The Majority Secured Parties have consented to the interim use by the Debtors of Cash Collateral and/or other Prepetition Collateral and the Junior Term Loan Agent has consented to PSC's use of the PSC Collateral on the terms and conditions of an Order granting this Motion, including without limitation the adequate protection arrangements contemplated by an Order granting this Motion.

22. Good cause has been shown for the entry of an Order granting this Motion. Among other things, entry of an Order granting this Motion will minimize disruption of the Debtors' businesses and operations and permit them to meet payroll and other operating expenses, and to retain customer confidence by demonstrating the ability to maintain normal operations. The disbursement of funds and use of Cash Collateral contemplated by the budget attached hereto as Exhibit A is intended by the Debtors to enable them to continue the operation of their businesses and to maximize the value of their estates.

23. The Debtors represent and it appears that the interim adequate protection arrangements authorized hereunder have been negotiated in good faith and at arm's length, and the terms of such adequate protection arrangements are fair and reasonable under the circumstances, reflect the Debtors' exercise of prudent business judgment consistent with their fiduciary duties and are supported by reasonably equivalent value and fair consideration.

24. The Debtors have requested prompt entry of an Order granting this Motion pursuant to Bankruptcy Rules 4001(b). The permission granted herein to enter into the adequate protection arrangements set forth herein is vital to avoid irreparable harm to the Debtors and their estates. Entry of an Order granting this Motion is in the best interests of the Debtors and their estates and creditors as its implementation will, among other things, allow for the continued operation of the Debtors' existing businesses.

### **RELIEF REQUESTED**

25. The Debtors require the use of cash collateral in order to fund their operations, including the payment of payroll and various other budgetary expenses as indicated on Exhibit A attached hereto. The Debtors anticipate the need to use cash collateral in the aggregate amount of \$43,671,900 for the period from the Petition Date through June 25. Set forth as an exhibit to the Lodge Affidavit is the projection of Debtors' anticipated receipts and expenditures for such period. See Lodge Affidavit, Ex. B. A copy of that exhibit is also attached to this Motion as Exhibit A. Without access to this cash, the Debtors' operations would collapse.

26. Section 363(c)(2) of the Bankruptcy Code provides that Debtors may not use, sell or lease cash collateral unless "(A) each entity that has an interest in such cash collateral consents; or (B) the court, after notice and a hearing, authorizes such use, sale or lease in accordance with the provisions of this section." 11 U.S.C. § 363(c)(2). Moreover, Section 363(e) of the Bankruptcy Code provides that on request of an entity that has an interest in property to be used by a debtor, the court shall prohibit or condition such use as necessary to provide adequate protection of such interest.

27. The Prepetition Priority Lenders have consented to the Debtors' use of cash collateral provided that the Prepetition Priority Lenders are afforded the adequate protection prescribed for the Prepetition Priority Lenders in the form of interim order attached as Exhibit B (the "Interim Order"). The Prepetition Junior Lenders have also consented to the Debtors' continued use of the PSC Collateral (none of which constitutes cash collateral) provided that the Prepetition Junior Lenders are afforded the adequate protection prescribed for the Prepetition Junior Lenders in the Interim Order.

28. Under Section 361 of the Bankruptcy Code, Debtors may provide adequate protection by providing to a secured creditor an additional or replacement lien to the extent that such stay, use, sale, lease or grant results in a decrease in the value of such entity's interest in such property. 11 U.S.C. § 361(2). Furthermore, the concept of adequate protection is flexible and should be "tailored to the individual facts and circumstances of each case." In re Tellier, 125 B.R. 348, 349 (Bankr. D. R.I. 1991). As the legislative history of section 361 notes:

[t]he section specifies four means of providing adequate protection. They are neither exclusive nor exhaustive. . . . There are an infinite number of variations possible in dealings between debtors and creditors. The law is continually developing and new ideas are continuing to be implemented in this field. The flexibility is important to permit the Courts to adapt to varying circumstances and changing modes of financing.

Notes of Committee on the Judiciary, House Report No. 95-595.

29. As more fully set forth in the Interim Order, the Debtors are prepared to provide adequate protection as allowed under Section 361 of the Bankruptcy Code in the following respects:

(a) The Debtors will grant replacement liens to the Prepetition Priority Lenders and the Prepetition Junior Lenders in the same types of collateral (and granted by

the same Debtors) in respect of which the respective lenders hold valid prepetition liens in order to protect the lenders against any diminution in value of their respective collateral pools;

(b) The Debtors will grant superpriority claims to the Prepetition Priority Lenders and the Prepetition Junior Lenders (against the Debtors who granted such lenders prepetition liens) to the extent that the replacement liens prove to be insufficient to protect the lenders from any diminution in value of their respective collateral pools;

(c) Without prejudice to the rights of other parties in interest, including an Official Committee of Unsecured Creditors, the Debtors will not contest the validity or enforceability of the liens and claims held by the Prepetition Secured Parties;

(d) The Debtors will pay to the Prepetition Priority Lenders and, subject to the entry of a final order, the Prepetition Junior Lenders, interest on a monthly basis at the non-default rate specified in the Prepetition Financing Documents, together with professional fees and expenses incurred by the lenders in connection with this case; provided, however, that all such payments shall be subject to ultimate allowance under Section 506(b) of the bankruptcy Code;

(e) The Debtors have agreed that the Prepetition Collateral cannot be surcharged under Section 506(c) of the Bankruptcy Code;

(f) The Debtors have agreed that they will not seek authority to impose a lien upon the Prepetition Priority Collateral that is equal to or senior in priority to the liens held by the Prepetition Senior Lenders; and

(g) The Debtors will provide financial reports to the Prepetition Secured Parties on a regular basis.

### **REQUEST FOR INTERIM RELIEF**

30. Bankruptcy Rule 4001(b) permits a court to approve a debtor's request for use of cash collateral during the 15-day period following the filing of a motion for authority to use cash collateral "as is necessary to avoid immediate and irreparable harm to the estate pending a final hearing." Fed. R. Bankr. P. 4001(b)(2). Similarly, Bankruptcy Rule 4001(c) permits a court to approve a debtors' request for authority to obtain financing during the same period "to the extent necessary to avoid immediate and irreparable harm to the estate pending a final hearing." Fed. R. Bankr. P. 4001(c)(2). In examining such requests under Bankruptcy Rule 4001, courts apply the same business judgment standard as is applicable to other business

decisions. In re Ames Dept. Stores, Inc., 115 B.R. 34, 38 (Bankr. S.D.N.Y. 1990). The Debtors submit that, for the reasons set forth herein, authority to obtain postpetition financing and use of cash collateral pursuant to an interim basis as requested in this Motion is necessary to avert immediate and irreparable harm to the Debtors' business.

31. Bankruptcy Rule 4001 provides that a final hearing on a motion to use cash collateral pursuant to agreement of the parties may not be commenced earlier than 15 days after the service of such motion. Upon request, however, the Court is empowered to conduct a preliminary expedited hearing on the motion and authorize the use of the cash collateral in the obtaining credit to the extent necessary to avoid immediate and irreparable harm to a debtor's estate.

32. The Debtors request that the Court conduct an expedited preliminary hearing on the motion (the "Interim Hearing") and authorize Debtors from and after the entry of the Interim Order, until the final hearing, to use cash collateral in the manner as provided in the proposed Interim Order. This will enable the Debtors to maintain ongoing operations and avoid immediate and irreparable harm and prejudice to their estates, and all parties in interest.

### **REQUEST FOR FINAL HEARING**

33. Pursuant to Bankruptcy Rule 4001(b)(2) and (c)(2), the Debtors respectfully request that the Court set a date for the Final Hearing that is no later than thirty (30) days following the Petition Date.

### **NOTICE**

34. In light of Debtors' immediate need for interim cash to avoid immediate and irreparable harm to Debtors and their estates, Debtors have certified that a copy of the Motion, the attached Order and notice of the Interim Hearing have been served by electronic

mail, telecopy transmission, hand delivery or overnight courier upon the (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 agent for the Pegasus Media & Communications, Inc. credit facility; (iv) the administrative agent for the Pegasus Satellite Communications, Inc. credit facility and (v) each of the indenture trustees for each series of notes issued by PSC; (vi) counsel to the bank steering committee; and (vii) counsel to the Junior Term Loan Agent. Debtors submit that under the circumstances, no further notice of hearing on interim use of cash collateral is necessary, and request that the Court consider such notice of the interim hearing to be sufficient notice under Bankruptcy Rule 4001.

35. Final Hearing. The Debtors shall, on or before June \_\_\_\_, 2004, serve by United States mail, first class postage prepaid, copies of the Motion, the attached Order and a notice of the hearing (the "Final Hearing Notice") to be held on June \_\_\_\_, 2004, at \_\_:\_\_ a.m. to consider entry of the proposed Final Order on: (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 agent for the Pegasus Media & Communications, Inc. credit facility; (iv) the administrative agent for the Pegasus Satellite Communications, Inc. credit facility; (v) each of the indenture trustees for each series of notes issued by PSC; (vi) counsel to the Prepetition Term Loan Agent; (vii) counsel to the Prepetition Revolving Credit Agent, (viii) counsel to the Junior Term Loan Agent; (ix) counsel to the PM&C bank steering committee; (x) counsel for any official committee appointed in these Chapter 11 Cases (collectively, the "Notice Parties"), (xi) the Securities and Exchange Commission; (xii) the Internal Revenue Service; (xiii) all parties who have requested notice pursuant to Bankruptcy Rule 2002; (xiv) any state taxing authority having a claim against any of the Debtors; and (xv)

all parties known by the Debtors to have liens on, or security interests in, the Debtors' assets. The Debtors submit that in light of the nature of the relief requested, no further notice is required. Debtors request that the Court consider such notice of the final hearing to be sufficient notice under Bankruptcy Rule 4001 and Local Rule 4001-2.

**NO PRIOR REQUEST**

20. No previous application for the relief sought in this Motion has been made by Debtors to this or to any other court.



WHEREFORE, Debtors respectfully request that the Court enter an Order substantially in the form attached hereto, authorizing the use of the cash collateral and granting such other further relief as is just and proper.

Dated: Portland, Maine  
June 2, 2004

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Proposed Attorneys for Debtors  
and Debtors in Possession

**EXHIBIT A**

Receipts and Disbursements

(attached hereto)

**Pegasus Satellite Communications, Inc.**

**Consolidated Cash Forecast Scenario**

**Privileged and Confidential  
Working Draft; subject to change  
Prepared by Management**

	May 28, 2004 Actual	May 28, 2004 Forecast	Variance	June 4, 2004 Forecast (3)	June 11, 2004 Forecast	June 18, 2004 Forecast	June 25, 2004 Forecast
Beginning balance.....	\$18,249,882	\$18,249,882	\$-	\$16,619,729	\$21,263,068	\$13,809,018	\$25,575,718
Total cash receipts (1).....	14,869,000	14,763,900	105,100	12,838,800	24,948,400	15,175,400	15,175,400
Total cash disbursements (2).....	16,499,152	21,316,236	5,117,084	8,195,461	32,402,450	3,408,700	7,860,750
Ending balance.....	<u>\$16,619,729</u>	<u>\$11,697,545</u>	<u>\$4,922,184</u>	<u>\$21,263,068</u>	<u>\$13,809,018</u>	<u>\$25,575,718</u>	<u>\$32,890,368</u>

**Notes:**

- (1) Receipts during the week ending June 11, 2004 include an anticipated \$7.6 million receipt of NRTC patronage
- (2) Includes distributions to the Management Company
- (3) Activity for the week ended June 4, 2004 includes pre-petition and post-petition items

**EXHIBIT B**

Form of Order

(attached hereto)

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF MAINE

	)	
In re:	)	Chapter 11
	)	
PEGASUS SATELLITE TELEVISION, INC, et al.,	)	Case No. 04-20878
	)	
Debtors.	)	(Joint Administration Requested)
	)	

**INTERIM ORDER (A) AUTHORIZING THE USE OF CASH  
COLLATERAL, (B) GRANTING ADEQUATE PROTECTION TO CERTAIN  
PREPETITION SECURED PARTIES PURSUANT TO SECTIONS 105, 361, AND 363  
OF THE BANKRUPTCY CODE INCLUDING REPLACEMENT LIENS  
AND SUPERPRIORITY CLAIMS AND (C) SCHEDULING A HEARING  
FOR FINAL APPROVAL OF USE OF CASH COLLATERAL**

This matter coming to be heard on the Motion for an Order Pursuant to Sections 105, 361 and 363 of the Bankruptcy Code (1) Authorizing the Pegasus Satellite Television, Inc., and certain of its subsidiaries and affiliates, each a debtor and debtor in possession herein (each a “Debtor”, and collectively, the “Debtors”)<sup>1</sup> to use Cash Collateral, (2) Granting Adequate Protection to Certain Prepetition Secured Parties and (3) Scheduling and Approving the Form and Method of Notice of Final Hearing (the “Motion”) of the Debtors filed on June , 2004; and

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<sup>1</sup> 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.

(footnote continued)

this Court having considered the Motion and Exhibits attached thereto; and, in accordance with Rules 2002 and 4001 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) and D. Me. L.B.R. 4001-2, and under the circumstances of the interim relief requested, due and proper notice of the Motion having been given; and a hearing to consider approval of the Motion having been held and concluded; and upon all of the pleadings filed with the Court and proceedings held before the Court; and after due deliberation and consideration and good and sufficient cause appearing therefore,

THE COURT HEREBY FINDS:

A. On June 2, 2004 (the “Petition Date”), each of the Debtors filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.* (the “Bankruptcy Code”). Pursuant to sections 1107 and 1108 of the Bankruptcy Code, the Debtors have retained possession of their property and are authorized thereby, as debtors-in-possession, to continue the operation and management of their businesses.

B. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§157 and 1334. This is a “core” proceeding within the meaning of 28 U.S.C. §157(b)(2). The statutory predicates for the relief sought herein are §§ 105, 361, 362 and 363 of the Bankruptcy Code and Bankruptcy Rules 4001(b). Venue of the Debtors’ chapter 11 cases and the Motion in this District is proper pursuant to 28 U.S.C. §§1408 and 1409. No request has been made for appointment of a trustee or examiner.

C. Subject to paragraph 14 below, the stipulations set forth in paragraphs D through M below are without prejudice to the right of any party-in-interest (other than the Debtors),

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(footnote continued)

including any official committee of unsecured creditors (the “Creditors’ Committee”) appointed in these cases, to challenge or dispute the statements and characterizations set forth therein. **The release of claims and waiver of defenses of the Debtors contained in paragraphs D through M below vary from the requirements of D. Me. L.B.R. 4001-2(c).**

D. The Debtors admit that pursuant to that certain Fourth Amendment and Restatement of Credit Agreement, dated as of October 22, 2003 (as amended, the “Prepetition Term Loan Agreement” and, together with all agreements, documents, mortgages, assignments, guarantees, notes and instruments delivered pursuant thereto or in connection therewith, the “Prepetition Term Loan Documents”), among Pegasus Media & Communications, Inc (“PM&C”, the direct parent of Pegasus Satellite Television, Inc., “Pegasus”), as borrower, Bank of America, N.A., as agent (in such capacity, the “Prepetition Term Loan Agent”), Deutsche Bank and Trust Company Americas, as resigning agent, and the lenders from time to time party thereto (collectively, the “Prepetition Term Loan Lenders”), the Prepetition Term Loan Lenders made term loans either directly or through an affiliate, to PM&C. The Debtors admit that, as of the Petition Date, (a) PM&C was truly and justly indebted to the Prepetition Term Loan Lenders and the Prepetition Term Loan Agent, without defense, counterclaim or offset of any kind, for (i) term loans in the aggregate principal amounts of \$391,766,856 (the “Term Loans”), and (ii) accrued but unpaid interest thereon in the approximate amount of \$2,950,150, plus all fees and other amounts due and owing under the Prepetition Term Loan Documents (collectively, the “Prepetition Term Loan Obligations”), (b) Pegasus Satellite Communications, Inc. (“PSC”), the direct parent of PM&C, as limited recourse guarantor, is contingently liable to the Prepetition Term Loan Lenders with respect to the Prepetition Term Loan Obligations pursuant to and in accordance with the terms of a certain limited recourse guarantee executed by PSC in favor of the Prepetition Term Loan Agent for the benefit of the Prepetition Term Loan Lenders and (c) certain subsidiaries of PM&C, including Pegasus, as guarantors (the “Subsidiary Guarantors,” collectively with PSC, the “Guarantors”), are contingently liable to the Prepetition Term Loan

Lenders with respect to the Prepetition Term Loan Obligations pursuant to a certain subsidiary guaranty executed by such Subsidiary Guarantors in favor of the Prepetition Term Loan Agent for the benefit of the Prepetition Term Loan Lenders.

E. The Debtors admit that pursuant to that certain Credit Agreement, dated as of December 19, 2003 (as amended, the “Prepetition Revolving Credit Agreement” and, together with all agreements, documents, guarantees, notes and instruments delivered pursuant thereto or in connection therewith, the “Prepetition Revolving Credit Documents”), among PM&C, as borrower, Madeleine, L.L.C., as administrative agent (in such capacity, the “Prepetition Revolving Credit Agent”), and the lenders from time to time party thereto (collectively, the “Prepetition Revolving Credit Lenders”), the Prepetition Revolving Credit Lenders made revolving loans and other financial accommodations to PM&C. The Debtors admit that, as of the Petition Date, (a) PM&C was truly and justly indebted to the Prepetition Revolving Credit Lenders and the Prepetition Revolving Credit Agent, without defense, counterclaim or offset of any kind, for (i) revolving loans in the aggregate principal amounts of \$18,000,000 (the “Revolving Loans,” together with the Term Loans, the “Senior Loans”), (ii) accrued but unpaid interest thereon in the approximate amount of \$275,410, (iii) a commitment fee in the amount of \$10,416.67 plus all other fees and other amounts due and owing under the Prepetition Revolving Credit Documents (collectively, the “Prepetition Revolving Credit Obligations,” together with the Prepetition Term Loan Obligations, the “Prepetition Senior Obligations”) and (b) the Guarantors were contingently liable to the Prepetition Revolving Credit Lenders and the Prepetition Revolving Credit Agent with respect to the Prepetition Revolving Credit Obligations pursuant to and subject to the terms of the guarantees executed by the Guarantors in favor of the Prepetition Revolving Credit Lenders for the benefit of the Prepetition Revolving Credit Agent.

F. The Debtors admit that, to secure the Prepetition Term Loan Obligations, pursuant to and subject to the terms of various security agreements, pledge agreements, mortgages, assignments and other related agreements, (i) PM&C and the Subsidiary Guarantors



granted to the Prepetition Term Loan Agent security interests in and Liens<sup>2</sup> upon substantially all of their respective personal and material real property and other assets, then owned or thereafter acquired or arising, and the proceeds, products, rents and profits of all of the foregoing and (ii) PSC granted to the Prepetition Term Loan Agent security interests in and Liens upon PSC's right, title and interest in all outstanding equity securities of PM&C and certain of its other direct subsidiaries and certain other personal property collateral (the "PSC Collateral") as provided for in the related pledge agreement (all such collateral referred to in the preceding clauses (i) and (ii) and all property subject to valid rights of setoff in favor of the Prepetition Term Loan Agent and the Prepetition Term Loan Lenders, as of the Petition Date, is collectively referred to herein as the "Prepetition Term Loan Collateral") and the security interests and Liens upon such Prepetition Term Loan Collateral in favor of the Prepetition Term Loan Agent are referred to herein as the "Prepetition Term Loan Liens").

G. The Debtors admit that, to secure the Prepetition Revolving Credit Obligations, pursuant to and subject to the terms of various security agreements, pledge agreements, mortgages, assignments and other related agreements, PM&C and the Guarantors granted to the Prepetition Revolving Credit Agent security interests in and Liens (the "Prepetition Revolving Credit Liens;" together with the Prepetition Term Loan Liens, the "Prepetition Senior Liens") upon all of the Prepetition Term Loan Collateral (all such collateral and all property subject to valid rights of setoff in favor of the Prepetition Revolving Credit Agent and the Prepetition Revolving Credit Lenders, as of the Petition Date, is collectively referred to herein as the "Prepetition Revolving Credit Collateral;" together with the Prepetition Term Loan Collateral, the "Prepetition Priority Collateral").

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<sup>2</sup> Unless otherwise defined in the applicable Prepetition Financing Documents, the term "Lien" as used herein shall mean any "lien" within the meaning of Bankruptcy Code section 101(37).

H. As provided in that certain Intercreditor Agreement, dated as of December 19, 2003 (the “Senior Lender Intercreditor Agreement”), between the Prepetition Term Loan Agent and the Prepetition Revolving Credit Agent, the Prepetition Term Loan Liens and the Prepetition Revolving Credit Liens share pari passu in all Prepetition Priority Collateral.

I. The Debtors admit that pursuant to that certain Amended and Restated Term Loan Agreement, dated as of August 1, 2003 (as amended, the “Junior Term Loan Agreement” and, together with all agreements, documents, mortgages, assignments, guarantees, notes and instruments delivered pursuant thereto or in connection therewith, the “Junior Term Loan Documents”), among PSC, as borrower, Wilmington Trust Company (“WTC”), as administrative agent (the “Junior Term Loan Agent,” together with the Prepetition Term Loan Agent and the Prepetition Revolving Credit Agent, the “Prepetition Agents”), and the lenders from time to time party thereto (collectively, the “Junior Term Loan Lenders”), the Junior Term Loan Lenders made term loans and other financial accommodations to PSC. The Debtors admit that, as of the Petition Date, PSC was truly and justly indebted to the Junior Term Loan Lenders and the Junior Term Loan Agent, without defense, counterclaim or offset of any kind, for (i) term loans in the aggregate principal amounts of \$104,402,897 (the “Junior Term Loans,” together with the Senior Loans, the “Prepetition Loans”) and (ii) accrued but unpaid interest thereon in the approximate amount of \$2,246,374, plus all fees and other amounts due and owing under the Junior Term Loan Documents (collectively, the “Junior Term Loan Obligations”).

J. The Debtors admit that, to secure the Junior Term Loan Obligations, pursuant to and subject to the terms of the related pledge agreement and other security documents (the “Junior Security Documents”), PSC granted to the Junior Term Loan Agent security interests in and Liens (the “Junior Term Loan Liens,” together with the Prepetition Senior Liens, the “Prepetition Liens”) upon all outstanding equity securities of PM&C, all dividends and distributions thereon and all proceeds thereof, all Indebtedness (as defined in the Junior Term Loan Agreement) of PM&C owed to PSC, including without limitation all intercompany loans

made to PSC from PM&C, and all payments received by PSC from PM&C with respect thereto, and all Tax Sharing Payments (as defined in the Junior Term Loan Documents) received by PSC, as identified in the Junior Security Documents (the “Junior Term Loan Collateral”).

K. Pursuant to that certain Intercreditor Agreement, dated as of August 1, 2003 (the “Junior Intercreditor Agreement,” together with the Senior Lender Intercreditor Agreement, the “Intercreditor Agreements”), among the Prepetition Term Loan Agent, the Junior Term Loan Agent and PSC, the parties thereto agreed that, among other things, the Junior Term Loan Liens on any Junior Term Loan Collateral are junior and subordinate to the Prepetition Senior Liens thereon on the terms and subject to the conditions set forth in the Junior Intercreditor Agreement.

L. As used herein, the term “Prepetition Obligations” shall mean the Prepetition Revolving Credit Obligations, the Prepetition Term Loan Obligations and the Junior Term Loan Obligations. The term “Prepetition Financing Documents” shall mean the Prepetition Revolving Credit Documents, the Prepetition Term Loan Documents and the Junior Term Loan Documents. The term “Prepetition Priority Lenders” shall mean the Prepetition Revolving Credit Lenders and the Prepetition Term Loan Lenders. The term “Prepetition Senior Agents” shall mean the Prepetition Revolving Credit Agent and the Prepetition Term Loan Agent. The term “Prepetition Secured Parties” shall mean the Prepetition Revolving Credit Lenders, the Prepetition Term Loan Lenders, the Junior Term Loan Lenders, the Prepetition Revolving Credit Agent, the Prepetition Term Loan Agent and the Junior Term Loan Agent. The term “Prepetition Liens” shall mean the Prepetition Revolving Credit Liens, the Prepetition Term Loan Liens and the Junior Term Loan Liens. The term “Prepetition Collateral” shall mean any collateral in which any Prepetition Secured Party has a security interest in or Lien upon as of the Petition Date pursuant to any of the Prepetition Financing Documents. The term “Majority Secured Parties” shall mean the holders of a majority of the outstanding Prepetition Senior Obligations.

M. The Debtors admit that (i) the Prepetition Liens constitute valid, binding, enforceable (other than in respect of the stay of enforcement arising from Bankruptcy Code section 362) and perfected Liens, (ii) the Prepetition Collateral is subject to no other Liens other than the Prepetition Liens and certain permitted Liens described in the Prepetition Financing Documents and (iii) the Prepetition Liens are not subject to avoidance, subordination, recharacterization or defense pursuant to the Bankruptcy Code or applicable non-bankruptcy law.

N. It would appear that adequate protection may be required pursuant to Sections 361 and 363(e) of the Bankruptcy Code with respect to the Prepetition Collateral, including, without limitation, to compensate the Prepetition Secured Parties for any loss, diminution or damage resulting from the use of their respective interests in Cash Collateral (as defined below) or the use, sale or other disposition of their respective interests in the Prepetition Collateral and the imposition of the automatic stay.

O. The Majority Secured Parties have consented to the interim use by the Debtors of Cash Collateral and/or other Prepetition Collateral and the Junior Term Loan Agent has consented to PSC's use of the PSC Collateral on the terms and conditions of this Order, including without limitation the adequate protection arrangements contemplated by this Order.

P. Debtors have certified that a copy of the Motion, this Order and notice of the Interim Hearing have been served by electronic mail, telecopy transmission, hand delivery or overnight courier upon the United States Trustee; the Prepetition Term Loan Agent, the Prepetition Revolving Credit Agent; counsel to the Steering Committee (as defined below); counsel to the Junior Term Loan Agent, and the 50 largest unsecured creditors of Debtors (on a consolidated basis). The Court finds that notice of the Motion, as it relates to this Order, is, under the circumstances, sufficient under the Bankruptcy Code and the Bankruptcy Rules, including, without limitation, Sections 102(1) and 363 of the Bankruptcy Code and Bankruptcy Rule 4001(b)(2).

Q. Good cause has been shown for the entry of this Order. Among other things, entry of this Order will minimize disruption of the Debtors' businesses and operations and permit them to meet payroll and other operating expenses, and to retain customer confidence by demonstrating the ability to maintain normal operations. The disbursement of funds and use of Cash Collateral contemplated hereby and by the Budget (as hereinafter defined) is intended by the Debtors to enable them to continue the operation of their businesses and to maximize the value of their estates.

R. The Debtors represent, and it appears, that the interim adequate protection arrangements authorized hereunder have been negotiated in good faith and at arm's length, and the terms of such adequate protection arrangements are fair and reasonable under the circumstances, reflect the Debtors' exercise of prudent business judgment consistent with their fiduciary duties and are supported by reasonably equivalent value and fair consideration.

S. The Debtors have requested prompt entry of this Order pursuant to Bankruptcy Rules 4001(b). The permission granted herein to enter into the adequate protection arrangements set forth herein is vital to avoid irreparable harm to the Debtors and their estates. This Court concludes that entry of this Order is in the best interests of the Debtors and their estates and creditors as its implementation will, among other things, allow for the continued operation of the Debtors' existing businesses.

THEREFORE, IT IS HEREBY ORDERED, ADJUDGED AND DECREED that:

1. Grant of Motion. The Motion is granted with respect to the matters covered by this Order on an interim basis.

2. Authorization to Use Cash Collateral; Limitations on Use. Subject to the provisions of this Order that apply to the Prepetition Priority Lenders, the Debtors are authorized to use from the Petition Date through the Termination Date (as hereinafter defined), pursuant to

section 363(c)(2) of the Bankruptcy Code, cash collateral (as such term is defined in section 363(a) of the Bankruptcy Code) arising from, or constituting Proceeds (as defined in the Uniform Commercial Code) of, the Prepetition Priority Collateral or the proceeds thereof (“Cash Collateral”); provided that Cash Collateral may be used only to satisfy the Debtors’ ongoing business expenses and, prior to the entry of a Final Order, in a manner consistent with the projected expenditures attached as a Exhibit A.

3. Adequate Protection Liens. As adequate protection in accordance with section 363(e) of the Bankruptcy Code:

- (i) To secure the Term Loan Adequate Protection Obligations (as defined below), the Prepetition Term Loan Agent is hereby granted, effective as of the Petition Date, for the benefit of itself and the Prepetition Term Loan Lenders, a perfected replacement security interest in and valid, binding, enforceable and perfected Lien (the “Term Loan Adequate Protection Liens”) on all Postpetition Collateral (as defined below) of the same type and of the same Debtors that the Prepetition Term Loan Agent had a security interest in or Lien upon as of the Petition Date, including any proceeds of such Postpetition Collateral and of any Prepetition Collateral, which security interests and Liens shall be pari passu with the Revolving Loan Adequate Protection Liens on the same terms and conditions as that provided under the Senior Lender Intercreditor Agreement, but senior to the Junior Term Loan Adequate Protection Liens to the same extent as provided for under, and subject to the same terms and conditions of, the Junior Intercreditor Agreement;
- (ii) To secure the Revolving Loan Adequate Protection Obligations (as defined below), the Prepetition Revolving Credit Agent is hereby granted, effective as of the Petition Date, for the benefit of itself and the Prepetition Revolving Credit Lenders, a perfected replacement security interest in and valid, binding, enforceable and perfected Lien (the “Revolving Credit Adequate Protection Liens,” together with the Term Loan Adequate Protection Liens, the “Senior Adequate Protection Liens”) on all Postpetition Collateral of the same type and of the same Debtors that the Prepetition Revolving Credit Agent had a security interest in or Lien upon as of the Petition Date, including any proceeds of such Postpetition Collateral and of any Prepetition Collateral, which security interests and Liens shall be pari passu with the Term Loan Adequate Protection Liens on the same terms and

conditions as that provided under the Senior Lender Intercreditor Agreement, but senior to the Junior Term Loan Adequate Protection Liens to the same extent as provided for under, and subject to the same terms and conditions of, the Junior Intercreditor Agreement; and

- (iii) To secure the Junior Term Loan Adequate Protection Obligations (as defined below), PSC hereby grants to the Junior Term Loan Agent, effective as of the Petition Date and for the benefit of itself and the Junior Term Loan Lenders, a perfected replacement security interest in and valid, binding, enforceable and perfected Lien (the "Junior Term Loan Adequate Protection Liens;" together with the Senior Adequate Protection Liens, the "Adequate Protection Liens") on all Postpetition Collateral owned by PSC of the same type in which the Junior Term Loan Agent had a security interest in or Lien upon as of the Petition Date, which security interests and Liens shall be junior and subordinate to the Senior Adequate Protection Liens to the same extent as provided for under, and subject to the same terms and conditions of, the Junior Intercreditor Agreement.

The term "Postpetition Collateral" shall mean all of each Debtors' assets (real and personal), including, without limitation, all of each Debtors' real and personal property, including all cash, accounts, inventory, equipment, fixtures, general intangibles, documents, instruments, chattel paper, stock certificates, deposit accounts, letter-of-credit rights, commercial tort claims, investment property, owned or leased real estate, contract rights and books and records relating to any assets of a Debtor and all proceeds (including insurance proceeds) of the foregoing, whether in existence on the Petition Date or thereafter created, acquired or arising and wherever located (all such real and personal property, and the proceeds thereof, other than property owned by the Debtors on the Petition Date, being collectively hereinafter referred to as the "Postpetition Collateral"); provided that Postpetition Collateral shall not include any claims or causes of action pursuant to Sections 502(d), 544, 545, 547, 548, 549, 550 or 553 of the Bankruptcy Code and the proceeds thereof ("Avoidance Claims"). The Adequate Protection Liens shall be first priority perfected liens in the Postpetition Collateral to which they are subject on the terms set forth

above, including the terms of the Intercreditor Agreements, subject to no other liens or encumbrances other than the Carve-Out (as defined below).

4. Adequate Protection Obligations. The Debtors shall be obligated to compensate the Prepetition Term Loan Lenders in an amount equal to the lesser of (x) the amount by which the value of the Prepetition Term Loan Collateral diminishes during the term of this Order by virtue of the Debtors' use of the Cash Collateral as contemplated hereby, the use of any other Prepetition Term Loan Collateral and/or by virtue of the imposition of the automatic stay and (y) the amount by which the Prepetition Term Loan Obligations exceed the value of the Prepetition Term Loan Collateral as of the date of determination, which shall be no later than the date the Debtors' authority to use Cash Collateral under this Order terminates (the "Term Loan Adequate Protection Obligations"). The Debtors shall be obligated to compensate the Prepetition Revolving Credit Lenders in an amount equal to the lesser of (x) the amount by which the value of the Prepetition Revolving Credit Collateral diminishes during the term of this Order by virtue of the Debtors' use of the Cash Collateral as contemplated hereby, the use of any other Prepetition Revolving Credit Collateral and/or by virtue of the imposition of the automatic stay and (y) the amount by which the Prepetition Revolving Credit Obligations exceed the value of the Prepetition Revolving Credit Collateral as of the date of determination, which shall be no later than the date the Debtors' authority to use Cash Collateral under this Order terminates (the "Revolving Credit Adequate Protection Obligations;" together with the Term Loan Adequate Protection Obligations, the "Senior Adequate Protection Obligations"). The Debtors shall be obligated to compensate the Junior Term Loan Lenders in an amount equal to the lesser of (x) the amount by which the value of the Junior Term Loan Collateral diminishes during the term of this Order by virtue of the use of any Junior Term Loan Collateral and/or by virtue of the



imposition of the automatic stay and (y) the amount by which the Junior Term Loan Obligations exceed the value of the Junior Term Loan Collateral as of the date of determination (the “Junior Term Loan Adequate Protection Obligations,” together with the Senior Adequate Protection Obligations, the “Adequate Protection Obligations”).

5. Superpriority Claims. As additional adequate protection, to the extent that the Adequate Protection Liens are inadequate to repay the Adequate Protection Obligations, each of the Prepetition Secured Parties shall have superpriority administrative claims to the extent of such deficiency against each of those Debtors (and only those Debtors) who owes Prepetition Obligations to such Prepetition Secured Party as of the Petition Date (the “Deficiency Claims”) with priority over all administrative expenses of the kind specified in section 503(b) or 507(b) of the Bankruptcy Code (“Superpriority”), but subject to (i) the same relative priorities among the Prepetition Secured Parties as described above with respect to the Adequate Protection Liens and (ii) the Carve-Out. Unless otherwise provided in a further Order of this Court with the consent of the Majority Secured Parties and except as expressly set forth herein, no costs or administrative expenses which have been or may be incurred in the Debtors’ chapter 11 cases, in any conversion of the Debtors’ chapter 11 cases pursuant to section 1112 of the Bankruptcy Code, or in any other proceeding related thereto, and no priority claims, including, without limitation, any other Superpriority claims, are or will be prior to or on a parity with the Deficiency Claims.

6. Periodic Payments; Fees and Expenses. As additional adequate protection, the Debtors shall (a) pay to each of the Prepetition Priority Lenders on the first business day of each calendar month beginning on July 1, 2004 all accrued, but unpaid, interest on the Prepetition Revolving Credit Obligations and the Prepetition Term Loan Obligations at the non-default base rates specified in the Prepetition Revolving Credit Agreement and the Prepetition Term Loan

Agreement, respectively (for the avoidance of doubt, the first such payment shall also include any accrued, but unpaid, prepetition interest, any unpaid commitment fees, and all unpaid prepetition professional fees and expenses due to the professionals specified in paragraph 6 hereof or otherwise payable under the terms of such Prepetition Financing Documents, but only to the extent such interest and commitment fees (if any) would otherwise be payable in cash to such Prepetition Secured Party under the terms of such Prepetition Financing Documents in the absence of these chapter 11 proceedings, (b) subject to the entry of a Final Order, pay to each of the Junior Term Loan Lenders on the first business day of each calendar month beginning on July 1, 2004 all accrued, but unpaid, interest on the Junior Term Loan Obligations at the non-default rate specified in the Junior Term Loan Agreement, but only to the extent such interest would otherwise be payable in cash to such Junior Term Loan Lenders under the terms of the Prepetition Financing Documents in the absence of these chapter 11 proceedings (for the avoidance of doubt, the first such payment shall also include any accrued, but unpaid, prepetition interest otherwise payable by the Debtors in cash), and (c) no later than 10 days following receipt of any invoice therefor, pay, or reimburse, (i) the steering committee on behalf of the Majority Secured Parties (the "Steering Committee") for any reasonable fees and out-of-pocket expenses of one law firm (plus Portland co-counsel) engaged or retained by the Steering Committee to represent the interests of the Prepetition Priority Lenders in these chapter 11 cases (the "Senior Restructuring Counsel"), (ii) the Prepetition Term Loan Agent for any reasonable out-of-pocket costs and expenses incurred by the Prepetition Term Loan Agent relating to its administrative functions as agent including the reasonable fees and expenses on one law firm engaged by the Prepetition Term Loan Agent to provide advice in connection with such administrative functions, including the negotiation, preparation and execution of any documents, amendments or proofs of

claim relating to such Prepetition Financing Documents and other agency functions which would customarily be prepared by such agent in the absence of these chapter 11 proceedings (but excluding providing restructuring advice on behalf of the Prepetition Term Lenders or otherwise duplicating the services of the Senior Restructuring Counsel), (iii) the Prepetition Revolving Credit Agent for any reasonable out-of-pocket costs and expenses incurred by the Prepetition Revolving Credit Agent relating to its administrative functions as agent including the reasonable fees and expenses on one law firm engaged by the Prepetition Revolving Credit Agent to provide advice in connection with such administrative functions, including the negotiation, preparation and execution of any documents, amendments or proofs of claim relating to such Prepetition Financing Documents and other agency functions which would customarily be prepared by such agent in the absence of these chapter 11 proceedings (but excluding providing restructuring advice on behalf of the Prepetition Revolving Lenders or otherwise duplicating the services of the Senior Restructuring Counsel), (iv) the Steering Committee for any reasonable fees and out-of-pocket expenses of a financial advisor engaged or retained to represent the interests of the Prepetition Priority Lenders in these chapter 11 cases, (v) members of the Steering Committee for reasonable out-of-pocket costs and expenses incurred by such members in connection with these chapter 11 cases (which costs and expenses will not include any professional fees or expenses), and (v) subject to the entry of a Final Order, the Prepetition Junior Agent for any reasonable fees and out-of-pocket expenses of one law firm (plus Portland co-counsel) engaged or retained to represent the interests of the Prepetition Junior Lenders in these chapter 11 cases, including any reasonable attorney's fees and expenses incurred by the Prepetition Junior Agent prior to the Petition Date in connection with the negotiation and drafting of this Order and the commencement of these chapter 11 cases. No recipient of any payment under clause (c) above

shall be required to file with respect thereto any interim or final fee application with this Court. Payments made by the Debtors pursuant to this paragraph 6 shall be provisional in nature pending ultimate allowance under §506(b) of the Bankruptcy Code. Nothing contained herein shall preclude the Prepetition Secured Parties from asserting that they are entitled to the allowance of interest at rates higher than those specified herein (including at the default rates contemplated by the Prepetition Financing Documents) or requesting the Court to direct the payment of such higher rates, nor shall anything contained herein limit the Debtors' rights to contest such assertions and requests. The entry of this Order is without prejudice to the rights of the Junior Term Loan Agent to seek a further order of the Court to obtain other or additional adequate protection, including, *inter alia*, the payment or reimbursement by the Debtors of fees and expenses for a financial advisor retained by the Junior Term Loan Agent.

7. Carve-Out. The term "Carve-Out" means, after a Termination Date (as defined below), the following: (i) in respect of allowed but unpaid fees and expenses payable under sections 330 and 331 of the Bankruptcy Code arising after the occurrence of a Termination Event to professionals (including attorneys, accountants, appraisers, consultants and investment bankers) retained by the Debtors or the Creditors' Committee (the "Professional Persons"), in an aggregate amount not to exceed \$1,000,000 plus any amounts which have not been paid as of the Termination Date; (ii) fees required to be paid to the Clerk of the Court; and (iii) quarterly fees required to be paid pursuant to 28 U.S.C. § 1930(a)(6); provided, that before being entitled or permitted to realize or otherwise receive, directly or indirectly, any proceeds arising from such Carve-Out, each Professional Person entitled to a payment under the Carve-Out must first look to any proceeds which have been realized upon the sale or other disposition of any unencumbered assets of the Debtors and are available for the payment of the such fees and expenses. Amounts

paid prior to the Termination Date shall not reduce the amount of the Carve-Out. Unless otherwise consented to by the Majority Secured Parties (or by the Junior Term Loan Lenders but solely with respect to the proceeds of the Junior Term Loan Collateral), no proceeds of the Prepetition Collateral or Postpetition Collateral to which any Prepetition Secured Party has an interest and no amounts received pursuant to the Carve-Out shall be used to pay compensation or expense reimbursement of any Professional Person or any other costs incurred in connection with (1) commencing or continuing any claims, causes of actions or contested matters against any Prepetition Secured Party, including, without limitation, discovery proceedings subsequent to the commencement of any such claims or causes of action; (2) preventing, hindering or delaying performance or enforcement by any Prepetition Secured Party of its rights or remedies under this Order or any of the Prepetition Financing Documents; or (3) challenging the Prepetition Liens, Adequate Protection Liens or Superpriority Claims of any of the Prepetition Secured Parties or the validity, enforceability or amount of any of the Prepetition Obligations.

8. Cash Management. Until further order of Court, the Debtors will continue to maintain their existing cash management systems, and the Adequate Protection Liens granted to the Senior Agents hereunder shall extend to all cash deposits held by the Debtors.

9. Sale Proceeds. Until further order of Court, the Debtors will, consistent with their cash management practices, deposit proceeds realized from the sale of assets, other than sales in the ordinary course of business, into a segregated investment account that will contain only such proceeds and will be subject to the liens of the Prepetition Priority Lenders. The Debtors will not use such sale proceeds without further order of Court.

10. No Surcharge on Collateral: No Consent. No costs or expenses of administration pursuant to section 506(c) of the Bankruptcy Code which have or may be incurred in these

chapter 11 cases or after any conversion of any of these cases pursuant to section 1112 of the Bankruptcy Code shall be charged against the Prepetition Secured Parties, the Prepetition Obligations or any of the Prepetition Collateral, without the prior written consent of the Majority Secured Parties, and no consent by any Prepetition Secured Party to any administrative claims, including fees and expenses of Professional Persons, sought to be assessed against or attributed to any of the Prepetition Secured Parties with respect to their interests in the Prepetition Collateral pursuant to the provisions of section 506(c) of the Bankruptcy Code or otherwise shall be implied from any action, inaction or acquiescence by the Prepetition Secured Parties in connection herewith or otherwise.

11. Modification of Automatic Stay. The automatic stay extant under section 362(a) of the Bankruptcy Code shall be, and it hereby is, modified to the extent necessary to effectuate the terms of this Order and to permit the Prepetition Agents, for the benefit of the Prepetition Secured Parties, to receive, collect and apply payments and proceeds in respect of the Prepetition Collateral and the Postpetition Collateral in accordance with the terms and provisions of this Order.

12. Covenants. The Debtors will covenant to maintain minimum levels of cash, measured on a monthly basis, on terms that are mutually acceptable to the Prepetition Priority Agents and the Debtors.

13. Termination. In the absence of a further order of this Court and notwithstanding anything herein to the contrary, the Debtors shall no longer be authorized pursuant to this Order to use Cash Collateral on the date (the "Termination Date") any of the following events shall occur (unless in each case waived in writing by the Prepetition Senior Agents):

- (i) material non-compliance by any of the Debtors with any of the terms or provisions of this Order;
- (ii) any stay, reversal, vacatur, rescission or other modification of the terms of this Order;
- (iii) entry of an order by this Court or any other Court having jurisdiction over these chapter 11 cases approving any postpetition secured financing or any administrative expense or financing obligation is accorded Superpriority administrative claim status except to the extent that such financing satisfies the Prepetition Senior Obligations in full in cash;
- (iv) entry of an order by this Court dismissing any of the Debtors' chapter 11 cases or converting any of the Debtors' chapter 11 cases to cases under chapter 7 of the Bankruptcy Code;
- (v) the appointment of a trustee or the appointment of an examiner with enlarged powers beyond those section 1106 of the Bankruptcy Code in any of these chapter 11 cases;
- (vi) the Court shall not have entered within 45 days of the Petition Date, a final order pertaining to the use of Cash Collateral substantially in the form of this Order (the "Final Order"); or
- (vii) the occurrence of a "the occurrence of a "Termination Event" (as defined below).

Notwithstanding the occurrence of the Termination Date, all of the rights, remedies, benefits and protections provided to the Prepetition Secured Parties under this Order as of such Termination Date shall survive the Termination Date. The Prepetition Senior Agents shall also have the right at any time to terminate their consent to the Debtors' continued use of Cash Collateral pursuant to the terms of this Order by providing the Debtors with 10 days advance written notice of their intent to terminate such consent (the "10 Day Notice Period"). If such notice is given, the Debtors' authority to use Cash Collateral shall automatically terminate (the "Termination Event") at the expiration of the 10 Day Notice Period unless an order has been entered by the Court authorizing the Debtors' continued usage of Cash Collateral on or prior to the expiration of the 10 Day Notice Period. The Debtors retain the right, at any time, to seek authority to use Cash

Collateral without the Prepetition Senior Agents' consent and on terms that are different from those set forth in this Order (including terms that are less favorable to the Prepetition Priority Lenders), and the Prepetition Priority Lenders reserve the right to object thereto. The Junior Term Loan Agent shall have the right at any time to request the Court for additional adequate protection (or a vacation of the automatic stay in respect of the PSC Collateral), and the Debtors reserve the right to contest any such request. The Debtors retain the right, at any time, to request a modification of the adequate protection afforded to the Prepetition Junior Lenders under the terms of this Order (including modifications that are less favorable to the Prepetition Junior Lenders). Without limiting the foregoing in any respect, nothing contained in this Order shall constitute a finding concerning the adequacy of adequate protection afforded to the Prepetition Secured Parties under this Order, or a finding concerning the Prepetition Secured Parties' entitlement to adequate protection.

14. Claims and Defenses; Challenge Period. **The bold typeface provisions set forth in this section vary from the requirements of D. Me. L.B.R. 4001-2(c).** Notwithstanding anything herein to the contrary, without the consent of the Majority Secured Parties (or the Junior Term Loan Lenders but solely with respect to the proceeds of the Junior Term Loan Collateral), no Prepetition Collateral or Postpetition Collateral or Proceeds of either thereof to the extent any Prepetition Secured Party has an interest, including any Cash Collateral, is authorized hereunder to be used by any of the Debtors, the Creditors' Committee or any other person or entity to prosecute any proceeding to object to or contest in any manner, or raise any defenses to, the extent, validity, perfection, priority, amount or enforceability of the Prepetition Obligations or the Prepetition Liens, or to prosecute any action for preferences, fraudulent conveyances, other Avoidance Claims, equitable subordination, or any other claims or causes of



action against any of the Prepetition Secured Parties with respect to the Prepetition Obligations (collectively, “Claims and Defenses”); provided that reasonable fees and expenses may be incurred by the Creditors’ Committee (as expressly determined by the Court) and paid by the Debtors in respect of the investigation of any such Claims and Defenses. Without limitation of the foregoing, nothing in the Order shall be construed to limit or otherwise restrict the ability of the Creditors’ Committee or any other person or entity (**other than the Debtors**) to the extent such other person or entity, other than the Committee, has legal standing to do so to assert any Claims and Defenses; provided that any such assertion of Claims and Defenses must be **made in an action or other appropriate proceeding commenced in this Court on or before the earlier to occur of 75 days after the appointment of the Creditors’ Committee in the Debtors’ chapter 11 cases and 90 days from the date this Order is entered (the “Challenge Period”).** If no such action or proceeding is commenced on or before such date, (1) the Prepetition Liens shall have been deemed to have been, as of the Petition Date, legal, valid, binding, perfected, not subject to recharacterization, subordination (other than in accordance with their terms) and otherwise enforceable and unavoidable and having the respective priorities discussed above, (2) the Prepetition Obligations shall have been deemed to have been, as of the Petition Date, legal, valid, binding, not subject to recharacterization, subordination (other than in accordance with their terms) and otherwise enforceable and unavoidable in the amounts set forth in Paragraphs D, E and I above and (3) all Claims and Defenses shall be deemed, immediately and without further action by any of the Prepetition Secured Parties, to have been forever relinquished and waived as to the Debtors, the Creditors’ Committee and other person or entity. If an action or proceeding is commenced on or before such dates, all Claims and Defenses not expressly asserted therein shall be deemed, immediately and without further action by the

Prepetition Agents or any of the Prepetition Secured Parties, to have been forever relinquished and waived as to the Debtors, the Creditors' Committee and other person or entity. If an action or proceeding described above is properly filed as of the applicable date, the findings contained in this Order shall nonetheless remain binding and preclusive except to the extent that such findings were expressly and successfully challenged in such action or proceeding by such person bringing such action or proceeding and such person has obtained a final order rendered by a court of competent jurisdiction.

15. Remedies. Nothing herein shall preclude any Prepetition Agent from seeking relief from the automatic stay under section 362(d) of the Bankruptcy Code on and after the Termination Date to exercise any of their respective rights and remedies hereunder, if any, under the Prepetition Financing Documents or under applicable law, but subject to the terms and conditions of the Intercreditor Agreements, upon not less than five (5) business days' written notice to the Debtors, any Creditors' Committee, the United States Trustee, any trustee appointed in these case and each of the other Prepetition Agents (which written notice must be furnished by hand, telecopier or other means reasonably intended to provide immediate delivery), without prejudice to the Debtors or any other party-in-interests right or ability to object thereto.

16. No Other Liens. Without the consent of the Majority Secured Parties, the Debtors shall be enjoined and prohibited from at any time during their chapter 11 cases granting to any other parties, pursuant to section 364(d) of the Bankruptcy Code or otherwise, Liens on the Prepetition Priority Collateral or the Postpetition Priority Collateral that are equal or senior in priority to the liens held by the Prepetition Priority Agents.

17. Further Assurances. (a) The Debtors shall execute and deliver to the Prepetition Agents all agreements, financing statements, instruments and other documents as the Prepetition Agents may reasonably request to evidence, confirm, validate or perfect the Liens granted pursuant hereto.

(b) The Debtors are authorized to do and perform all acts, to make, execute and deliver all instruments and documents (including, without limitation, the execution of additional security agreements, mortgages and financing statements) and to pay costs and expenses which may be required or necessary for the Debtors' performance under this Order.

18. Monitoring of Collateral. The Debtors shall permit representatives, agents and/or employees of the Prepetition Agents and the Steering Committee to have reasonable access to their premises and their records during normal business hours (without unreasonable interference with the proper operation of the Debtors' businesses) and shall cooperate, consult with, and provide to such persons all such non-privileged information as they may reasonably request.

19. Financial Reports, Notices and Other Information. The Debtors shall provide to the Prepetition Agents the information specified on Exhibit B attached hereto. Each Prepetition Agent shall be authorized, but not obligated, to provide any other Prepetition Agent upon its request with copies of all such information provided to it hereunder, subject to the confidentiality provisions in the applicable Prepetition Financing Documents.

20. No Filings Required. All Liens granted herein to secure repayment of the Adequate Protection Obligations shall pursuant to this Order be, and they hereby are, deemed perfected effective as of the Petition Date, and no further notice, filing or other act shall be required to effect such perfection; provided, however, if any Prepetition Agent shall, in its sole discretion, choose to file such mortgages, financing statements, notices of liens and security

interests and other similar documents, all such mortgages, financing statements or similar instruments shall be deemed to have been filed or recorded as of the Petition Date.

21. Survival; Successors and Assigns. The provisions of this Order shall be binding upon and inure to the benefit of the Prepetition Agents, the Prepetition Secured Parties and the Debtors and their respective successors and assigns (including, to the extent permitted by applicable law, any Chapter 7 or Chapter 11 trustee or other fiduciary hereafter appointed or elected for the estate or as a legal representative of the Debtors or with respect to the property of the estates of the Debtors). If an order dismissing any of these chapter 11 cases under Section 1112 of the Bankruptcy Code or otherwise is at any time entered, such order shall provide (in accordance with Sections 105 and 349 of the Bankruptcy Code) that the Superpriority claims, replacement security interests and liens and other protections afforded or granted to the Prepetition Agents pursuant to this Order as of the date of such dismissal shall continue in full force and effect and shall maintain their priorities as provided in this Order until all obligations in respect thereof shall have been paid and satisfied in full (and that such Superpriority claims, replacement liens and other protections, shall, notwithstanding such dismissal, remain binding on all parties in interest). Notwithstanding any reversal, stay, modification or vacatur of this Order, any use of Cash Collateral prior to such reversal, stay, modification or vacation shall be governed in all respects by the original provisions of this Order, and the Prepetition Agents shall be entitled to all the rights, remedies, privileges and benefits granted herein with respect to such use. The Adequate Protection Liens and the Superpriority claims against the Debtors in respect of the Adequate Protection Obligations shall not be discharged by the entry of an order confirming a chapter 11 plan in any of the Debtors' chapter 11 cases.

22. Non-Exclusive Remedy. Notwithstanding anything herein, the entry of this Order is without prejudice to, and does not constitute an admission or waiver of, expressly or implicitly, or otherwise impair, any of the rights of the Prepetition Agents under the Bankruptcy Code or under non-bankruptcy law, including, without limitation, the right, if any, of the Prepetition Agents or any Prepetition Secured Party to (i) request additional adequate protection of their interests in the Prepetition Collateral or the Postpetition Collateral or relief from or modification of the automatic stay extant under section 362 of the Bankruptcy Code, (ii) request conversion of any of the Debtors' chapter 11 cases to cases under chapter 7 of the Bankruptcy Code, and (iii) propose, subject to the provisions of section 1121 of the Bankruptcy Code, a chapter 11 plan or plans or (y) any of other rights, claims or privileges (whether legal, equitable or otherwise) of the Prepetition Agents or the Prepetition Secured Parties.

23. No Effect on Intercreditor Rights. No part of this or any other order entered by the Court on an interim basis or without the conduct of a final hearing shall in any way affect or impair the rights, claims or interests of any Prepetition Secured Party against the Debtors, each other, or with respect to their relative rights, interests, or priority in the Prepetition Collateral or the Postpetition Collateral as provided in the Intercreditor Agreements.

24. Immediate Effect. This Order shall constitute findings of fact and conclusions of law and shall take effect immediately upon the entry of this Order.

25. Final Hearing. The Debtors shall, on or before June \_\_\_, 2004, serve by United States mail, first class postage prepaid, copies of the Motion, this Order and a notice of the hearing (the "Final Hearing Notice") to be held on July \_\_\_, 2004, at \_\_:\_\_\_ a.m. to consider entry of the proposed Final Order on: (a) the entities set forth on the list of the fifty largest unsecured creditors of the Debtors (on a consolidated basis); (b) the office of the United States

Trustee for the District of Maine; (c) counsel to the Prepetition Term Loan Agent; (d) counsel to the Prepetition Revolving Credit Agent, (e) counsel to the Junior Term Loan Agent; (f) counsel to the Steering Committee; (g) counsel for any official committee appointed in these Chapter 11 Cases (collectively, the “Notice Parties”), (h) the Securities and Exchange Commission; (i) the Internal Revenue Service; (j) all parties who have requested notice pursuant to Bankruptcy Rule 2002; (k) any state taxing authority having a claim against any of the Debtors; and (l) all parties known by the Debtors to have liens on, or security interests in, the Debtors’ assets. The Final Hearing Notice shall state that any party in interest objecting to the entry of the proposed Final Order shall file a written objection with the United States Bankruptcy Court Clerk for the District of Maine no later than 4:00 p.m. on June \_\_, 2004, which objection shall be served so that the same are received on or before such date by: Office of the United States Trustee at

\_\_\_\_\_ , \_\_\_\_\_

Dated:

\_\_\_\_\_  
UNITED STATES BANKRUPTCY  
JUDGE

**Exhibit A**

Budget

**EXHIBIT B**

Reports

(attached hereto)