

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MAINE

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

**OBJECTION OF THE DEBTORS AND DEBTORS IN
POSSESSION TO MOTION OF D.E. SHAW LAMINAR
PORTFOLIOS, L.L.C. TO ADJOURN AUGUST 25, 2004 HEARING**

Pegasus Satellite Television, Inc. and certain of its subsidiaries and affiliates, each a debtor and debtor-in-possession herein (collectively, the “Debtors”),¹ hereby file this objection (the “Objection”) to the Motion of D.E. Shaw Laminar Portfolios, L.L.C. (“D.E. Shaw”) to Adjourn the August 25, 2004 Hearing (the “Motion”). In support of the Objection, the Debtors respectfully represent as follows:

FACTUAL BACKGROUND

1. On June 2, 2004 (the “Petition Date”), each of the Debtors filed 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

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.

seeking certain typical “first day” orders, including an order to have these cases jointly administered.

2. The Debtors continue 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 Bankruptcy Code.

3. On June 10, 2004, the United States Trustee for the District of Maine appointed the Official Committee of Unsecured Creditors (the “Committee”) pursuant to section 1102(a) of the Bankruptcy Code. No request has been made for the appointment of a trustee or examiner in these cases.

4. The Debtors have filed with the Court a motion (the “Settlement Motion”) requesting entry of an order pursuant to 11 U.S.C. §§ 105(a), 363 and 1146(c) and Bankruptcy Rule 9019 authorizing and approving the comprehensive Settlement Agreement (as defined in the Settlement Motion) and all the agreements evidenced thereby and executed in connection therewith (the “Settlement”). The Debtors also seek authority, as an integral component of the Settlement Agreement, to (i) sell, transfer and convey to DIRECTV substantially all of the assets that comprise the Debtors’ direct broadcast satellite (“DBS”) business as provided in the Asset Purchase Agreement (as defined in the Settlement Motion) free and clear of all liens, claims, encumbrances and other interests, pursuant to sections 363(b) and 363(f) of the Bankruptcy Code, and (ii) assist in the transitioning of their DBS business to DIRECTV as provided in the Cooperation Agreement (as defined in the Settlement Motion). Details regarding all such transactions (collectively the “Global Settlement Transactions”) are provided in the Settlement Motion and the exhibits thereto, all of which are incorporated herein by reference.

5. Concurrent with the filing of the Settlement Motion, the Debtors' filed a motion requesting an order shortening the objection period with respect to the Settlement Motion, so that the Debtors could go forward with the August 25, 2004 hearing (the "Hearing Date"). (Docket No. 413.) The Court granted this motion on August 5, 2004. (Docket No. 422.)

ARGUMENT

6. The Settlement Motion must go forward as scheduled on the Hearing Date for the reasons set forth in the Settlement Motion and the Debtors' reply (the "Reply") to D.E. Shaw's objection to the Settlement Motion, which are both incorporated herein by reference. A further extension of time will only serve to further depress the value of the DBS assets. In addition, the process for soliciting competing offers is complete. Echostar and all other parties have had ample opportunity to submit competing proposals, and neither Echostar nor any other party has come forward and submitted an offer on terms that the Debtors could possibly comply with, or that would provide consideration that remotely approaches the DIRECTV proposal. Consequently, adjourning the hearing for ten days so that D.E. Shaw can attempt "to bring in an alternative buyer" would serve no useful purpose. Motion, at 3.

7. Furthermore, for D.E. Shaw to contend, as it does in the Motion, that it relied to its detriment on a purported deal with the Committee or senior noteholders is not supported by the facts or D.E. Shaw's behavior. Within twenty-four hours of the filing of the Settlement Motion, D.E. Shaw filed an objection and immediately launched extensive discovery of the events leading up to the Settlement and the grounds therefor. D.E. Shaw has taken eight depositions and has had the opportunity to review hundreds of thousands of pages of documents

regarding the Settlement produced by the Debtors. These are not the actions of a party withholding action in reliance on a consensual deal.

8. The allegations contained in the Motion are completely irrelevant to the merits of the Settlement. D.E. Shaw has failed to allege any fact or circumstance that warrants adjourning the hearing and rescheduling it to some point in the future. On the other hand, the Debtors, the Committee, the secured lenders, and DIRECTV have all urged approval of the Settlement Motion on the Hearing Date. Therefore, for all of these reasons, the Motion should be denied.

WHEREFORE, for the foregoing reasons, the Debtors respectfully request that the Court deny the Motion and grant any further relief as the Court may deem just and proper.

Dated: Portland, Maine
August 24, 2004

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UNITED STATES BANKRUPTCY COURT
DISTRICT OF MAINE

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

CERTIFICATE OF SERVICE

I, Sheila R. Dilios, being over the age of eighteen and an employee of Bernstein, Shur, Sawyer & Nelson, hereby certify that on August 24, 2004 I caused the Objection of the Debtors and Debtors in Possession to Motion of D.E. Shaw Laminar Portfolios, L.L.C. to Adjourn August 25, 2004 Hearing to be served on the parties listed by either (i) U.S. First-Class Mail, Postage Prepaid; (ii) by E-mail; or (iii) by verifying that such persons(s) are listed on the Electronic Mail Notice List kept by the Clerk's office and therefore will be served as part of the Electronic Case Filing ("ECF") system pursuant to the Standing Order Regarding Administrative Procedures for Electronically Filed Cases dated August 12, 2002, and entered in the U.S. Bankruptcy Court for the District of Maine.

Dated: August 24, 2004

/s/ Sheila R. Dilios
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