

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF MAINE**

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

**FIRST INTERIM FEE APPLICATION OF GREENHILL & CO LLC, FOR THE PERIOD
FROM JUNE 14, 2004 THROUGH AUGUST 31, 2004**

Name of Applicant:	Greenhill & Co., LLC
Authorized to Provide Professional Services to:	Official Committee of Unsecured Creditors
Date of Retention:	June 14, 2004
Amount of Compensation Sought as Actual, Reasonable and Necessary:	\$385,000.00
Amount of Expense Reimbursement Sought as Actual, Reasonable and Necessary:	\$10,182.74
This is a(n):	<u> X </u> interim <u> </u> final application.

No time was expended in the preparation of this application during the periods covered by this Application. Allowance for time spent in preparation of this Application will be sought in a future fee application.

SUMMARY OF TIME ON INTERIM FEE APPLICATION
JUNE 14, 2004 THROUGH AUGUST 31, 2004

<u>Professional</u>	<u>Position</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>Total</u>
Michael A. Kramer	Managing Director	13.0	40.0	14.0	67.0
Bradley A. Robins	Managing Director	35.0	75.0	72.5	182.5
Christopher Ortega	Associate	70.0	140.0	85.5	295.5
R. Scott Greeder	Analyst	70.0	158.0	111.0	339.0
Total		188.0	413.0	283.0	884.0

EXPENSE SUMMARY
JUNE 14, 2004 THROUGH AUGUST 31, 2004

Expense Category	Total Expenses
Travel ⁽¹⁾	\$7,447.59
Travel Meals	\$25.72
Other ⁽²⁾	\$2,709.43
Total	\$10,182.74

(1) Includes airfares, lodging, mileage, parking and taxi expenses.

(2) Includes research, overtime meals and taxis and telephonic charges.

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**FIRST INTERIM APPLICATION FOR COMPENSATION AND
REIMBURSEMENT OF EXPENSES OF GREENHILL & Co., LLC
AS FINANCIAL ADVISOR TO THE OFFICIAL COMMITTEE’S OF UNSECURED
CREDITORS**

NOW COMES Greenhill & Co., LLC (the “Applicant”), as financial advisor to the Official Committee of Unsecured Creditors (the “Committee”) of Pegasus Satellite Television, Inc., et al¹ the above-captioned debtors (the “Debtors”), pursuant to 11 U.S.C. § 330, F.R. Bankr. P. 2016 and D. Me. LBR 2016-1, and makes this Application for an award of \$385,000.00 for fees, and \$10,182.74 for reimbursement of expenses (the “Fee Application”).

INTRODUCTION

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

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

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., and WTLH License Corp.

Bankruptcy Code. No request has been made for the appointment of a trustee or examiner in these cases.

BASIS FOR THE APPLICATION

3. On June 10, 2004 (the “Committee Formation Date”), pursuant to section 1102 of the Bankruptcy Code, the United States Trustee for the District of Maine (the “U.S. Trustee”) appointed the Committee. On June 14, 2004, the U.S. Trustee filed an Amended Notice of Appointment of Creditors Committee, adding one additional committee member. The Committee currently consists of six members.² On June 14, 2004, the Committee selected Akin Gump Strauss Hauer & Feld LLP (“Akin Gump”) as its lead counsel and Pierce Atwood to service as co-counsel to the Committee as well as Greenhill & Co., LLC and Capital Technology Advisors, LLC to serve as financial advisors to the Committee. On July 13, 2004, the Committee filed an Application to Employ Greenhill & Co., LLC as financial advisor to the Committee *Nunc Pro Tunc* to June 14, 2004. In particular, and as more fully set forth in the Retention Application, Applicant received approval to advise the Debtors with respect to the following matters:

- A. review and provide an analysis of the business, operations, properties, financial conditions and prospects of the Company;
- B. monitor the Company’s ongoing performance;
- C. evaluate the Company’s debt capacity in light of its projected cash flows;
- D. review and provide an analysis of any proposed capital structure for the Company;
- E. review and provide an analysis of any valuations of the Company on a going concern basis and on a liquidation basis;
- F. review and provide an analysis of any proposed public or private placement of the debt and equity securities of the Company, or any

² The Committee is comprised of the following entities: Wachovia Bank, as Indenture Trustee; JP Morgan Bank, as Indenture Trustee; HSBC Bank USA, as Successor Indenture Trustee; D.E. Shaw Laminar Portfolios, LLC; LC Capital Master Fund; and Silver Point Capital and affiliates.

loan or financing (including any proposed debtor-in-possession financing);

- G. review and provide an analysis of any of the Company's proposed non-ordinary course expenditures during its Chapter 11 case;
- H. review and provide an analysis of all proposed Chapter 11 plans proposed by any party;
- I. in connection therewith, review and provide an analysis of any new securities, other considerations or other inducements to be offered and/or issued under the Plan;
- J. assist the Company and/or participate in negotiations with the Company, potential purchasers of the Company and any other groups affected by the Plan or a sale;
- K. assist the Committee in preparing documentation within its area of expertise required in connection with supporting or opposing the Plan or a sale;
- L. review and provide an analysis of any proposed disposition of any material assets of the Company or any offers to purchase some or substantially all of the assets of the Company;
- M. when and as requested by the Committee, render reports to the Committee as Greenhill deems appropriate under the circumstances; and
- N. participate in hearings before the Bankruptcy Court with respect to the matters upon which Greenhill has provided advice, including, as relevant, coordinating with the Committee's counsel with respect to testimony in connection therewith.

Applicant's retention was approved by this Court by order dated July 27, 2004.

4. On June 24, 2004, this Court entered that certain Order Under §§ 331 and 105(a) Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals (the "Interim Compensation Order"). Pursuant to the procedures set forth in the Interim Compensation Order, professionals may apply for monthly compensation and reimbursement (each such statement, a "Monthly Fee Statement"), and the notice parties listed in the Interim

Compensation Order may object to such request. If no notice party objects to a professional's Monthly Fee Statement within twenty (20) days after the date of service of the Monthly Fee Statement, the applicable professional may submit to the Court a certificate of no objection, whereupon the Debtors are authorized to pay interim compensation and reimbursement of 90% of the fees and 100% of the expenses requested.

5. The Interim Compensation Order also provides that professionals are to file and serve upon the notice parties an interim request (an "Interim Fee Application") for interim Court approval and allowance of the Monthly Fee Statements filed during the quarter covered by that Interim Fee Application. If the Courts grants the relief requested by the Interim Fee Application, the Debtors are authorized and directed to pay the professional 100% of the fees and expenses requested in the Monthly Fee Statements covered by that Interim Fee Application, less any amounts previously paid in connection with the Monthly Fee Statements. Any payment made pursuant to the Monthly Fee Statements of an Interim Fee Application is subject to final approval of all fees and expenses at a hearing on the professional's final fee application.

6. Applicant has filed a Statement of Fees for Services Rendered and Expenses Incurred by Greenhill & Co., LLC as Financial Advisor to the Official Committee of Unsecured Creditors for the Period Beginning June 14, 2004 and Ending September 30, 2004, filed October 22, 2004, and docketed on the Court's docket as docket no. 656 (the "First Fee Statement"). Applicant has not filed any other Monthly or Interim Fee Applications.

7. The period for objecting to the fees for the First Fee Statement will terminate on November 11, 2004.

8. Applicant received no payment and no promises for payment from any other 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 the Applicant

in these chapter 11 cases. All professional services for which compensation is sought herein were rendered solely on behalf of the Debtors in these cases.

9. This is the first Interim Fee Application for compensation for services rendered and expenses incurred that the Applicant has filed with the Court in connection with these chapter 11 cases, which covers the period from June 14, 2004 through August 31, 2004, inclusive.

RELIEF REQUESTED

10. By this Interim Fee Application, Applicant respectfully requests that the Court approve the interim allowance and award compensation for professional services rendered and reimbursement of actual and necessary expenses incurred by Applicant as financial advisor to the Official Committee of Unsecured Creditors between June 14, 2004 and August 31, 2004, both dates inclusive. The amount of fees sought for services rendered during this period is \$385,000.00 represented 884 hours in professional time for such services, and reimbursement of actual and necessary expenses incurred by Applicant during said period in connection with these services is requested in the amount of \$10,182.74, less any amounts previously paid to Applicant pursuant to the Monthly Fee Statements and the procedures set forth in the Interim Compensation Order. The professional services provided and the actual and necessary expenses incurred are fully described in the First Fee Statement.

11. Applicant submits that the services performed by its professionals, specified in detail in the First Fee Statement, were necessary and have directly contributed to the effective administration of these chapter 11 cases.

13. A breakdown of the hours expended by each of Applicant's professionals and paraprofessionals on the individual matters in these cases is contained on the First Fee Statement.

NOTICE

14. Notice of this Fee Application has been served upon the Notice Parties. Such notice is in accordance with the procedures set forth in the Interim Compensation Order.

NO PRIOR REQUEST

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

WHEREFORE, after appropriate notice and hearing, Greenhill & Co., LLC respectfully requests the Court to approve, pursuant to 11 U.S.C. §§ 327, 331 and 503, interim compensation in the amount of \$385,000.00 and reimbursement of expenses in the amount of \$10,182.74, less any amounts previously paid to the Applicant pursuant to the First Fee Statement and the procedure set forth in the Interim Compensation Order, to authorize the Debtors to remit to Applicant any amounts due and owing in accordance with the Interim Compensation Order, and to grant such other and further relief as is just and proper.

Dated: Portland, Maine
October 22, 2004

/s/ Bradley A. Robins
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