

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF MAINE**

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<b>In re:</b>	:	<b>Chapter 11</b>
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<b>PEGASUS SATELLITE TELEVISION, INC., et al.,<sup>1</sup></b>	:	<b>Case No. 04-20878</b>
	:	
	:	<b>(Jointly Administered)</b>
	:	
<b>Debtors.</b>	:	

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**ORDER GRANTING IN PART AND ADJOURNING IN PART LIQUIDATING  
TRUSTEE’S MOTION FOR AN ORDER APPROVING BUT NOT DIRECTING  
INTERIM DISTRIBUTION, DETERMINING CERTAIN TAX OBLIGATIONS  
AND ESTABLISHING CERTAIN TAX RESERVES**

Upon the Motion of the Liquidating Trustee For An Order Approving But Not Directing Interim Distribution, Determining Certain Tax Obligations And Establishing Certain Tax Reserves (the “Motion”),<sup>2</sup> and good and sufficient notice of the Motion having been given and a reasonable opportunity to object to, or be heard regarding, the relief requested in the Motion has been afforded and no other or further notice of the Motion or of the entry of this Order need to be provided, and good cause having been shown; and upon the entire record herein;

IT IS THEREFORE ORDERED, ADJUDGED AND DECREED:

1. The Motion is GRANTED to the extent set forth below.
2. The portion of the Motion seeking an order authorizing, but not directing,

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<sup>1</sup> 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.

<sup>2</sup> Unless otherwise defined, capitalized terms used herein shall have the meanings ascribed to them in the Motion.

the Liquidating Trustee to make the Second Distribution to Class 3A Claimants on the terms set forth in the Motion is adjourned to November 3, 2005 at 10:30 a.m.

3. The portion of the Motion seeking to determine certain tax obligations and tax reserves for the State of Michigan, the State of Tennessee, and the Internal Revenue Service (“IRS”) (collectively, the “Excluded Taxing Authorities”) be and hereby is adjourned to November 3, 2005 at 10:30 a.m.

4. Except for the Prepetition State Tax Claims, it is hereby determined that the State Taxing Authorities (except for the Excluded Taxing Authorities) do not have, and shall not have, any allowed claims against the Debtors, the Reorganized Debtors, the Liquidating Trust, and/or the Liquidating Trustee with respect to any tax period beginning prior to the Effective Date, including, but not limited to, tax year 2004.

5. Except for the Excluded Taxing Authorities, as to whom the Motion is adjourned, the Liquidating Trustee is hereby authorized to establish reserves with respect to claims of the State Taxing Authorities in the amounts, if any, set forth in Schedule A attached to the Motion under the column entitled “Estimated 2004 Tax Payments Due Post 9/15 Returns” (the “Additional State Tax Reserves”) without prejudice to the right of the Liquidating Trustee to seek a reduction of such reserves at a later date upon notice and by order of the Bankruptcy Court or upon the consent of the respective State Taxing Authority.

6. Except for the Excluded Taxing Authorities, as to whom the Motion is adjourned, the amounts set forth in the Existing State Tax Reserves and the Additional State Tax Reserves for each State Taxing Authority shall represent the maximum amount of any allowable claim that each respective State Taxing Authority may have against the Debtors, the Reorganized Debtors, the Liquidating Trust, and/or the Liquidating Trustee for any tax period beginning prior to the Effective Date, including, but not limited to, tax year 2004.

7. Except for the Excluded Taxing Authorities, as to whom the Motion is adjourned, the Liquidating Trustee is not required to establish or maintain any reserve on account of any claim of any State Taxing Authority, except for the Existing State Tax Reserves and the Additional State Tax Reserves.

8. In addition to the reserves established by this order, The Liquidating Trustee shall maintain (i) the Administrative Claims Reserve, the Existing IRS Reserve, and Disputed Claims Reserve in amounts sufficient to pay all Disputed Claims until such Disputed Claim is resolved, and (ii) the Stipulated Reserves in accordance with the terms of the stipulations establishing the Stipulated Reserves. The Liquidating Trustee may establish such other reserves as it may deem reasonable and appropriate consistent with the terms of the Plan, Confirmation Order and Liquidating Trust Agreement.

9. Nothing herein shall bar the Debtors, the Reorganized Debtors, the Liquidating Trust, and/or the Liquidating Trustee from objecting to any of the Prepetition IRS Claims or Existing State Tax Claims on any available grounds or seeking any refund from the IRS or any State Taxing Authority.

10. Except for the Excluded Taxing Authorities, as to whom the Motion is adjourned, the State Taxing Authorities shall be forever barred from asserting any claim of any kind against the Debtors, the Reorganized Debtors, the Liquidating Trust, and/or the Liquidating Trustee or receiving any payment from the Debtors' Estates, the Debtors, the Reorganized Debtors, the Liquidating Trust, and/or the Liquidating Trustee with respect to any claims arising from and relating to any tax period commencing prior to the Effective Date.

/s/ James B. Haines, Jr.

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UNITED STATES BANKRUPTCY JUDGE

Portland, Maine  
Dated: October 25, 2005