

Hearing Date:
June 10, 2005 at 10:30 a.m.
Objection Deadline:
June 8, 2005 at 4:00 p.m.
PORTLAND

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF MAINE**

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

**MOTION OF THE REORGANIZED DEBTORS AND THE LIQUIDATING TRUSTEE
FOR EXPEDITED HEARING AND FOR SHORTENED OBJECTION PERIOD**

Pegasus Satellite Television, Inc. and its subsidiaries and certain of its affiliates, each a Reorganized Debtor herein (collectively, the “Reorganized Debtors”), and the Liquidating Trustee of The PSC Liquidating Trust (collectively the “Movants”),¹ hereby submit this motion for an order, pursuant to D. Me. LBR 9013-1(i), granting an expedited hearing with respect to the Motion of the Reorganized Debtors and the Liquidating Trustee for an Order (i) Authorizing the Assumption of Certain Executory Contracts Between Pegasus Broadcast Television, Inc. and Fox Broadcasting Company and/or Fox News Network, L.L.C. and (ii) Granting Such Other Relief As Is Just and Proper (the “Assumption Motion”) and shortening of the time to object to the Assumption Motion, and respectfully state as follows:

¹ The Reorganized 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 Country 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.

BACKGROUND

1. On June 2, 2004 (the “Petition Date”), the Reorganized Debtors filed petitions for relief under chapter 11 of the Bankruptcy Court in the United States Bankruptcy Court for the District of Maine (the “Court”). On June 4, 2004, the Court entered an order directing joint administration of the Reorganized Debtors’ cases for procedural purposes only.

2. The Reorganized Debtors continued in possession of their respective property and continued to operate their businesses as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code throughout their chapter 11 cases.

3. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue is proper in this Court pursuant to 28 U.S.C. §§ 1408 and 1409. The statutory predicates for the relief sought herein are section 105(a) of title 11 of the United States Code (the “Bankruptcy Code”) and the District of Maine Local Bankruptcy Rule 9013-1(i).

4. On January 31, 2005, the Reorganized Debtors filed their First Amended Joint Plan of Reorganization (the “Plan”) and Disclosure Statement in connection with the solicitation of acceptances of the Plan. On February 9, 2005, this Court entered an order approving the Disclosure Statement, as modified on the record. On April 15, 2005, the Court entered an order (“Confirmation Order”) confirming the Plan, as modified by the Confirmation Order. The Plan became effective on May 5, 2005 (the “Effective Date”).

5. Presently, in addition to the net proceeds from a prior sale of the Reorganized Debtors’ direct broadcast satellite business, assets related to the Reorganized Debtors’ broadcast television business (the “Broadcast Assets”) comprise the vast majority of all the remaining tangible assets being administered by the Reorganized Debtors and/or the

Liquidating Trustee² established under the Plan. The Plan, as amended by paragraph 21 of the Confirmation Order, provides that during the period from the Confirmation Date through the sale or other disposition of the Broadcast Assets, the Liquidating Trustee will make all operating decisions and will exercise all control over the Broadcast Assets including the Reorganized Debtors' broadcast television stations, subject to the jurisdiction of the Bankruptcy Court.

6. Certain of the Reorganized Debtors' broadcast television stations (the "Stations") are currently affiliates of the Fox television network pursuant to standard network affiliation agreements and other corollary agreements entered into by Reorganized Debtor Pegasus Broadcast Television, Inc. ("PBT") and Fox Broadcasting Company and/or Fox News Network, L.L.C. (collectively, "Fox") prior to the Petition Date (the "Fox Affiliation Agreements").³

7. Fox has urged that the agreements be assumed by the Reorganized Debtors as soon as possible and advised that it will consent to such assumption. The Movants believe that the Stations' continued relationship with Fox pursuant to such agreements is critical to the value of the Stations, and, accordingly, seek to assume such agreements on an expedited basis pursuant to the Assumption Motion.

8. The agreements sought to be assumed pursuant to the Assumption Motion are included among the agreements sought to be assumed pursuant to "Motion for Order Authorizing the Assumption or Assumption and Assignment of Certain Executory Contracts or Unexpired Leases" (Docket #1217) (the "Global 365 Motion") filed by the Reorganized Debtors on or about April 13, 2005, prior to the April 15, 2005, Confirmation Date. A hearing on the Global 365 Motion is scheduled for June 29, 2005. Pursuant to paragraph 26 of the Global 365 Motion, the rights of the Reorganized Debtors and Liquidating Trustee to seek authorization to

² Pursuant to the Plan and Confirmation Order, Ocean Ridge Capital Advisors, LLC was appointed the Liquidating Trustee of The PSC Liquidating Trust established under the Plan.

³ The specific Fox Affiliation Agreements sought to be assumed are identified on Exhibit A to the Assumption Motion.

assume and/or assign any executory contract, including the Fox Affiliation Agreements, prior to the June 29th hearing were preserved.⁴ At the urging of the counterparties to the Fox Affiliation Agreements, the Movants seek to exercise such rights and assume the Fox Affiliation Agreements on an expedited basis.

9. Two unrelated motions filed by the Movants seeking, *inter alia*, the assumption of certain asset purchase agreements between Reorganized Debtor Pegasus Satellite Communications, Inc. and KB Prime Media LLC (Docket Nos. 1418 & 1419) (the “KB Prime Motions”) are currently scheduled to be heard by the Court on June 10, 2005 at 10:30 a.m.

RELIEF REQUESTED

10. Simultaneous with the filing of this Motion, the Movants have filed a motion pursuant to sections 105(a) and 365 of the Bankruptcy Code and Rule 6006 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) for an order (i) authorizing the assumption of certain executory contracts between Reorganized Debtor PBT and Fox listed on Exhibit A to the Assumption Motion, and granting such other relief as is just and proper under the circumstances. Section 365(a) and (b) of the Bankruptcy Code authorizes a debtor, subject to the approval of the Bankruptcy Court, to assume any executory contract or unexpired lease, provided that (i) defaults, if any, under such contracts and leases are cured (or adequate assurance of a prompt cure is provided) and, (ii) if a default occurred, adequate assurance of future performance is provided.

11. In order to allow the assumption of the Fox Affiliation Agreements confirmation to proceed on a consensual basis without any further delay, the Movants, with the

⁴ Pursuant to Section 8.2 of the Plan, the Reorganized Debtors may “assume, assume and assign or reject certain executory contracts and unexpired leases that are the subject of motions filed with the Bankruptcy Court and pending on the Confirmation Date for which the Bankruptcy Court shall retain exclusive jurisdiction.” Moreover, paragraph 13.1 of the Plan and paragraph 26 of the Confirmation Order expressly provide that the Bankruptcy Court shall retain jurisdiction over, among other things, motions to assume, assign or reject executory contracts pursuant to §365 of the Bankruptcy Code.

agreement of the counterparties to the Fox Affiliation Agreements, are seeking an expedited hearing to consider the Assumption Motion. The Movants submit that the critical nature of the Stations' relationship with Fox pursuant to the Fox Affiliation Agreements warrants such relief. The Movants will be before the Court on June 10, 2005 for hearings on similar issues with respect to the KB Prime Motions and ask that the Court schedule the hearing on the Assumption Motion at that time. The Movants note that there is insufficient time to schedule a hearing on the Assumption Motion on that date on 15 days notice, as required by the local bankruptcy rules. LBR D.Me. 9013-1(d)(4).

12. By this motion, the Movants seek authority to schedule a hearing with respect to the Assumption Motion on June 10, 2005 at 10:30 a.m. (EDT), with objections due on June 8, 2005 at 4:00 p.m. (EDT). Under the circumstances, the Movants believe that expedited consideration of the Assumption Motion is warranted.

13. Notice of this Motion has been provided to: (i) all parties on the All Notices List as required by (and as defined in) this Court's Order Establishing Case Management Procedures and Hearing Schedule, dated July 9, 2004; and (ii) each party to the Fox Affiliation Agreements listed in Exhibit A.

14. The Movants submit that in light of this Court's Order Establishing Notice and Service Requirements in these Chapter 11 Cases dated June 7, 2004, and the nature of the relief requested, no further notice is required. To the extent required under Rule 6004(b), the Movants also request a shortening of the time to object to the Motion.

WHEREFORE, the Movants respectfully request that this Honorable Court enter an order (i) scheduling an expedited hearing on the Assumption Motion on June 10, 2005; (ii) requiring objections to be filed on or before June 8, 2005 at 4:00 p.m. (EDT), and (iii) granting such further relief as the Court deems just and appropriate.

Respectfully submitted,

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-and-

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Dated: May 31, 2005