

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MAINE

In re:)	Chapter 11
)	
PEGASUS SATELLITE TELEVISION, INC., et al.,)	Case No. 04-02878
)	
Debtors.)	(Jointly Administered)

**ORDER UNDER 11 U.S.C. §§ 331 AND 105(a) ESTABLISHING
PROCEDURES FOR INTERIM COMPENSATION AND
REIMBURSEMENT OF EXPENSES FOR PROFESSIONALS**

Upon the motion (the “Motion”)¹ of the debtors and debtors in possession in the above-captioned chapter 11 cases (the “Debtors”)² for an order authorizing and approving (i) interim fee application and expense reimbursement procedures for any of the Professionals employed pursuant to sections 327(a), 327(e) 328(a) or 1103(a) of title 11 of the United States Code (the “Bankruptcy Code”), and (ii) expense reimbursement procedures pursuant to section 503(b)(3)(F) of the Bankruptcy Code for members of any official committee of creditors (the “Committee Members”); and the Court having reviewed the Motion, the Affidavit of Ted S. Lodge, President, Chief Operating Officer and Counsel of Pegasus Satellite Communications,

¹ Capitalized terms used herein but not otherwise defined herein shall have the meanings ascribed to such terms in the Motion.

² 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.

Inc., in support of the First Day Motions, and all responses to the Motion; and notice of this Motion has been given to (i) the United States Trustee for the District of Maine; (ii) the Debtors' fifty (50) largest unsecured creditors on a consolidated basis, as identified in their chapter 11 petitions; (iii) the administrative agents for the credit facilities of Pegasus Media & Communications, Inc. and Pegasus Satellite Communications, Inc. ("PSC"); (iv) each of the indenture trustees for each series of notes of PSC; and (v) those parties in interest who have filed a notice of appearance, and it appearing that the relief requested is in the best interests of the Debtors, their estates and creditors; and it appearing that no other notice need be given; and the Court having held a hearing on June 24, 2004 to consider the Motion and any responses thereto; and after due deliberation; and good and sufficient cause appearing therefor; it is hereby

ORDERED, that the Motion be and hereby is granted, and it is further

ORDERED, that any responses or objections thereto not previously resolved or withdrawn are overruled; and it is further

ORDERED, that the following procedures shall govern the award of interim compensation and reimbursement of expenses to all Professionals:

(a) No earlier than the 25th day of each calendar month, each Professional seeking interim compensation shall file an application (the "Monthly Fee Statement") with the Court pursuant to Bankruptcy Code section 331 for interim approval and allowance of compensation for services rendered and reimbursement of expenses incurred during the immediately preceding month (the "Compensation Period"). The first Compensation Period for the first Monthly Fee Statement would cover the period from the Petition Date through June 30.

(b) Each Monthly Fee Statement shall comply with the Bankruptcy Code, the Bankruptcy Rules, applicable First Circuit law and the local rules of this Court and shall be served upon the Notice Parties.

(c) Each Notice Party shall have twenty (20) days after filing and service of a Monthly Fee Statement to object to such application (the “Objection Deadline”). Upon expiration of the Objection Deadline each Professional may file a certificate of no objection or a certificate of partial objection with the Court, whichever is applicable, after which the Debtors are authorized to pay each Professional an amount (the “Actual Interim Payment”) equal to the lesser of (i) 90 percent of the fees and 100 percent of the expenses requested in the Monthly Fee Statement (the “Maximum Payment”) or (ii) 90 percent of the fees and 100 percent of the expenses not subject to an objection.

(d) If any Notice Party objects to a Professional’s Monthly Fee Statement, it must file a written objection with the Court and serve it on the Professional and each of the Notice Parties so that it is received before the Objection Deadline. Thereafter, the objecting party and the Professional may attempt to resolve the objection on a consensual basis. If the parties are unable to reach a resolution of the objection within twenty (20) days after service of the objection, then the Professional may either (i) file a response to the objection with the Court, together with a request for payment of the difference, if any, between the Maximum Payment and the Actual Interim Payment made to the affected Professional (the “Incremental Amount”), or (ii) forego payment of the Incremental Amount until the next interim or final fee application hearing, at which time the Court will consider and dispose of the objection, if requested by the parties.

(e) Beginning on October 15, 2004 and at three month intervals or such other intervals convenient to the Court (“Interim Period”), each Professional shall file with

the Court and serve upon the Notice Parties, pursuant to Bankruptcy Code section 331, an interim application for allowance of compensation and reimbursement of expenses, of the amounts sought in the Monthly Fee Statements filed during such period (the “Interim Fee Application”). The Interim Fee Application must include a summary of the Monthly Fee Statements that are the subject of the request and any other information requested by the Court or required by the Local Rules. An Interim Fee Application must be filed and served within forty-five (45) days of the conclusion of the Interim Period. The first Interim Fee Application should cover the time between the commencement of the case through and including August 30, 2004. Any Professional who fails to file an Interim Fee Application when due will be ineligible to receive further interim payments of fees or expenses under the Compensation Procedures until such time as the Interim Fee Application is submitted.

(f) The Court shall schedule a hearing on the Interim Fee Applications at least once every three months or at such other intervals as the Court deems appropriate.

(g) The pendency of an objection to payment of compensation or reimbursement of expenses will not disqualify a Professional from future payment of compensation or reimbursement of expenses, unless the Court orders otherwise.

(h) Neither the payment of or the failure to pay, in whole or in part, monthly interim compensation and reimbursement of expenses, nor the filing of or failure to file an objection will bind any party in interest or the Court with respect to the final allowance of interim or final applications for compensation and reimbursement of Professionals.

(i) All fees and expenses paid to Professionals are subject to disgorgement until final approval by the Court.

(j) Each Committee Member shall submit statements of expenses (excluding Committee member counsel fees and expenses) and supporting vouchers to counsel to

the Committee, who will collect and submit such requests for reimbursement in accordance with the Compensation Procedures as if such Committee Member were a Professional; 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

CERTIFICATE OF SERVICE

District/off: 0100-2
Case: 04-20878User: rrowell
Form ID: pdf900Page 1 of 2
Total Served: 45

Date Rcvd: Jun 24, 2004

The following entities were served by first class mail on Jun 26, 2004.

db Pegasus Satellite Television, Inc., 213 Felton Street, Marlborough, MA 01752
 aty +Alexander Simon, Weil, Gotshal & Manges, LLP, 767 Fifth Avenue, New York, NY 10153-0119
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 aty Benjamin E. Marcus, Esq., Drummond Woodsum & MacMahon, 245 Commercial Street, P.O. Box 9781,
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 aty +C. MacNeil Mitchell, Winston & Strawn, LLP, Attn: Denise Cunsolo, Legal Asst.,
 200 Park Avenue, New York, NY 10166-0005
 aty Daniel M. Glosband, Goodwin Proctor, LLP, Exchange Place, Boston, MA 02109
 aty +Debra SuDock, Kelley Drye & Warren LLP, 101 Park Avenue, New York, NY 10178-0062
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 aty +Rufus E. Brown, Esq., Brown & Burke, P.O. Box 7530, Portland, ME 04112-7530
 smg Maine Department of Labor, Bureau of Unemployment Compensation, P.O. Box 259,
 Augusta, ME 04332-0259
 smg +State of Maine, Bureau of Revenue Services, Bankruptcy Unit, P.O. Box 9113,
 Augusta, ME 04333-0001
 ust +Office of U.S. Trustee, 537 Congress Street, Room 302, Portland, ME 04101-3353
 cr +Angelo, Gordon & Co., Attn: Leigh Walzer, 245 Park Avenue, 26th Floor,
 New York, NY 10167-0094
 cr +CRT Capital Group LLC, Attn: Nadav Braun, 262 Harbor Drive, Stamford, CT 06902-7438
 cr +Cohanzick Management, LLC, 427 Bedford Road, Suite 260, Pleasantville, NY 10570-3029
 cr Daily Insights, Attn: Bill Angelowitz, JAF Box 3127, New York, NY 10116
 cr +Gabriel Capital, L.P., 450 Park Ave., Suite 3201, New York, NY 10022-2633
 cr +IKON Financial Services, Bankruptcy Administration, IOS Capital LLC, 1738 Bass Road,
 P.O. Box 13708, Macon, GA 31208-3708
 cr J.P. Morgan Trust Company, N.A., Attn: James R. Lewis, Esq., VP, 4 New York Plaza, 15th Floor,
 New York, NY 10004-2413
 cr Manatee County Tax Collector, Attn: Ken Burton, Jr., P.O. Box 25300,
 Bradenton, FL 34206-5300
 cr +National Rural Telecommunications Cooperative, 2121 Cooperative Way, Herndon, VA 20171-4543
 cr +Nucentrix Broadband Networks, Inc., Attn: J. Curtis Henderson, Sr. VP and General Counsel,
 17440 North Dallas Parkway, Suite 230, Dallas, TX 75287-7336
 crcm +Official Committee of Unsecured Creditors, Wachovia Bank, N.A., Trustee,
 c/o Smith, Gambrell & Russell, LLP, Attn: John T. Vian, Esq.,
 1230 Peachtree Street, NE, Suite 3100, Atlanta, GA 30309-3592
 cr +Tejas Securities Group, Inc., 2700 Via Fortuna, Suite 400, Austin, TX 78746-7570
 intp +Trumbull Services, L.L.C., 4 Griffin Road North, Windsor, CT 06095-1579
 intp +United States Trustee, 537 Congress Street, Portland, ME 04101-3318

The following entities were served by electronic transmission.
NONE.

TOTAL: 0

***** BYPASSED RECIPIENTS (undeliverable, * duplicate) *****

aty Andrew D. Gottfried
 aty Dustin F. Hecker, Posternak, Blankstein
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 aty Stephen M. Ryan
 cr Blanco CAD
 op Capital Management Associates, Inc.
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***** BYPASSED RECIPIENTS (continued) *****
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cr Par Capital Management, Inc.
intp Pegasus Communications Corporation
cr Refugio County
cr The Steering Committee of Senior Secured Creditors
cr Wachovia Bank, National Association
cr Wilmington Trust Co.

TOTALS: 22, * 0

Addresses marked '+' were corrected by inserting the ZIP or replacing an incorrect ZIP.
USPS regulations require that automation-compatible mail display the correct ZIP.

I, Joseph Speetjens, declare under the penalty of perjury that I have served the attached document on the above listed entities in the manner shown, and prepared the Certificate of Service and that it is true and correct to the best of my information and belief.

First Meeting of Creditor Notices only (Official Form 9): Pursuant to Fed. R. Bank. P. 2002(a)(1), a notice containing the complete Social Security Number (SSN) of the debtor(s) was furnished to all parties listed. This official court copy contains the redacted SSN as required by the bankruptcy rules and the Judiciary's privacy policies.

Date: Jun 26, 2004

Signature:

