

Exhibit B
July Fee Statement

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF MAINE**

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

SECOND MONTHLY FEE STATEMENT

Name of Applicant: Sidley Austin Brown & Wood LLP

Authorized to Provide Professional Services to: Debtors

Date of Retention: June 24, 2004, *nunc pro tunc* to June 2, 2004

Period for Which Compensation and Reimbursement is Sought: July 1, 2004 through July 31, 2004

Amount of Compensation Sought as Actual, Reasonable and Necessary: \$1,230,923.00

Amount of Expense Reimbursement Sought as Actual, Reasonable and Necessary: \$69,133.40¹

This is a(n): X interim _____ final Monthly Fee Statement.

The time expended in preparation of this Monthly Fee Statement during the period covered by this Monthly Fee Statement is only partially reflected in this Monthly Fee Statement. Allowance for time spent in preparation of this Monthly Fee Statement will also be sought in a future Monthly Fee Statement.

Prior Fee Statements:

<u>Date</u>	<u>Period Covered</u>	<u>Amount</u>	<u>Status</u>
8/5/04	6/2/04-6/30/04	\$1,434,570.00 - Fees	Certificate of No Objection
		\$111,166.46 - Expenses	Filed 8/26/04

¹ Applicant incorrectly listed the duplication charges in its previous fee statement. In accordance with the SMELL, the cost should have been ten cents per page for in-house copies. All outside copying service sources were correctly billed at actual cost. Applicant regrets its error and thus adjusts this month's expense request downward by \$4,475.34.

ATTACHMENT B TO MONTHLY FEE STATEMENT

Name of Professional/ Individual	Position, Area of Expertise, Number of Years in Practice, Year of Obtaining License to Practice	Hourly Billing Rate	Total Hours Billed	Total Compensation
Larry J. Nyhan	Partner/ Bankruptcy/ 24 years. Admitted 1980.	\$700.00	190.40	\$130,445.00
James F. Conlan	Partner/ Bankruptcy/ 16 years. Admitted 1988.	\$685.00	41.70	\$28,564.50
Guy S. Neal	Partner/ Bankruptcy/ 11 years. Admitted 1993.	\$500.00	198.90	\$96,000.00
Ellen R. Moring	Associate/ Bankruptcy/ 14 years. Admitted 1990.	\$425.00	290.70	\$123,547.50
Paul S. Caruso	Associate/ Bankruptcy/ 9 years. Admitted 1996.	\$390.00	287.30	\$107,211.00
Michael G. Burke	Associate/ Bankruptcy/ 2 years. Admitted 2003.	\$310.00	102.10	\$31,651.00
Jessica C. Knowles	Associate/ Bankruptcy/ 2 years. Admitted 2002.	\$290.00	187.00	\$54,230.00

Joel M. Randleman	Associate/ Bankruptcy/ <1 year. Admitted 2004.	\$280.00	132.30	\$37,044.00
Laura Baccash Franzon	Associate/ Bankruptcy/ 1 year. Admitted 2003.	\$260.00	124.10	\$32,266.00
Matthew E. McClintock	Associate/ Bankruptcy/ 1 year. Admitted 2003.	\$260.00	47.60	\$12,376.00
David M. Dunn	Associate/ Bankruptcy/ 1 year. Admitted 2003.	\$235.00	32.20	\$7,567.00
Eileen McDonnell- O'Driscoll	Legal Assistant/ Bankruptcy/ 19 years.	\$170.00	25.50	\$4,335.00
Lauren A. Hoeflich	Legal Assistant/ Bankruptcy/ 2 years.	\$155.00	72.40	\$11,222.00
Nancy J. Lusk	Legal Assistant/ Bankruptcy/ 16 years.	\$155.00	13.30	\$2,061.50
Joseph H. Elsabee	Legal Assistant/ Bankruptcy/ < 1 year.	\$140.00	13.70	\$1,918.00
Jacob Margulies	Legal Assistant/ Bankruptcy/ < 1 year.	\$125.00	51.80	\$6,475.00
Laura H. Allen	Partner/ Litigation/ 29 years. Admitted 1975.	\$575.00	5.00	\$2,875.00

Joel M. Mitnick	Partner/ Litigation/ 23 years. Admitted 1981.	\$575.00	6.30	\$3,622.50
James M. Harris	Partner/ Litigation/ 28 years. Admitted 1976.	\$550.00	6.80	\$3,740.00
P. David Richardson	Partner/ Litigation/ 24 years. Admitted 1980.	\$550.00	19.80	\$10,890.00
Lawrence R. Fullerton	Partner/ Litigation/ 26 years. Admitted 1978.	\$525.00	22.80	\$11,970.00
Michael D. Warden	Partner/ Litigation/ 16 years. Admitted 1988.	\$525.00	104.10	\$54,652.50
Nicholas H. De Baun	Associate/ Litigation/ 10 years. Admitted 1995.	\$435.00	7.20	\$3,132.00
Melville W. Washburn	Partner/ Litigation/ 17 years. Admitted 1987.	\$425.00	4.80	\$2,040.00
Amy P. Lally	Associate/ Litigation/ 6 years. Admitted 1998.	\$365.00	10.40	\$3,796.00
Stephen M. Nickelsburg	Associate/ Litigation/ 6 years. Admitted 2001.	\$350.00	122.90	\$43,015.00

Elyce Cooper	Associate/ Litigation/ 5 years. Admitted 1999.	\$345.00	5.00	\$1,725.00
Jason S. Cowart	Associate/ Litigation/ 5 years. Admitted 2000.	\$325.00	95.50	\$31,037.50
Andrew D. Fausett	Associate/ Litigation/ < 1 year. Admitted 2003.	\$215.00	74.70	\$16,060.50
Michael C. Soules	Associate/ Litigation/ < 1 year. Admitted 2003.	\$215.00	56.50	\$12,147.50
Melinda A. Williams	Associate/ Litigation/ < 1 year. Admitted 2003.	\$215.00	4.50	\$967.50
Peter V. Lindsay	Associate/ Litigation/ < 1 year. Admitted 2003.	\$215.00	20.50	\$4,407.50
Connie Chang	Associate/ Litigation/ < 1 year. Admitted 2003.	\$210.00	75.00	\$15,750.00
Lewis P. Rhodes	Law Clerk/ Litigation/ 3 years.	\$165.00	41.50	\$6,847.50
Sheila P. Cordero	Legal Assistant/ Litigation/ 8 years.	\$160.00	4.70	\$752.00

Derek D. Reid	Legal Assistant/ Litigation/ 4 years.	\$140.00	30.00	\$4,200.00
Timothy H. McCarten	Legal Assistant/ Litigation/ years.	\$115.00	14.40	\$1,656.00
Andrea L. Normile	Legal Assistant/ Litigation/ 2 years.	\$115.00	22.80	\$2,622.00
John J. Rehmann	Legal Assistant/ Litigation/ 1 year.	\$110.00	13.10	\$1,441.00
Thomas P. Van Wazer	Partner/ Communications/ 15 years. Admitted 1989.	\$450.00	23.30	\$10,485.00
Jennifer B. Tatel	Associate/ Communications/ 4 years. Admitted 2000.	\$295.00	142.00	\$41,890.00
Laurie McCarty	Communications Specialist/ 9 years.	\$195.00	3.00	\$585.00
Larry A. Barden	Partner/ Corporate/ 22 years. Admitted 1982.	\$590.00	4.60	\$2,714.00
Jamie H. Sklar	Associate/ Corporate/ 5 years. Admitted 2000.	\$400.00	144.50	\$57,800.00

Christopher A. Pih	Associate/ Corporate/ 2 years. Admitted 2003.	\$310.00	13.00	\$4,030.00
Robert P. Hardy	Partner/ Taxation/ 20 years. Admitted 1984.	\$575.00	9.00	\$5,175.00
Thomas H. Yancey	Partner/ Taxation/ 24 years. Admitted 1980.	\$525.00	263.30	\$135,817.50
Angelo Ciavarella	Counsel/ Taxation/ Admitted 1994.	\$510.00	45.10	\$23,001.00
Scott J. Heyman	Partner/ Taxation/ 16 years. Admitted 1987.	\$475.00	3.90	\$1,852.50
Louis Gibber	Associate/ Taxation/ 2 years. Admitted 2002.	\$335.00	30.10	\$10,083.50
Bradley C. Martinson	Associate/ Taxation/ < 1 year. Admitted 2003.	\$205.00	8.30	\$1,701.50
Michael J. Kinn	Counsel/ Employee Benefits/ 25 years. Admitted 1979.	\$425.00	17.50	\$7,437.50

Joanne Seltzer	Associate/ Employment and Labor/ 4 years. Admitted 2000.	\$380.00	5.50	\$2,090.00
Grand Total			3,292.40	\$1,230,923.00
Blended Rate		\$373.87		

EXPENSE SUMMARY

Expense Category	Service Provider (if applicable)	Total Expenses
Air Transportation	Various	\$10,194.39
Duplicating Charges (10¢/page)		
Court Costs		\$1,297.06
Document Delivery Services	Federal Express/DHL	\$72.50
Document Services		\$297.28
Facsimile Charges (\$.50/page, outgoing only)		\$194.38
Ground Transportation		\$296.50
CALR – Lexis Research Service	Lexis	\$4,155.34
Meals – Out of Town		\$12,990.49
Meals – Other		\$1,259.00
Messenger Services	Cannonball	\$2,826.81
Overtime Services		\$785.44
Document Production		\$1,849.49
Search Services		\$1,262.50
Telephone Tolls		\$533.62
Temporary Services		\$3,406.70
Lodging		\$76.00
CALR – Westlaw Research Service	Westlaw	\$3,770.96
		\$28,340.28
Total		\$69,133.40²

² Applicant incorrectly listed the duplication charges in its previous fee statement. In accordance with the SMELL, the cost should have been ten cents per page for in-house copies. All outside copying service sources were correctly billed at actual cost. Applicant regrets its error and thus adjusts this month's expense request downward by \$4,475.34.

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF MAINE**

In re:)	
)	Chapter 11
PEGASUS SATELLITE TELEVISION, INC., et al., ³)	Case No. 04-20878 (JBH)
Debtors.)	(Jointly Administered)

**MONTHLY STATEMENT OF FEES FOR SERVICES RENDERED AND EXPENSES
INCURRED BY SIDLEY AUSTIN BROWN AND WOOD LLP, COUNSEL TO THE
DEBTORS, FOR THE PERIOD JULY 1, 2004 THROUGH JULY 31, 2004.**

Sidley Austin Brown & Wood LLP ("Applicant"), attorneys for Pegasus Satellite Television, Inc., and certain of its subsidiaries, each of which is a debtor-in-possession herein (collectively, the "Debtors"), respectfully submits this monthly fee statement (the "Fee Statement") to this Court, pursuant to 11 U.S.C. §§ 327, 331 and 503, and Fed. R. Bankr. R. 2016, for approval of monthly compensation and reimbursement of expenses.

In support of the Fee Statement, the Applicant states as follows:

1. On June 2, 2004 (the "Petition Date"), the Debtors commenced these chapter 11 cases by each filing voluntary petitions under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"). On the Petition Date, the Debtors also jointly filed

³ 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., and WTLH License Corp.

motions or applications seeking certain typical "first day" orders, including an order to have these cases jointly administered.

2. The Debtors are continuing in possession of their properties and are operating and maintaining their businesses as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No request has been made for the appointment of a trustee or examiner in these cases. On June 10, 2004, the Office of the United States Trustee appointed an Official Committee of Unsecured Creditors in these cases pursuant to section 1102 of the Bankruptcy Code (the "Committee").

BASIS FOR THE FEE STATEMENT

3. By this Fee Statement, Applicant seeks an allowance and award of compensation for the services rendered and reimbursement of expenses incurred by Applicant as general bankruptcy counsel to the Debtors between July 1, 2004 and July 31, 2004 both dates inclusive. The amount of fees sought for services rendered during this period is \$1,230,923.00 representing 3,292.40 hours in professional and paraprofessional time for such services, and reimbursement of actual necessary expenses incurred by Applicant during the above-referenced period in connection with these services is requested in the amount of \$69,133.40.

4. The Debtors sought approval of this Court to retain Applicant as general reorganization and bankruptcy counsel, pursuant to 11 U.S.C. § 327(a), by motion filed June 3, 2004. As set forth in the Motion seeking such approval, Applicant's services to the Debtors would encompass a wide range of legal services, focused upon restructuring and insolvency issues but also encompassing certain corporate, intellectual property, real estate, tax, and

litigation matters. In particular, Applicant anticipate advising the Debtors with respect to the following matters:

- A. providing legal advice with respect to the Debtors' powers and duties as debtors in possession in the continued operation of their businesses;
- B. taking all necessary action to protect and preserve the Debtors' estates, including prosecuting actions on behalf of the Debtors, negotiating any and all litigation in which the Debtors are involved, and objecting to claims filed against the Debtors' estates;
- C. preparing on behalf of the Debtors all necessary motions, answers, orders, reports and other legal papers in connection with the administration of the Debtors' estates;
- D. attending meetings and negotiating with representatives of creditors and other parties in interest, attending court hearings and advising the Debtors on the conduct of the cases;
- E. performing any and all other legal services for the Debtors in connection with these chapter 11 cases and with the formulation and implementation of the Debtors' plan;
- F. advising and assisting the Debtors regarding all aspects of the plan confirmation process, including, but not limited to, securing the approval of a disclosure statement by the Bankruptcy Court and the confirmation of a plan at the earliest possible date;
- G. providing legal advice and performing legal services with respect to general corporate matters, and advice and representation with respect to obligations of the Debtors and their Boards of Directors and officers;
- H. providing legal advice and performing legal services with respect to matters involving the negotiation of the terms and the issuance of corporate securities, matters relating to corporate governance and the interpretation, application or amendment of the Debtors' corporate documents, including their Certificates or Articles of Incorporation, by-laws, material contracts, and matters involving stockholders and the Debtors' legal duties toward them;
- I. providing legal advice and legal services with respect to litigation, tax and other general non-bankruptcy legal issues for the Debtors to the extent requested by the Debtors; and
- J. rendering such other services as may be in the best interests of the Debtors in connection with any of the foregoing and all other necessary or appropriate legal

services in connection with these chapter 11 cases, as agreed upon by Sidley and the Debtors.

Applicant's retention was approved by this Court by order dated June 24, 2004.

5. Applicant has received no payment and no promises for payment from any source for services rendered in these chapter 11 cases. There is no agreement between Applicant and any other party for the sharing of compensation to be received for the services rendered by Applicant in these chapter 11 cases. All professional and paraprofessional services for which compensation is sought herein were rendered solely on behalf of the Debtors in these cases.

SERVICES RENDERED

6. As set forth on Exhibits A through Q attached hereto, Applicant has rendered substantial services to the Debtors in connection with these chapter 11 cases during the period covered by this Fee Statement. These services may be summarized generally as follows:

a. Regulatory: Applicant's services in this category during the period covered by this Fee Statement included (i) addressing issues pertaining to Public Notices of Interest, (ii) addressing issues pertaining to potential station acquisitions and implications of the Federal Communications Commission ("FCC") rules on same, (iii) addressing issues pertaining to certain stations' construction permit applications pending before the FCC, (iv) responding to a request from the FCC relating to certain information pertaining to the Debtors' status in bankruptcy, and (v) communication with Debtors' personnel, FCC personnel, and other parties-in-interest regarding all of the above. Applicant seeks \$5,662.50 in fees related to work performed in this category in connection with its services as detailed further on Exhibit A attached hereto and incorporated herein by reference.

b. Tax Issues: Applicant's tax services to the Debtors performed during the period covered by this Fee Statement primarily consisted of (i) addressing issues regarding the preservation of net operating losses under a potential plan of reorganization, (ii) addressing tax issues arising from the proposed term sheet for the plan of reorganization., and (iii) addressing tax issues arising from proposed sales of assets. Applicant seeks \$49,470.50 in fees related to work performed in this category in connection with its services as detailed further on Exhibit B attached hereto and incorporated herein by reference.

c. Litigated Issues: Applicant performed a substantial amount of services during the period covered by this Fee Statement in respect of various litigation-related matters. In particular, Applicant's services related to: (i) addressing issues relating to the standards of review for an appeal and preparing a memorandum regarding same, (ii) addressing issues relating to the preparation of an amended complaint, (iii) addressing issues pertaining to the designation of transcripts on appeal, and (iv) conferences regarding litigation strategy with Debtors' personnel and other professionals, Applicant seeks \$23,187.50 in fees related to work performed in this category in connection with its services as detailed further on Exhibit C attached hereto and incorporated herein by reference.

d. Plan and Disclosure Statement: Applicant's professionals during the period covered by this Fee Statement primarily performed services regarding the potential structure of a plan of reorganization including (i) addressing issues regarding the preservation of net operating losses under a potential plan of reorganization, (ii) preparing a proposed term sheet for a potential plan of reorganization, and (iii) preparing a timeline for the confirmation of the potential plan of reorganization. Applicant seeks \$58,562.00 in fees related to work performed in

this category in connection with its services as detailed further on Exhibit D attached hereto and incorporated herein by reference.

e. Creditor Communications: Applicant's services in this category during the period covered by this Fee Statement included: (i) preparing for and participating in numerous meetings with the Committee and (ii) responding to information requests by the Committee. Applicant seeks \$29,813.00 in fees related to work performed in this category in connection with its services as detailed further on Exhibit E attached hereto and incorporated herein by reference.

f. Travel Time: Applicant's professionals were required to travel on numerous occasions during the period covered by this Fee Statement. During the Compensation Period, non-working travel time was billed at 50% of regular hourly rates. Applicant seeks \$13,536.00 in fees related to work performed in this category in connection with its services as detailed further on Exhibit F attached hereto and incorporated herein by reference.

g. Employee Issues: Applicant's professionals also performed services related to the effect of the chapter 11 proceedings on the Debtors' employees and other employee-related issues. These services included: (i) reviewing the Debtors' employee retirement plans and discussions with the Debtors' personnel related to the effect of the commencement of the bankruptcy proceedings on such plans, (ii) addressing issues pertaining to a Support Services Agreement between both debtor and non-debtor affiliates which related to employee-related services and benefits, (iii) addressing issues pertaining to proposed employee bonus and retention programs and (iv) addressing employee-related issues arising from proposed sales of assets. Applicant seeks \$64,021.50 in fees related to work performed in this category in

connection with its services as detailed further on Exhibit G attached hereto and incorporated herein by reference.

h. First Day Motions: Applicant's professionals primarily performed services during the period covered by this Fee Statement in connection with the preparation of a final order authorizing the Debtors to continue performing under a certain support services agreement, which order was approved by the Court on July 22, 2004. Applicant seeks \$23,660.00 in fees related to work performed in this category, as detailed further on Exhibit H attached hereto and incorporated herein by reference.

i. Case Administration: A large portion of the services performed by Applicant's professionals during the period covered by this Fee Statement consisted of services related to the day-to-day administration of these chapter 11 cases and most of the time billed to this category relates to general and administrative matters. Time billed in this category also includes time spent on services that either (i) does not readily fit into one of the other categories specified in this Fee Statement, or (ii) may fit into more than one of such categories. As a result, the services performed by Applicant's professionals that fall within this category are numerous and varied, but include, as a representative sample: (i) drafting and revising the case management order for these chapter 11 cases, (ii) monitoring the docket in these cases concerning the filing of new pleadings, (iii) developing general strategy to govern the future of these chapter 11 cases, in connection with the Debtors' personnel and other professionals, (iv) participating in conference calls concerning the progress of these chapter 11 cases, (v) meetings with a number of the parties in interest in these cases, including meetings with the Creditors Committee, (vi) drafting the agenda for, preparing for, and participating in omnibus hearings held on July 22, 2004, and July 28, 2004, and (vii) participating in meetings of the Debtors'

Board of Directors (the "Board") including on July 11, 2004, in order to advise the Board with respect to numerous issues relating to the Debtors' cases. Applicant seeks \$40,438.50 in fees related to work performed in this category in connection with its services as detailed further on Exhibit I attached hereto and incorporated herein by reference.

j. Bankruptcy Schedules: Applicant advised Debtors' personnel and FTI Consulting, Inc. ("FTI"), as financial advisors to the Debtors, concerning numerous legal issues arising in connection with the preparation of the Debtors' Schedules of Assets and Liabilities and Statement of Financial Affairs (collectively, the "Schedules"). Such advice included both one-on-one and group conferences with the Debtors' and FTI's personnel compiling the data necessary for inclusion in the Schedules. Applicant seeks \$23,729.50 in fees related to work performed in this category in connection with its services as detailed further on Exhibit J attached hereto and incorporated herein by reference.

k. Fee Applications: This category includes Applicant's activities in connection with the preparation of its first monthly Fee Statement. During the period covered by this Fee Statement, Applicant's professionals and paraprofessionals performed services in connection with (i) the preparation of Applicant's first monthly Fee Statement and (ii) the review of information for Applicant's first monthly Fee Statement. The time expended in preparation of this Fee Statement is only partially reflected in this Fee Statement. Because many of Applicant's professionals and paraprofessionals provide services in these chapter 11 cases, reviewing Applicant's billing statements and preparing the fee statements and applications is a time consuming process. At this time, Applicant seeks \$19,005.00 in fees related to work performed in this category in connection with its services as detailed further on Exhibit K attached hereto and incorporated herein by reference.

l. Executory Contracts and Leases: Applicant's professionals during the period covered by this Fee Statement (i) researched, communicated with Debtors' personnel, and prepared memoranda concerning the status and advisability of rejection or assumption and assignment of certain executory contracts and leases of the Debtors, (ii) prepared a motion in connection with the extension of the period to assume certain executory contracts pursuant to section 365(d)(4) of the Bankruptcy Code, (iii) prepared a motion in connection with the assumption and assignment of certain contracts, and (iv) addressed issues and prepared memoranda relating to the calculation of rejection damages in connection with real property leases and other specific executory contracts. Applicant seeks \$53,801.50 in fees related to work performed in this category in connection with its services as detailed further on Exhibit L attached hereto and incorporated herein by reference.

m. Vendor Issues: Applicant's professionals during the period covered by this Fee Statement primarily performed services regarding the preparation of a motion to allow the Debtors to deposit into escrow certain amounts invoiced for the post-petition period that NRTC may assert it is owed under certain Member Agreements. Applicant seeks \$13,748.00 in fees related to work performed in this category in connection with its services as detailed further on Exhibit M attached hereto and incorporated herein by reference.

n. Asset Sales: Applicant's professionals during the period covered by this Fee Statement (i) researched, communicated with Debtors' personnel and prepared memoranda concerning possible settlement structures and assets sales, (ii) researched and prepared motions concerning the Debtors' asset sale including the global settlement/sale motion, (iii) reviewed and communicated with Debtors' personnel regarding proposals in connection with a sale of the Debtors' assets to DIRECTV, (iv) negotiated with DIRECTV and the Creditors' Committee

regarding a sale of the Debtors' assets, (v) reviewed and revised the proposed asset purchase agreement and other deal documents, and (vi) researched and prepared a purchase agreement in connection with South Plains DBS LP. Applicant seeks \$515,018.50 in fees related to work performed in this category in connection with its services as detailed further on Exhibit N attached hereto and incorporated herein by reference.

o. Professional Retention: The Applicant advised the Debtors on the retention and employment of the various professionals employed by the Debtors. During the period covered by this Fee Statement, the Applicant's efforts were devoted almost entirely to assisting the Debtors' professionals with their respective retention. Among other things, the time billed in this category included (i) advising the Debtors on the legal issues related to the retention of the Debtors' professionals to be retained in these chapter 11 cases, (ii) assisting the Debtors' professionals to be retained by drafting various models of retention applications, (iii) advising the Debtors' professionals regarding issues pertaining to compensation of retained professionals, (iv) addressing issues pertaining to Debtors' ordinary course professionals, and (v) communicating with various parties-in-interest regarding the retention of such professionals. Applicant seeks \$27,926.00 in legal fees for services performed in this category as more particularity detailed in Exhibit O hereto and incorporated herein by reference.

p. NRTC Litigation: Applicant's professionals during the period covered by this Fee Statement (i) researched and prepared a motion for leave to appeal the Bankruptcy Court's decision to deny the Debtors' motion for preliminary injunction, (ii) researched and prepared an amended complaint in connection with the Debtors' adversary proceedings, (iii) consulted with Debtors' personnel regarding the amended complaint in connection with the NRTC/DIRECTV litigation, (iv) prepared for and participated in the hearing on the motion for

an expedited trial schedule in connection with the NRTC/DIRECTV litigation, (v) researched and prepared Debtors' response and opposition to the defendants' motion to dismiss the appeal of the order denying the preliminary injunction, (vi) prepared discovery requests in connection with the NRTC/DIRECTV litigation, and (vii) prepared an appellate brief in connection with the NRTC/DIRECTV litigation. Applicant seeks \$263,526.00 in fees related to work performed in this category in connection with its services as detailed further on Exhibit P attached hereto and incorporated herein by reference.

q. Avoidance Litigation: Applicant's services in this category during the period covered by this Fee Statement consisted of analyzing avoidance claim issues and research regarding possible preference actions. In connection with services rendered in this category, the Applicant seeks \$5,817.00 in fees, as detailed further in Exhibit Q attached hereto and incorporated by reference.

7. Applicant submits that the services specified in paragraph 6 above and set forth in detail on Exhibits A through Q hereto were necessary and have directly contributed to the effective administration of these chapter 11 cases.

8. Applicant further submits that the hourly rates charged by its professionals and paraprofessionals during the period covered by this Fee Statement are no greater than the customary hourly rates for such individuals both inside and outside of bankruptcy cases. Applicant believes these rates are comparable to or less than those charged by other professionals of other firms of comparable size, stature, and experience.

9. The magnitude of these chapter 11 cases and the resulting demands on the time of Applicant's professionals and paraprofessionals have required such professionals and paraprofessionals to allocate responsibility for various matters at issue in these chapter 11 cases

between themselves. However, at times during the period covered by this Fee Statement, it has been necessary for more than one of Applicant's professionals to attend Court hearings or participate in other conferences or meetings involving these chapter 11 cases or, alternatively, it has been necessary for one or more of Applicant's professionals to attend such meetings or hearings in the company of the Debtors' bankruptcy co-counsel or one of the other law firms retained in these chapter 11 cases to represent specific interests of the Debtors. Moreover, the pace of events and varied occurrences in these cases have mandated frequent communications among those of Applicant's professionals performing services in connection with these cases, as well as between Applicant's professionals and the Debtors' bankruptcy co-counsel. This joint attendance at such hearings, conferences or meetings, as well as such communications among Applicant's professionals, are necessitated by the demands of these cases and compensation for such items is warranted.

10. The Debtors have retained Bernstein, Shur, Sawyer & Nelson ("BSSN") as co-bankruptcy counsel. While both Applicant and BSSN have endeavored to eliminate the duplication of efforts between the two firms, from time to time it has been necessary for one or more of the Applicant's professionals and/or paraprofessionals to confer with or attend hearings, conferences or meetings, or participate in telephonic conferences with BSSN , where Applicant and BSSN had performed separate services for the Debtors that warranted the attendance of both at such event or participation of both in such meeting or conference. Applicant submits that compensation for such time is warranted based upon these considerations.

11. A breakdown of the hours expended by each of Applicant's professionals and paraprofessionals on the individual matters set forth in paragraph 6 above is contained on Exhibits A through Q to this Fee Statement. A breakdown of the total hours expended by each

professional and paraprofessional on all matters covered herein is included as a part of Attachment B to this Fee Statement, as required by D. Me. LBR 2016-1.

EXPENSES INCURRED BY APPLICANT

12. For purposes of this Fee Statement, Applicant has conformed with the Standard Maine Expense Level List ("SMELL"). Applicant has incurred expenses of \$69,133.40 in connection with its services rendered to the Debtors during the period covered by this Fee Statement. These expenses were incurred for items not included in Applicant's hourly rates, including, but not limited to, duplicating charges, document delivery and messenger services, telephone and facsimile charges, computer-assisted legal research, travel-related expenses, overtime services and in-house document production. Applicant submits that all such expenses are necessary and actual expenses for the performance of its services in these cases, and further submits that many of such expenses were necessitated by the time constraints under which Applicant's professionals and staff have operated in these cases.

13. Applicant submits that all travel expenses incurred during the period covered by this Fee Statement were necessary and reasonable under the circumstances.

14. A detailed breakdown of Applicant's expenses incurred in rendering services to the Debtors during the period covered by this Fee Statement is incorporated into this Fee Statement as part of Exhibit I hereto. In addition, such a breakdown is included as part of Attachment B to this Fee Statement, as required by D. Me LBR 2016-1.

INTERIM NATURE OF COMPENSATION

15. In accordance with this Court's administrative order entered in these cases concerning the interim compensation of professionals, Applicant requests that, upon the expiration of the objection deadline respecting this Fee Statement and the Applicant's filing of a certificate of no objection, the Debtors be authorized to pay an amount equal to the lesser of (1) 90 percent of the fees and 100 percent of the expenses requested in this Fee Statement or (2) 90 percent of the fees and 100 percent of the expenses not subject to an objection.

NOTICE

16. Notice of this Fee Statement has been served upon (i) the Office of the United States Trustee for the District of Maine, (ii) counsel for the Committee, (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 (vi) those persons who have requested notice pursuant to Federal Rule of Bankruptcy Procedure 2002.

NO PRIOR REQUEST

17. No previous motion for the relief requested herein has been made to this or any other Court.

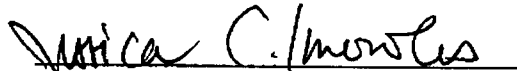
REVIEW OF APPLICABLE LOCAL RULE

18. The undersigned has reviewed the requirements of Maine Bankr. LR 2016-1 and certifies to the best of his or her information, knowledge and belief that this Fee Statement complies with Rule 2016-1.

WHEREFORE, after appropriate notice and hearing, Sidley Austin Brown & Wood requests the Court to (i) approve interim compensation in the amount of \$1,230,923.00, and reimbursement of expenses in the amount of \$69,133.40 pursuant to 11 U.S.C. §§ 327, 331 and 503, (ii) authorize the Debtors to remit to Applicant any amounts due and owing in accordance with this Court's administrative order respecting interim compensation for professionals in these cases, and (iii) provide for other and further relief as is just in this cause.

Dated: September 10, 2004

Respectfully submitted,



Larry J. Nyhan
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