

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF MAINE

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

**ORDER PURSUANT TO 11 U.S.C. §§ 105, 327(a), 328(a), 363(b), AND  
363(f) AUTHORIZING THE DEBTORS TO (I) EMPLOY GARCEL, INC.,  
D/B/A THE GREAT AMERICAN GROUP AS A LIQUIDATION AND AUCTION  
CONSULTANT AS OF NOVEMBER 5, 2004 AND (II) SELL CERTAIN  
ASSETS OUTSIDE OF THE ORDINARY COURSE OF BUSINESS**

This matter is before the Court upon the motion (the "Motion"), dated November 5, 2004, of Pegasus Satellite Television, Inc. and its subsidiaries and certain of its affiliates, each a debtor and debtor-in-possession (collectively, the "Debtors")<sup>1</sup> in the above-captioned chapter 11 cases (the "Chapter 11 Cases"), for entry of an order pursuant to 105, 327(a), 328(a), 363(b), and 363(f) of title 11 of the United States Code (the "Bankruptcy Code"), (i) authorizing Pegasus Satellite Television, Inc. ("PST") to retain and use Garcel, Inc., d/b/a the Great American Group ("Great American"), as of November 5, 2004, to sell certain of the Debtors' Assets<sup>2</sup> outside of the ordinary course of business; (ii) authorizing PST to enter into a Consulting Agreement with Great American and approving the terms of such Consulting Agreement,

<sup>1</sup> 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.

including Great American's compensation thereunder; (iii) approving procedures for the sale of the Assets; (iv) authorizing the final sale of the Assets to purchasers, free and clear of any liens, claims and encumbrances; and (v) authorizing the sale of certain assets to PST's parent corporation Pegasus Communications Corporation ("PCC") and certain of the Debtors' employees, and the Court having reviewed and considered the Motion, the Consulting Agreement, and the arguments of counsel made, and the evidence proffered or adduced at the hearing on the Motion held on November 10, 2004 (the "Hearing") and upon all the proceedings heretofore held in the chapter 11 cases; and it appearing that the relief requested in the Motion is in the best interests of the Debtors, their estates and creditors and other parties in interest; and after due deliberation thereon; and good and sufficient cause appearing therefor, it is hereby

**FOUND AND DETERMINED THAT:<sup>3</sup>**

A. The 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.

B. The statutory and legal predicates for the relief sought herein are sections 105, 327(a), 328(a), 363(b), and 363(f) of the Bankruptcy Code.

C. As evidenced by the affidavits of service previously filed with the Court, and based on the representations of counsel at the hearing on the Motion, (i) proper, timely, adequate and sufficient notice of the Motion and the Hearing has been provided in accordance with Sections 102(l) and 363 of the Bankruptcy Code and Bankruptcy Rules 2002, 6004, 6005 and 9014 and in substantial compliance with this Court's Order Establishing Case Management

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<sup>2</sup> Capitalized terms used herein but not otherwise defined herein shall have the meaning ascribed to such terms in the Motion.

<sup>3</sup> Findings of fact shall be construed as conclusions of law and conclusions of law shall be construed as findings of fact when appropriate. See Fed. R. Bankr. P. 7052, as made applicable herein by Fed. R. Bankr. P. 9014.

Procedures and Hearing Schedule, dated July 9, 2004 (the "Case Management Order") entered in the Chapter 11 Cases, (ii) such notice was good and sufficient, and appropriate under the circumstances of these cases, and (iii) no other or further notice of the Motion is or shall be required.

D. A reasonable opportunity to object or be heard with respect to the Motion and the relief requested therein has been afforded to (i) the Office of the United States Trustee; (ii) counsel for the Committee; and (iii) all parties on the each of the parties on the All Notices List in accordance with (and as defined in) the Case Management Order.

E. The sale of the Assets as set forth in the Motion and the Consulting Agreement and the retention of Great American to conduct the Auctions are in the best interests of the Debtors, their estates and creditors taking into account, among other things, that (a) the Assets are no longer needed by the Debtors in the operation of their businesses, and (b) the procedures set forth in the Motion and Consulting Agreement provide an effective, time efficient manner in which to dispose of the Assets while maximizing the value of such Assets for the benefit of the Debtors' estates and creditors.

F. The Debtors have demonstrated a good, sufficient, and sound business purpose and justification for the sale of the Assets outside of the ordinary course of business and the retention of Great American pursuant to Sections 105(a) and 363(b). The procedures set forth in the Motion and Consulting Agreement are the best means of maximizing the value of the Assets for the benefit of the Debtors, their respective estates and creditors.

G. The Consulting Agreement was negotiated, proposed and entered into by the parties without collusion, in good faith and from arms' length bargaining positions. Great

American is not an "insider" or an "affiliate" of any of the Debtors as those terms are defined in Section 101 of the Bankruptcy Code.

H. The transfer of the Assets to Great American or such other purchaser shall be a legal, valid, and effective transfer of the Assets, and shall vest such purchaser with good title to the purchased Assets free and clear of all liens, except that as set forth in the Consulting Agreement, (a) with respect to the Louisville Facility, the removal of any computer equipment included in the Assets at such Facility shall take place no sooner than November 15, 2004 and no later than November 30, 2004, with the removal of all Assets from such Facility to take place no later than November 30, 2004, (b) with respect to the Lenexa Facility, the removal of any computer equipment included in the Assets at such Facility shall take place no sooner than November 19, 2004 and no later than November 30, 2004, with the removal of all Assets from such Facility to take place no later than November 30, 2004, and (c) with respect to the Marlborough Facility, the removal of any computer equipment included in the Assets at such Facility shall take place no sooner than December 10, 2004 and no later than December 21, 2004, with the removal of all Assets from such Facility to take place no later than December 21, 2004.

I. The Debtors may transfer the Assets free and clear of all liens and interests because, in each case, one or more of the standards set forth in Section 363(f)(1)-(5) of the Bankruptcy Code has been satisfied.

**NOW THEREFORE, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED THAT:**

1. The Motion is hereby granted in all respects.

2. All objections, if any, to the Motion that have not been withdrawn, waived, settled, or specifically addressed in this Order and all reservations of rights included in such objections, are hereby overruled on the merits.

3. The Debtors' are hereby authorized to sell the Assets in the manner described in the Motion and the Consulting Agreement and to retain Great American to conduct the Auctions contemplated therein. In addition, PST is hereby authorized to enter into the Consulting Agreement, which Consulting Agreement is hereby approved and ratified in all respects pursuant to Sections 105 and 363 of the Bankruptcy Code, and the Debtors are hereby authorized, empowered and directed to enter into and perform, and consummate the transactions contemplated thereunder. The terms of the Consulting Agreement are hereby approved in all respects.

4. The Debtors are authorized, empowered and directed to take any and all actions and to execute any and all documents and instruments that are reasonably necessary or appropriate to implement and effectuate the terms of the Consulting Agreement and/or the sale of the Assets contemplated thereby, and to take all further actions as may be necessary, in the Debtors' business judgment, to effectuate the sale of the Assets contemplated by the Motion and Consulting Agreement.

5. The transfer of the Assets in accordance with the terms of the Motion and Consulting Agreement will be a final, legal, valid, and effective transfer of the Assets, and shall vest in Great American or such other purchaser or purchasers of the Assets with good title and all right, title, and interest of the Debtors in and to the Assets free and clear of all liens, encumbrances and interests when sold, except that as set forth in the Consulting Agreement, (a) with respect to the Louisville Facility, the removal of any computer equipment included in the

Assets at such Facility shall take place no sooner than November 15, 2004 and no later than November 30, 2004, with the removal of all Assets from such Facility to take place no later than November 30, 2004, (b) with respect to the Lenexa Facility, the removal of any computer equipment included in the Assets at such Facility shall take place no sooner than November 19, 2004 and no later than November 30, 2004, with the removal of all Assets from such Facility to take place no later than November 30, 2004, and (c) with respect to the Marlborough Facility, the removal of any computer equipment included in the Assets at such Facility shall take place no sooner than December 10, 2004 and no later than December 21, 2004, with the removal of all Assets from such Facility to take place no later than December 21, 2004.

6. Except as otherwise set forth herein, all entities who are presently, or on the date that a particular Asset or Assets is or are sold, may be in possession of such Assets, are hereby directed to immediately surrender possession of such Assets to the purchaser or purchasers thereof.

7. In furtherance of this Order, the Consulting Agreement and any related agreements, documents or other instruments may be modified, amended or supplemented by the parties thereto, in a writing signed by such parties, and in accordance with the terms thereof, without further order of the Court; provided such modification, amendment or supplement is not material.

8. Any and all transactions contemplated by the Motion, the Consulting Agreement, or this Order, including, without limitation, any transactions at the Auctions, shall be deemed to be undertaken in "good faith" as that term is used in Section 363(m) of the Bankruptcy Code, and accordingly, no reversal or modification on appeal of the authorization provided herein to consummate the transfer of the Assets shall affect the validity of the transfer of the Assets to the

purchaser or purchasers thereof, unless such authorization is duly stayed pending appeal. All purchasers of Assets at the Auctions are hereby deemed to be purchasers in good faith of the Assets, and are therefore entitled to all of the protections afforded by Section 363(m) of the Bankruptcy Code.

9. As provided by Bankruptcy Rule 6004(g), and notwithstanding Bankruptcy Rule 7062, this Order shall be effective and enforceable immediately upon entry. Time is of the essence in executing the Auctions contemplated in the Consulting Agreement and Motion, and the parties are permitted, but not required, to conduct the Auctions and take such other actions as are authorized hereby immediately upon entry of this Order.

10. This Court retains jurisdiction to interpret, enforce and implement the Consulting Agreement and all amendments thereto, any waivers and consents thereunder, any agreements executed in connection therewith, and any transactions entered into in connection therewith in all respects, including, but not limited to, retaining jurisdiction to resolve any disputes, controversy or claims arising under or related to the Consulting Agreement, and interpret, implement, and enforce the provisions of this Order.

\_\_\_\_\_, 2004

UNITED STATES BANKRUPTCY JUDGE