

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MAINE

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

**ORDER AUTHORIZING THE DEBTORS AND
DEBTORS-IN-POSSESSION TO EMPLOY AND RETAIN
ARNOLD & PORTER LLP AS SPECIAL LITIGATION
COUNSEL PURSUANT TO 11 U.S.C. §§ 327(e) AND 328(a)**

Upon the application (the “Application”) of Pegasus Satellite Television, Inc. and certain of its subsidiaries and affiliates, each a debtor and debtor-in-possession herein (collectively, the “Debtors”),¹ for an order authorizing the Debtors and Debtors-in-Possession to employ and retain Arnold & Porter LLP (“Arnold & Porter”) as special litigation counsel pursuant to 11 U.S.C. §§ 327(e) and 328(a); and upon the Affidavit of Ted S. Lodge, President, Chief Operating Officer and Counsel of Pegasus Satellite Communications, Inc., in support of First Day Motions; and upon the Affidavit of David Eisen in Support of Application for Order Authorizing the Debtors and Debtor-in-Possession to Employ and Retain Arnold & Porter LLP as Special Litigation Counsel

¹ The Debtors are: Argos Support Services Company, Bride Communications, Inc., B.T. Satellite, Inc., Carr Rural TV, Inc., DBS Tele-Venture, Inc., Digital Television Services of Indiana, LLC, DTS Management, LLC, Golden Sky DBS, Inc., Golden Sky Holdings, Inc., Golden Sky Systems, Inc., Henry County MRTV, Inc., HMW, Inc., Pegasus Broadcast Associates, L.P., Pegasus Broadcast Television, Inc., Pegasus Broadcast Towers, Inc., Pegasus Media & Communications, Inc., Pegasus Satellite Communications, Inc., Pegasus Satellite Television of Illinois, Inc., Pegasus Satellite Television, Inc., Portland Broadcasting, Inc., Primewatch, Inc., PST Holdings, Inc., South Plains DBS, LP., Telecast of Florida, Inc., WDSI License Corp., WILF, Inc., WOLF License Corp., WTLH License Corp.

pursuant to 11 U.S.C. §§ 327(e) and 328(a), and Disclosure of Compensation Pursuant to Bankruptcy Code 11 U.S.C. § 329; and notice of the Application having 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 no other notice need be given; and it appearing that Arnold & Porter neither holds nor represents any interest adverse to the Debtors' estates; and it appearing that the relief requested in the Application is in the best interest of the estate and its creditors; after due deliberation and sufficient cause appearing therefor, it is hereby

ORDERED, that the Application be, and it hereby is granted; and it is further

ORDERED, that in accordance with sections 327(e) and 328(a) of the Bankruptcy Code, the Debtors are authorized to employ and retain the firm of Arnold & Porter as their special litigation counsel on the terms set forth in the Application; and it is further

ORDERED, that Arnold & Porter shall be compensated in accordance with the procedures set forth in sections 330 and 331 of the Bankruptcy Code and such Bankruptcy Rules as may then be applicable, from time to time, and such procedures as may be fixed by order of this Court up to an aggregate amount of \$500,000 for services rendered to the Debtors for the period from the Petition Date through and including May

31, 2005, and in each successive year thereafter, in an aggregate amount to be established in consultation with the official committee of unsecured creditors (the “Annual Fees”); and it is further

ORDERED, that entry of this Order shall be without prejudice to the Debtors’ right to apply to this Court to increase the aggregate amount of the Annual Fees in any year or to establish the Annual Fees in subsequent years if a consensus cannot be reached with the official committee of unsecured creditors regarding such annual fees in subsequent years; and it is further

ORDERED, that to the extent that an actual conflict of interest develops in connection with a matter in which Arnold & Porter is rendering services to both a Debtor and non-debtor affiliate of a Debtor, Arnold & Porter will discontinue rendering services to such Debtor and such non-debtor affiliate solely with respect to such matter in which the conflict exists, but Arnold & Porter may otherwise continue rendering services to such Debtor and such non-debtor affiliate on matters in which there is no actual conflict of interest.

Dated:

UNITED STATES BANKRUPTCY JUDGE