

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MAINE

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

**AMENDED 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)**

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; Notice of this Application has been given to (i) the United States Trustee for the District of

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.

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; this Court having entered an Order approving the Application in part and scheduling a hearing concerning the transaction fees and indemnification provisions of the Engagement Letter; and the Debtors, MBLY and certain parties in interest having agreed to amend certain portions of the Engagement Letter as provided in the Amended Order. 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 this Amended Order supersedes and replaces the Order entered by this Court on July 1, 2004 approving the retention of MBLY; and it is further

ORDERED, that pursuant to sections 327(a) and 328(a) of the Bankruptcy Code, MBLY 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 Amended Order; and it is further

ORDERED that the Engagement Letter is modified as follows:

- (a) Subparagraph 2(a) of the Engagement Letter is amended to provide that 100% of the Monthly Advisory Fees actually paid to MBLY during the engagement will be credited against any Restructuring Transaction Fee (as defined in the Engagement Letter) or Sale

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

Transaction Fee (as defined in the Engagement Letter) payable to MBLY;

- (b) Subparagraph 2(b) of the Engagement Letter is amended to reduce the Restructuring Transaction Fee (as defined in the Engagement Letter) from \$11,250,000 to \$7,500,000;
- (c) Subparagraph 2(c) of the Engagement Letter is amended to provide that the Sale Transaction Fee (as defined in the Engagement Letter) shall equal \$7,500,000;
- (d) Notwithstanding any of the other provision of the Engagement Letter, MBLY shall only be entitled to receive one of the Sale Transaction Fee and the Restructuring Fee, provided that MBLY shall also be entitled to the Broadcast Sale Fee as defined in (e) below.
- (e) Notwithstanding any other provision of the Engagement Letter, MBLY is engaged to sell the Debtors' broadcast television assets and, if at any time during the Fee Period, (x) any sale of the broadcast television assets is consummated or (y)(1) an agreement in principle or definitive agreement to effect a sale of the broadcast television assets is entered into and (2) consummated, then MBLY shall be entitled to a transaction fee, contingent upon and payable at the closing thereof, equal to 1.0% of the Aggregate Consideration (as defined in the Engagement Letter) up to \$75 million plus 2% of the Aggregate Consideration in excess of \$75 million (the "Broadcast Sale Fee"); and it is further

ORDERED, that the terms and conditions of MBLY's retention as modified by this Amended Order, including the Fee Structure and the Indemnification Provisions, 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

ORDERED, that MBLY shall be entitled to compensation 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 Amended 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 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 Amended 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, MBLY 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 Amended Order), including without limitation the advancement of defense costs, MBLY must file an application before this Court, and the Debtor may not pay any such amounts to MBLY 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 MBLY for indemnification, contribution or reimbursement, and not a provision limiting the duration of the Debtor's obligation to indemnify MBLY.

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 Amended Order; and it is further

Dated: August 2, 2004

/s/ James B. Haines, Jr.

UNITED STATES BANKRUPTCY JUDGE

CERTIFICATE OF SERVICE

District/off: 0100-2
Case: 04-20878User: rrowell
Form ID: pdf901Page 1 of 3
Total Served: 78

Date Rcvd: Aug 02, 2004

The following entities were served by first class mail on Aug 04, 2004.

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cr +National Rural Telecommunications Cooperative, 2121 Cooperative Way, Herndon, VA 20171-4543

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The following entities were served by electronic transmission.
NONE.

TOTAL: 0

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

aty Andrew D. Gottfried

aty Arnold & Porter, LLP

aty Bernstein, Shur, Sawyer & Nelson

aty Drinker, Biddle & Reath, LLP

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aty Eric W. Hagen, Kirkland & Ellis, LLP

aty Jay Teitelbaum, Morgan, Lewis

aty Kristopher M. Hansen, Stroock & Stroock & Lavan LLP

aty Shaw, Pittman, LLP

aty Stephen M. Ryan

sp Arnold & Porter, LLP

cr Austin CAD

cr Blanco CAD

fa Capital & Technology Advisors, LLC

op Capital Management Associates, Inc.

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consult FTI Consulting, Inc.

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cr HBK Investments L.P.

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consult Herbein & Company, Inc.

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cr Paramount Pictures Corp.
intp Pegasus Communications Corporation
cr Polk County
aud PricewaterhouseCoopers LLP
acc PricewaterhouseCoopers LLP
cr Refugio County
sp Shaw Pittman LLP
cr Shelby County
cr Telepictures Distribution
cr The Steering Committee of Senior Secured Creditors
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cr Wachovia Bank, National Association
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cr Wilmington Trust Co.

TOTALS: 55, * 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: Aug 04, 2004

Signature:

