

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 and the Creditor's Committee the information specified, and on the dates, terms and conditions set forth in 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.

Dated: June 25, 2004

/s/ James B. Haines, Jr.

UNITED STATES BANKRUPTCY
JUDGE

Exhibit A

Budget

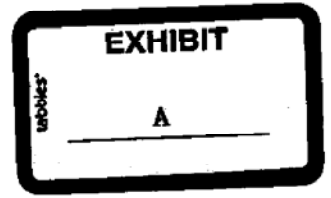
(attached hereto)

Pegasus Satellite Communications, Inc.
Consolidated PSC Cash Forecast Scenario
Provisional and Confidential
 Working Draft: subject to change
 Prepared by: Management

	June 14, 2004 Actual	June 18, 2004 Forecast	Variance	June 25, 2004 Forecast	July 2, 2004 Forecast	July 9, 2004 Forecast	July 16, 2004 Forecast	July 23, 2004 Forecast	July 30, 2004 Forecast	August 6, 2004 Forecast	August 13, 2004 Forecast
Beginning balance	\$79,846,064	\$79,846,064		\$82,571,308	\$64,747,660	\$74,024,909	\$68,402,859	\$81,392,709	\$87,010,152	\$89,638,512	\$100,178,672
Total cash receipts	15,554,489	15,895,100	(340,611)	15,895,000	15,705,600	13,218,200	17,234,300	15,223,700	15,223,700	14,084,200	15,069,300
Total disbursements to Manager	-	-	-	-	-	-	-	-	-	58,441	354,284
Total disbursements to (receipts from) other debtors	-	-	-	-	-	-	-	-	-	-	-
Total cash disbursements to third parties	2,829,245	3,106,456	277,181	3,786,648	6,422,351	18,864,250	4,144,450	9,606,257	12,505,340	4,375,600	37,137,400
Ending balance (1)	\$92,571,308	\$92,634,759	(\$63,451)	\$86,784,660	\$74,028,909	\$68,402,859	\$81,392,709	\$87,010,152	\$89,638,512	\$100,178,672	\$77,756,288
Covenant (80% of forecasted ending balance)					\$59,223,127						

Notes:

(1) This forecast does not consider the operational impacts of DTV's aggressive repatriation tactics. We are determining near term impacts on subscriber growth and will revise cash projections accordingly.



Pegasus Satellite Communications, Inc.
Consolidated PSC Cash Forecast Scenario

Privileged and Confidential
Working Drafts subject to change
Prepared by Management

	August 10, 2004 Forecast	August 27, 2004 Forecast	September 3, 2004 Forecast	September 10, 2004 Forecast	September 17, 2004 Forecast	September 24, 2004 Forecast	October 1, 2004 Forecast
Beginning balance.....	\$77,756,288	\$88,291,812	\$91,694,505	\$102,601,829	\$80,704,345	\$83,921,869	\$98,440,049
Total cash receipts.....	14,944,300	14,944,300	15,520,500	14,151,200	18,551,590	16,288,500	16,197,200
Total disbursements to Manager.....	251,576	1,557,007	251,576	354,284	1,423,576	280,820	870,395
Total disbursements to (receipts from) other parties.....	-	-	-	-	-	-	-
Total cash disbursements to third parties.....	4,157,200	9,984,660	4,561,600	35,694,600	3,902,400	11,291,500	12,558,790
Ending balance (1).....	\$88,291,812	\$91,694,505	\$102,601,829	\$80,704,345	\$99,825,869	\$98,610,049	\$101,828,056

Covenant (99% of forecasted ending balance)

Notes:

(1) This forecast does not consider the operational impacts of DT

EXHIBIT B

Reports

(attached hereto)

Financial Reporting Requirements under the Final Adequate Protection Order

All items described in Section 6.05 of the Fourth Amended and Restated Credit Agreement dated October 22, 2003 (the "Credit Agreement"), and, in addition:

1. 13-week cash receipts and disbursements forecast updated on the Tuesday following each Testing Date (as such term is defined in the Final Adequate Protection Order) with a comparison of actual versus forecast amounts, including a detailed breakout of the following line items:
 - a. "Distributions to Manager" and "Other Professional Services" with line items including, but not limited to, the following:
 - i. Transfers to Pegasus Communications Corp. and/or any other subsidiaries (e.g., Pegasus Communications Management Company)
 - ii. NRTC/DirecTV Litigation
 - iii. Bankruptcy professional fees; and
 - iv. Normal course/other professional fees.
 - b. "NRTC," with line items including, but not limited to, the following:
 - i. Programming;
 - ii. Infrastructure; and,
 - iii. Billing.
2. Ending cash balance of each week, updated and submitted to the Senior Lenders and the Junior Term Loan Agent on Tuesdays for the preceding week, for comparison to the 13-week forecast. Ending cash balance will be evaluated on each Testing Date for compliance with the cash covenant, which is a minimum cash balance of 80% of the forecasted cash balance.
3. Weekly subscriber count roll-forward, including beginning subscribers, gross additions, churn and ending subscribers, reported on Tuesdays for the preceding week.
4. Include consolidated statements of cash flows in addition to the reporting requirement under Section 6.05(c) of the Credit Agreement.
5. Beginning with the month ending July 31, 2004, reduce the reporting timeframe from forty-five (45) days to thirty (30) days under Sections 6.05(c) and 6.05(f) of the Credit Agreement.

6. Any materials that are provided to the unsecured creditors' committee must be provided to the Senior Lenders and the Junior Term Loan Agent.
7. Company will use commercially reasonable efforts to provide the Senior Lenders and the Junior Term Loan Agent with other customary financial information as reasonably requested from time to time by the Senior Lenders and their financial advisors and the Junior Term Loan Agent.