

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MAINE

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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 MILLER BUCKFIRE LEWIS YING & CO., LLC
AS FINANCIAL ADVISOR AND INVESTMENT
BANKER PURSUANT TO 11 U.S.C. §§ 327(a) AND 328(a)
AND SCHEDULING A FURTHER HEARING TO CONSIDER THE
APPROVAL OF CERTAIN TRANSACTIONAL FEES AND CONSIDER
APPROVAL OF CERTAIN INDEMNIFICATION PROVISIONS ON A FINAL BASIS**

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 entry of an order pursuant to sections 11 U.S.C. §§ 327(a) and 328(a) authorizing the Debtors to employ and retain Miller Buckfire Lewis Ying & Co., LLC (“MBLY”) as financial advisor and investment banker in these chapter 11 cases pursuant to the terms of the Engagement Letter between the Debtors and MBLY, annexed as Exhibit B to the Application; 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 Marc D. Puntus, Managing Director of MBLY, in support of the Application;

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.

and Notice of this Application 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. The Debtors submit that in light of the nature of the relief requested, no further notice is required; and after due deliberation and sufficient cause appearing therefore, it is hereby

ORDERED, that pursuant to sections 327(a) and 328(a) of the Bankruptcy Code, MBL Y is hereby employed as the Debtors' financial advisor and investment banker, as of the Petition Date,² on the terms and conditions set forth in the Engagement Letter as modified by this Order; and it is further

ORDERED, that the terms and conditions of MBL Y's retention, including the monthly advisory fees of \$175,000 and the reimbursement on a monthly basis for travel costs and other reasonable out-of-pocket expenses (including all fees, disbursements, and other charges of counsel to be retained by MBL Y in connection with retention, fee or indemnity issues) incurred in connection with, or arising out of MBL Y's activities under or contemplated by, MBL Y's engagement (collectively, the "Monthly Advisory Fee") are approved pursuant to section 328(a) of the Bankruptcy Code (and will not be subject to the standard of review set forth in section 330 of the Bankruptcy Code); and it is further

² Capitalized terms used herein but not otherwise defined herein shall have the meanings ascribed to them in the Application.

ORDERED, that MBLY shall be entitled to the Monthly Advisory Fee in the amounts and at the times set forth in the Engagement Letter; and it is further

ORDERED, that MBLY is authorized to provide services to the Debtors as set forth in the Application; and it is further

ORDERED, that subject to the terms of this Order, MBLY will be compensated and will file interim and final fee applications in accordance with the procedures set forth in sections 330 and 331 of the Bankruptcy Code and Bankruptcy Rule 2016 and such procedures as may be fixed by order of this Court; and it is further

ORDERED, that notwithstanding anything to the contrary in the Bankruptcy Code, the Bankruptcy Rules, the Local Rules of this Court, any orders of this Court or any guidelines regarding submission and approval of fee applications, MBLY and its professionals (i) shall only be required to maintain time records for services rendered postpetition, in half-hour increments, and (ii) shall not be required to provide or conform to any schedule of hourly rates; and it is further

ORDERED, that the Indemnification Provisions of the Engagement Letter are approved on an interim basis pending a Final Hearing (as defined below) subject to the following modifications:

- (a) Subject to the provisions of subparagraphs (c) and (d) below, the Debtors are authorized to indemnify, and shall indemnify, MBLY, in accordance with the Engagement Letter, for any claim arising from, related to or in connection with MBLY's performance of the services described in the Engagement Letter;
- (b) MBLY shall not be entitled to indemnification, contribution or reimbursement pursuant to the Engagement Letter for services other than the financial advisory and investment banking services provided under the Engagement Letter, unless such services and the indemnification, contribution or reimbursement therefore are approved by the Court;

- (c) Notwithstanding anything to the contrary in the Engagement Letter, the Debtors shall have no obligation to indemnify any person, or provide contribution or reimbursement to any person, for any claim or expense that is either (i) judicially determined (the determination having become final) to have arisen from that person's gross negligence or willful misconduct, or (ii) settled prior to a judicial determination as to that person's gross negligence or willful misconduct, but determined by this Court, after notice and a hearing, to be a claim or expense for which that person should not receive indemnity, contribution or reimbursement under the terms of the Engagement Letter as modified by this Order;
- (d) If, before the earlier of (i) the entry of an order confirming a chapter 11 plan in this case (that order having become a final order no longer subject to appeal) and (ii) the entry of an order closing this chapter 11 case, MBL Y believes that it is entitled to the payment of any amounts by the Debtor on account of the Debtor's indemnification, contribution and/or reimbursement obligations under the Engagement Letter (as modified by this Order), including without limitation the advancement of defense costs, MBL Y must file an application before this Court, and the Debtor may not pay any such amounts to MBL Y before the entry of an order by this Court approving the payment. This subparagraph (d) is intended only to specify the period of time under which the court shall have jurisdiction over any requests for fees and expenses by MBL Y for indemnification, contribution or reimbursement, and not a provision limiting the duration of the Debtor's obligation to indemnify MBL Y.

ORDERED, that notwithstanding any provision in the Engagement Letter to the contrary, to the extent this Court has jurisdiction over any matters arising out of or related to the Engagement Letter, such matter shall be heard in this Court; and it is further

ORDERED, that this Court shall retain jurisdiction with respect to all matters arising from or related to the implementation of this Order; and it is further

ORDERED, that this Court shall consider the remaining part of the Application that seeks to approve the Restructuring Transaction Fee, the Sale Transaction Fee, a financing fee and the Indemnification Provisions on a final basis at a hearing to be held before this Court on July 22, 2004 at 10:30 a.m. (the "Final Hearing").

Dated:

UNITED STATES BANKRUPTCY JUDGE