

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MAINE

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

ORDER AUTHORIZING: (I) PAYMENT OF PREPETITION EMPLOYEE WAGES, SALARIES AND RELATED ITEMS; (II) REIMBURSEMENT OF PREPETITION EMPLOYEE BUSINESS EXPENSES; (III) PREPETITION CONTRIBUTIONS AND PAYMENT OF MEDICAL AND SIMILAR BENEFITS; (IV) PAYMENT OF WORKERS' COMPENSATION OBLIGATIONS; (V) PAYMENTS FOR WHICH PAYROLL DEDUCTIONS WERE MADE; (VI) PAYMENT OF ALL COSTS AND EXPENSES INCIDENT TO THE FOREGOING PAYMENTS AND CONTRIBUTIONS; AND (VII) THE CONTINUATION OF CERTAIN EMPLOYEE PROGRAMS

Upon the motion (the "Motion") 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 (i) authorizing the Debtors, in accordance with their stated policies and in their sole discretion, to (a) pay all prepetition employee wages, salaries, contractual compensation, sick pay, personal pay, holiday pay, vacation pay, bonuses and other accrued compensation, (b) make all payments for which employee payroll deductions were made, (c) reimburse all prepetition employee business expenses, (d) make prepetition contributions and pay benefits under certain employee benefit plans, (e) honor workers' compensation obligations, (f) pay other miscellaneous employee-related costs, (g) pay all

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.

processing costs and administrative expenses incident to the foregoing payments and contributions, and (h) continue employee programs with respect to vacations, sick, personal and holiday leave and certain health, welfare, savings and other benefit programs; and (ii) authorizing and directing applicable banks and other financial institutions to honor and pay all related checks and transfers drawn on the Debtors' payroll and other disbursement accounts to make the foregoing payments, and ratifying such actions to the extent any prepetition payroll checks cleared prior to the entry of this order; and (iii) granting such other and further relief as is just and proper; and no previous application for such relief having been made; 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 notice of this Motion 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 agent for the Pegasus Media & Communications, Inc. credit facility; (iv) the attorneys for the lenders to the Pegasus Satellite Communications, Inc. ("PSC") credit facility; and (v) each of the indenture trustees for each series of notes of PSC; and it appearing that no other notice need be given; and it appearing that the relief requested is in the best interests of the Debtors, their estates and creditors; after due deliberation and sufficient cause appearing therefor, it is hereby

ORDERED, that the Motion is granted; and it is further

ORDERED, that the Debtors are authorized, in accordance with their existing policies and in their business judgment, to pay all outstanding wages, salaries, contractual compensation, sick pay, personal pay, holiday pay, vacation pay, bonuses and other accrued compensation owed to the Employees²; and it is further

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

ORDERED, that the Debtors are authorized to honor all liabilities to their Employees that arose under their vacation, sick leave, personal leave and holiday policies prior to the Petition Date and to continue such programs postpetition; and it is further

ORDERED, that the Debtors are authorized to pay all prepetition Reimbursable Business Expenses in the ordinary course of business; and it is further

ORDERED, that the Debtors are authorized to pay all amounts due and owing as of the Petition Date for Health Benefits and other insurance benefits; and it is further

ORDERED, that the Debtors are authorized to pay all amounts due and owing as of the Petition Date incurred in connection with the Savings Plan and the Stock Purchase Plan and to continue such Plans postpetition; and it is further

ORDERED, that the Debtors are authorized to pay all amounts related to workers' compensation insurance that arose prior to the Petition Date, as they become due, in the ordinary course of the Debtors' business; and it is further

ORDERED, that the Debtors are authorized to pay all amounts due and owing as of the Petition Date under the Severance Plan; and it is further

ORDERED, that the Debtors are authorized to continue their Staff Severance Plan and honor any obligations arising under such plan owed to the Employees after the Petition Date; and it is further

ORDERED, that the Debtors are authorized to pay any accrued and unpaid payroll taxes and continue to forward all other amounts deducted from employees' paychecks to the appropriate parties; and it is further

ORDERED, that the Debtors are authorized to pay all outstanding prepetition amounts relating to the Miscellaneous Benefits and to continue the programs related to the Miscellaneous Benefits, as more fully set forth in the Motion; and it is further

ORDERED, that the Debtors are authorized to pay any processing costs and administrative expenses incident to the foregoing payments, contributions and programs; and it is further

ORDERED, that (i) the Debtors' banks are authorized to honor prepetition payroll and transfers on or after the Petition Date and, to the extent the bank may have honored any prepetition payroll checks prior to the Petition Date, such honoring is ratified, and (ii) Debtors' banks and financial institutions are authorized to process and honor all other checks and transfers issued for payments approved by this Order and/or reissue checks for any payments approved by this Order where checks may be dishonored postpetition; and it is further

ORDERED, that the Court shall retain jurisdiction to hear and determine all matters arising from the implementation of this Order.

Dated: June 4, 2004

/s/ James B. Haines, Jr.

UNITED STATES BANKRUPTCY JUDGE