

**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 PURSUANT TO 11 U.S.C. § 105(a) (I) APPROVING CASH MANAGEMENT SYSTEM, (II) AUTHORIZING USE OF PREPETITION BANK ACCOUNTS AND BUSINESS FORMS, (III) APPROVING PAYROLL AND DISBURSEMENT ACCOUNTS, (IV) WAIVING THE REQUIREMENTS OF 11 U.S.C. § 345 ON A FINAL BASIS, AND (V) ACCORDING ADMINISTRATIVE EXPENSE STATUS TO ALL POSTPETITION INTERCOMPANY CLAIMS

Upon the motion (the “Motion”)¹ of the debtors and the debtors in possession in the above-captioned chapter 11 cases (the “Debtors”)² for an order authorizing and approving the Debtors’ use of their existing Cash Management System, allowing the Debtors to continue using prepetition bank accounts and business forms, authorizing the Debtors’ Cash Management Banks to receive, process and pay all checks drawn on the Debtors’ manual payroll and disbursement accounts, waiving the requirements of 11 U.S.C. § 345 on a final basis to the extent necessary to permit the Debtors to continue using existing investment practices, and according administrative expense priority to intercompany claims that arise postpetition; and the Court having reviewed

¹ Capitalized terms used but not defined herein shall have the meaning ascribed to such terms in the Motion.
² The Debtors are: 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.

the Motion, the Lodge Affidavit, and having heard the statements of counsel regarding the relief requested in the Motion at a hearing before the Court (the "Hearing"); and no objection having been filed with the Court; and the Court finding that (a) the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334, (b) this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A), (c) notice of the Motion and Hearing was due and proper under the circumstances, and (d) cause exists, within the meaning of Section 345(b) of the Bankruptcy Code to permit the Debtors to invest and deposit funds in accordance with the terms hereof on a final basis; and it appearing that the relief requested is in the best interests of the Debtors, their estates and creditors; and after due deliberation; and good and sufficient cause appearing therefore; it is hereby:

ORDERED, that the Motion is granted in its entirety on a final basis; and it is further

ORDERED, that the Debtors are authorized, but not directed, in the reasonable exercise of their business judgment, to (i) designate, maintain and continue to use, with the same account numbers, all of the bank accounts in existence on the Petition Date, including, without limitation, those accounts identified on Exhibit B to the Motion (the "Bank Accounts"), (ii) use, in their present form, checks and other documents related to the accounts listed on Exhibit B, and (iii) treat such accounts for all purposes as accounts of the Debtors as debtors in possession; and it is further

ORDERED that every bank at which any Bank Account is maintained is hereby authorized to continue to service and administer all such accounts as accounts of the relevant Debtor as debtor in possession without interruption and in the usual and ordinary course, and to

receive, process, honor and pay any and all checks and drafts drawn on, or electronic transfer requests made on, said account after the Petition Date by the holders or makers thereof, as the case may be; provided, however, that any check drawn or issued by the Debtors before the Petition Date may be honored by any bank only if specifically authorized by order of this Court; and it is further

ORDERED that, except for those checks that may be honored and paid to comply with any order(s) of this Court authorizing payment of certain prepetition claims, no checks or drafts issued on the Bank Accounts before the Petition Date but presented for payment after the Petition Date shall be honored or paid; and it is further

ORDERED that, notwithstanding any other provision of this Order, no Cash Management Bank that honors a prepetition check or other item drawn on any account that is the subject of this Order (a) at the direction of the Debtors, (b) in a good faith belief that the Court has authorized such prepetition check or item to be honored, or (c) as the result of an innocent mistake made despite implementation of reasonable item handling procedures, shall be deemed to be liable to the Debtors or their estates or otherwise in violation of this Order; and it is further

ORDERED that nothing contained herein shall prevent the Debtors from opening any new bank accounts or closing any existing bank accounts as they may deem necessary and appropriate; provided, however, that any new U.S. account shall be with a bank that is insured by the Federal Deposit Insurance Corporation, that has a Moody's rating of "Baa" or better and that is organized under the laws of the United States or any state therein; and provided, further, however, that the Debtors shall disclose any new account to the United States Trustee in such Debtors' monthly operating report; and it is further

ORDERED that each Debtor is authorized to continue to use its existing business and correspondence forms and checks without alteration and without designation “Debtor in Possession” imprinted upon them, provided, however, that following the Petition Date, the Debtors will have new checks printed with the designation “DIP” or “Debtor in Possession” as soon as reasonably practicable; and it is further

ORDERED that the Debtors are authorized to make disbursements from the Bank Accounts other than by check, to the extent consistent with the Debtors’ existing cash management practices; and it is further

ORDERED that, effective nunc pro tunc to the Petition Date, Deutsche Bank, Bank One, Fleet National Bank, PNC Bank, Sovereign Bank, Wachovia Bank and Bank of America shall be and hereby are authorized and directed to receive, process, honor and pay any and all checks drawn on and electronic transfers made on the Debtors’ manual payroll accounts and disbursement accounts; and it is further

ORDERED that having shown sufficient cause under § 345 of the Bankruptcy Code, the Debtors are authorized to invest and deposit funds in accordance with the Investment Guidelines, notwithstanding that certain of such guidelines may not strictly comply with the requirements of § 345 of the Bankruptcy Code;

ORDERED that the Debtors are authorized to continue utilizing their Cash Management System to manage their cash, to pay intercompany payables, if any, to extend intercompany credit, if necessary, and to continue all other Intercompany Transactions in a manner consistent with the Debtors’ prepetition practice; provided, however, that the Debtors shall not make any disbursements to either of Pegasus Communications Corporation (“PCC”) or

Pegasus Communications Management Company (“PCMC”) until, and subject to the terms of, the final order authorizing the Debtors to continue performing under the Support Services Agreement with PCMC; and it is further

ORDERED that intercompany loans and other Intercompany Claims created through Intercompany Transactions generated by and between the Debtors and their non-debtor affiliates and related companies are hereby granted administrative priority status pursuant to §§ 503(b)(1) and 507(a)(1) of the Bankruptcy Code; and it is further

ORDERED that the Debtors shall supplement their reporting obligations with respect to Pegasus Satellite Television, Inc. Account No. 00-374-715 and Golden Sky Systems, Inc. Account No. 00-390-707 each maintained with Deutsche Bank Trust Company Americas as set forth in the U.S. Trustee’s Omnibus Statement Regarding Certain First Day Motions; and it is further

ORDERED that the Debtors shall cause a copy of this Order to be served on each Bank at which a Bank Account is maintained within five (5) business days of the date hereof; and it is further

ORDERED that this Court shall retain jurisdiction to hear and determine all matters arising from the implementation of this Order.

Dated:

June 24, 2004

/s/ James B. Haines, Jr.

UNITED STATES BANKRUPTCY JUDGE