

**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 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regarding, the relief requested in the Motion has been afforded, and all objections to the Motion have been resolved or withdrawn, and no other or further notice of the Motion or of the entry of this Order need to be provided, and an Order Granting in Part and Adjourning in Part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 having been entered on October 25, 2005 (the “Initial Order”) [Docket # 1765], and an Amended 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 (the “Amended Order”) having

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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.

been entered on November 16, 2005 [Docket # 1787], 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. Subject to paragraph 3 below, the Liquidating Trustee be and hereby is authorized, but not directed, to make the Second Distribution in an amount up to \$119 Million to Class 3A Claimants on the terms set forth in the Motion and this Order.
3. The objection to the Motion filed by the United States of America, on behalf of the Department of Treasury, Internal Revenue Service (the "IRS") is withdrawn.
4. Except for the Prepetition IRS Claims, it is hereby determined that the IRS does not have, and shall not have, any claims against the Debtors, the Reorganized Debtors, the Liquidating Trust, and/or the Liquidating Trustee with respect to any tax period through and including tax year 2004.
5. The Existing IRS Reserve shall represent the maximum amount of any allowable claim that the IRS may have against the Debtors, the Reorganized Debtors, the Liquidating Trust, and/or the Liquidating Trustee for any tax period through and including tax year 2004.
6. The Liquidating Trustee shall establish and maintain, subject to further order of the court, or upon the written consent of the IRS, a \$7 Million reserve with respect to any claim, if any, that the IRS may have for taxes incurred and payable by the Debtors or Reorganized Debtors for the tax year 2005.

7. Except as set forth in this order, the IRS 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 through and including tax year 2004.

8. Paragraph 3 of the Initial Order be and hereby is amended to delete the State of Michigan from the term Excluded Taxing Authorities. The Initial Order and Amended Order shall remain in full force and effect except to the extent amended by this order.

9. 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.

10. 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.

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UNITED STATES BANKRUPTCY JUDGE

Portland, Maine  
Dated: November \_\_\_\_, 2005