

Expedited Hearing Requested

August 25, 2004

10:30 a.m., Portland

Objections Due: August 25, 2004

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF MAINE**

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

**D.E. SHAW LAMINAR PORTFOLIOS, LLC'S MOTION FOR EXPEDITED
HEARING REGARDING MOTION TO ADJOURN SALE
HEARING AND FOR RELATED RELIEF**

NOW COMES D.E. Shaw Laminar Portfolios, LLC ("Laminar"), a creditor of the jointly-administered estates of the above-captioned Debtors, by and through its counsel undersigned and, pursuant to Maine Bankruptcy Rule 9013-1(i)(1), hereby respectfully requests that this Honorable Court schedule an expedited hearing regarding the Motion of D. E. Shaw Laminar Portfolios, L.L.C. to Adjourn August 25, 2004 Hearing, dated August 19, 2004 (the "Motion to Adjourn"). In support of this Motion, Laminar states as follows.

1. On June 2, 2004, Debtors filed voluntary petitions under 11 U.S.C. Chapter 11 of the United States Bankruptcy Code (the "Code").
2. Debtors have been authorized to remain in possession of their property and to continue in the operation and management of their businesses as debtors and debtors-in-possession pursuant to §§ 1107 and 1108 of the Code.
3. On August 3, 2004, Debtors filed their certain Motion for Entry of an Order Pursuant to 11 U.S.C. §§ 105(a), 363, and 1146(c) and Bankruptcy Rule 9019 (I) Approving Global Settlement by and Among the Debtors and Debtors in Possession, Pegasus Communications Corporation and other Non-Debtor Affiliates, DIRECTV, Inc., the

DIRECTV Group, Inc., National Rural Telecommunications Cooperative, and the Official Committee of Unsecured Creditors, and (II) Authorizing and Approving in Connection Therewith a Sale, Transfer and Conveyance of Certain Assets of the Debtors to DIRECTV, Inc. (the “9019 Motion”). Pursuant to the 9019 Motion, Debtors seek, *inter alia*, to transfer and sell substantially all the assets of Debtors’ estates to DIRECTV, Inc. and/or its designee(s), and to settle on a global basis certain other pending litigation among various interested parties.

4. On August 4, 2004, the day immediately after Debtors filed the 9019 Motion, Laminar filed its Objection to Motion for Entry of an Order Pursuant to 11 U.S.C. §§ 105(a), 363, and 1146(c) and Bankruptcy Rule 9019 (I) Approving Global Settlement by and Among the Debtors and Debtors in Possession, Pegasus Communications Corporation and other Non-Debtor Affiliates, DIRECTV, Inc., the DIRECTV Group, Inc., National Rural Telecommunications Cooperative, and the Official Committee of Unsecured Creditors, and (II) Authorizing and Approving in Connection Therewith a Sale, Transfer and Conveyance of Certain Assets of the Debtors to DIRECTV, Inc. (the “Objection”).

5. At its core, the Objection sets forth Laminar’s position that Debtors’ proposed sale and global settlement, as contemplated by the 9019 Motion, that, *inter alia*, the DTV Transaction does not constitute the highest and best offer and does not even afford any opportunity for higher or better offers as there simply is no competitive process at all, and that the DTV Transaction clearly constitutes a *sub rosa* plan, dictating the terms of any plan of reorganization in these cases. A hearing on Debtors’ 9019 Motion is presently scheduled to be held before this Court on August 25, 2004 at 11:00 a.m. (the “Hearing”).

6. In the weeks preceding the filing of the DTV Transaction Motion, certain members of the Committee engaged in negotiations with Laminar in order to gain Laminar’s

support for the DTV Transaction. On or about July 29, 2004, the Committee and Laminar reached an agreement whereby approximately \$20 million (of the DTV Transaction proceeds) would be paid to the class of holders of Junior Notes (subject to adjustment depending upon the actual recovery to the holders of the Senior Notes), in order to resolve certain concerns of Laminar and the Trustee regarding, *inter alia*, the lack of competitive auction, the lack of application of section 1129 protections, the wholesale release of claims against insiders and third parties, and disputes regarding subordination.

7. Laminar relied on the agreement in not taking actions to attempt to obtain an extension of the alleged August 31, 2004 termination of DTV's obligation to continue providing direct broadcast satellite television services to the Debtors' subscribers and not aggressively attempting to bring in an alternative buyer to DTV. However, on Wednesday, August 18, 2004, one week before the Hearing, the Committee advised Laminar that it had voted to reject the settlement. What now appears to be apparent is that the Committee may have been negotiating in bad faith and may have never actually intended to settle its disputes with Laminar. Rather, those negotiations appear to have been a ploy to lull Laminar into a false sense of security and prevent it from taking appropriate actions otherwise necessary to protect the interests of the holders of the Junior Notes.

8. For the forgoing reason, Laminar requests that the Hearing be adjourned and rescheduled, such as to provide Laminar with additional, but limited, time to investigate the apparent bad faith negotiations underlying the transactions which are the subject of the 9019 Motion.

9. Maine Bankruptcy Rule 9013-1(i) establishes a procedure pursuant to which a party can request an expedited hearing on a motion "[i]f [the] movant seeks to have a motion considered by the Court earlier than fifteen (15) days after the motion is filed" Pursuant

to Maine Bankruptcy Rule 9013-1(i)(1), under the facts and circumstances set forth above and in the Motion to Adjourn, Laminar respectfully submits that an expedited hearing on the Motion to Adjourn is justified and appropriate. Further, because the 9019 Motion is presently scheduled to be heard by this Court on August 25, 2004, this Court's consideration of the Motion to Adjourn in advance of the 9019 Motion on that date is appropriate and the most efficient use of this Court's and the other related parties' resources.

10. In compliance with Maine Bankruptcy Rule 9013-1(j)(2), the Certificate of Service filed together herewith indicates that Laminar's counsel has today served all interested parties in this case with true copies of the Motion to Adjourn, this Motion for Expedited Hearing, the Certificate of Service, and two (2) proposed Orders.

WHEREFORE, D.E. Shaw Laminar Portfolios, LLC prays that this Honorable Court, after notice and an expedited hearing: (i) schedule a hearing on Laminar's currently pending Motion to Adjourn on an expedited basis, on August 25, 2004 at 10:30 a.m., with any objections to the Motion to Adjourn due to be filed with the Court and received by Laminar's counsel no later than August 25, 2004; and (ii) grant Laminar such other and further relief as is just and equitable.

Dated at Portland, Maine this 19th day of August, 2004.

/s/ Fred W. Bopp III

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CERTIFICATE OF SERVICE FOR ELECTRONIC FILING

I hereby certify that I caused to be served electronically on this date true and correct copies of the above Motion, this Certificate of Service, the Notice of Response Date and Notice of Expedited Hearing, and two (2) proposed Orders on all parties listed on the Notice of Electronic Filing.

Dated at Portland, Maine this 19th day of August, 2004.

/s/ Randy J. Creswell

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CERTIFICATE OF SERVICE

I hereby certify that I caused to be served true and correct copies of the above Motion, this Certificate of Service, the Notice of Response Date and Notice of Expedited Hearing, and two (2) proposed Orders on each of the parties set forth on the Service List below, via First Class U.S. mail, postage fully prepaid, on this date.

Dated at Portland, Maine this 19th day of August, 2004.

/s/ Steven B. Smith, Esq. _____
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