

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 MOTION OF THE DEBTORS AND DEBTORS IN POSSESSION
PURSUANT TO 11 U.S.C. SECTION 365(a) OF THE BANKRUPTCY
CODE FOR AN ORDER APPROVING THE DEBTORS' REJECTION OF
CERTAIN UNEXPIRED LEASES AND EXECUTORY CONTRACTS AND
NOTICE PROCEDURES FOR FIXING THE REJECTION EFFECTIVE
DATE OF CERTAIN UNEXPIRED LEASES AND EXECUTORY CONTRACTS**

Upon the motion (the "Motion")¹ of Pegasus Satellite Television, Inc. and its subsidiaries and certain of its affiliates, each a debtor and debtor-in-possession herein (collectively, the "Debtors"),² for entry of an order, pursuant to section 365(a) of the Bankruptcy Code, authorizing and approving (i) the rejection by the Debtors of the Leases and Contracts, each as more particularly identified on Exhibits A and B hereto and (ii) the notice procedures for fixing the Rejection Effective Date for certain Leases and Contracts identified on Exhibit B hereto; and due and adequate notice having been given under the circumstances; and it appearing that this Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and it appearing that this is a core proceeding pursuant to 28 U.S.C. § 157(b); and it appearing that the

¹ Capitalized terms used but not defined herein shall have the meaning ascribed to such terms in the Motion.

² 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.

relief requested is in the best interests of the Debtors, their estates and creditors; and it appearing that rejection for which approval is sought in the Motion pursuant to section 365(a) of the Bankruptcy Code represents an exercise of sound business judgment by the Debtors; and after due deliberation and sufficient cause appearing therefor; it is hereby

ORDERED, that the Motion is granted; and it is further

ORDERED, that the rejection of the Leases and Contracts listed on Exhibit A hereto, pursuant to 11 U.S.C. § 365(a), is hereby approved, with such rejection being effective as of the Rejection Effective Dates set forth in Exhibit A hereto; and it is further

ORDERED, that the rejection of the Leases and Contracts listed on Exhibit B hereto, pursuant to 11 U.S.C. §§ 105 and 365(a), is effective without further order of the Court upon the occurrence of Rejection Effective Date which will be fifteen (15) days after the date a Rejection Notice substantially in the form attached hereto as Exhibit C is delivered by the Debtors to the non-debtor counterparties under such Leases and Contracts, provided, that, the Debtors shall notify the Creditors Committee of their intent to deliver a Rejection Notice in respect of any of the Leases or Contracts set forth on Exhibit B no less than five (5) business days prior to the date any such Rejection Notices are sent; and it is further

ORDERED, a Rejection Notice will not be sent in respect of any of the Leases and Contracts set forth on Exhibit B without the Committee's prior consent; and it is further

ORDERED, that the counterparties to the Leases and Contracts identified on Exhibit A hereto shall have thirty (30) days from the date of entry of this Order to file proofs of claim for damages, if any, arising from the Debtors' rejection of such Leases or Contracts; and it is further

ORDERED, that the counterparties to the Contracts identified on Exhibit B hereto shall have thirty (30) days from the date that the rejection is effective to file proofs of claim for damages, if any, arising from the Debtors' rejection of such Contracts; and it is further

ORDERED, that the Debtors shall: (i) vacate the leased premises located at High Ridge Business Center, 123 Felton Street, Marlborough, Massachusetts (the "Massachusetts Location") on the applicable Rejection Effective Date, which shall be no later than January 31, 2005, (ii) surrender the Massachusetts Location to Felton Street Associates Limited Partnership (the "Massachusetts Landlord") on the applicable Rejection Effective Date of the Lease for such premises, and (iii) remain current on the rent and other expenses payable in respect of the Massachusetts Location through the Rejection Effective Date of the Lease for such premises; and it is further

ORDERED, that any additions or improvements of the Debtors' remaining at the Massachusetts Location on the Rejection Effective Date with respect to the Lease for such premises shall be abandoned to and become the property of the Massachusetts Landlord, free and clear of all liens, claims and encumbrances of any type, and the Debtors shall have no obligation to remove any such additions and/or improvements; and it is further

ORDERED, that the counterparties to the Leases identified on Exhibit B hereto shall have thirty (30) days from the later of (i) the Rejection Effective Date of the applicable Lease and (ii) the date the Debtors vacate the applicable leased premises, to file proofs of claim for damages, if any, arising from the Debtors' rejection of such Leases; and it is further

ORDERED that the Rejection Notice substantially in the form of the letter attached hereto as Exhibit C is hereby approved in all respects; and it is further

ORDERED, that this Court shall retain jurisdiction to hear and determine all matters arising from and related to the implementation of this Order.

Dated: November 9, 2004

/s/ James B. Haines, Jr.

UNITED STATES BANKRUPTCY JUDGE

EXHIBIT A

(attached hereto)

REJECTION EXHIBIT A
(Hearing date)

Contract - Vendor	Address	Pegasus Debtor Entity	Rejection Effective Date	Contract Detail
AquaPerfect	11003 BLUEGRASS PARKWAY, SUITE 420, LOUISVILLE, KY 40299	PST	11/8/2004	Purity Protection Plan between AquaPerfect and Pegasus Satellite Television, Inc. dated May 9th, 2000
Aramark Refreshment Services	1101 MARKET STREET, PHILADELPHIA, PA 19107	PST	11/8/2004	Vending and Office Coffee Service Agreement between Aramark Refreshment Services, Inc. and Pegasus Satellite Television, Inc. dated March 21st, 2001
Mellon (Ascom) Leasing	P.O. BOX 828, DEERFIELD, IL 60015	PST	11/8/2004	Single Sided Lease Agreement between Mellon Leasing and Pegasus Satellite Television, Inc. dated January 4th, 2002
Aspect Communications Corporation	1310 RIDDER PARK DRIVE SAN JOSE CA 95131-2313	PST	11/8/2004	Professional Services Agreement between Aspect Communications Corporation and Pegasus Satellite Television, Inc. dated the 20th day of March, 2001
Aspect Communications Corporation	1310 RIDDER PARK DRIVE SAN JOSE CA 95131-2313	PST	11/8/2004	Customer Agreement between Aspect Communications Corporation and Pegasus Satellite Television, Inc. dated the 20th day of March, 2001 along with all order schedules entered into thereunder.
AT&T Corp.	55 CORPORATE DRIVE BRIDGEWATER NJ 08807	PSC	11/8/2004	AT&T Master Agreement No. 112110 between AT&T Corp. and Pegasus Satellite Communications, Inc. as amended, modified or supplemented by Service Orders between the parties, including those dated February 21st, 2002, July 25th, 2002 (by Pegasus Satellite Tel
Avaya, Inc.	44 MACKENZIE LANE MARBLE HILL GA 30148	PSC	11/8/2004	Professional Services Consulting Agreement entered into between Avaya, Inc. and Pegasus Satellite Communications, Inc. dated April 25th, 2001
Capitol Indemnity Corporation	4610 UNIVERSITY AVENUE MADISON WI 53705-0900	PST	11/8/2004	General Indemnity Agreement between Capitol Indemnity Corporation and Pegasus Satellite Television, Inc. dated March 4th, 2002
Cornerstone Group, Inc.	206 RUSSELL STREET WORCESTER MA 01609	PST	11/8/2004	The Predictive Index Client Agreement between The Cornerstone Group, Inc. and Pegasus Satellite Television, Inc. dated March 10th, 2002
Dataworld, Inc.	4833 RUGBY AVENUE SUITE 300 BETHESDA MD 20814	PST	11/8/2004	Network License and Maintenance Agreement between Dataworld, Inc. and Pegasus Satellite Television, Inc. dated the 19th day of October, 2000
Decisionmark Corporation	818 DOWS ROAD, S.E. CEDAR RAPIDS IA 52403	PST	11/8/2004	Software License Agreement between Decisionmark Corporation and Pegasus Satellite Television, Inc. dated October 3rd, 2002
Earthlink Networks, Inc.	3100 NEW YORK DRIVE PASADENA CA 91107	PST	11/8/2004	Service Agreement dated September 11th, 2002 between EarthLink Network, Inc. and Pegasus Satellite Television, Inc.
Equifax Information Services, LLC	1550 PEACHTREE STREET, NW ATLANTA GA 30309	PST	11/8/2004	Equifax Information Services, LLC Agreement for Service between Equifax Information Services, LLC and Pegasus Satellite Television, Inc. dated November 2001, as amended.
Metro Air Conditioning Co.	10016 DARNELL LENEKA KS 66215	PST	11/8/2004	Service and Inspection Agreement between Metro Air Conditioning and Pegasus Satellite Television, Inc. dated February 13th, 2002
Nextira	2800 POST OAK BLVD., HOUSTON, TX, 77056	PST	11/8/2004	Service Agreement dated November 1st, 2001 between Nextira, LLC and Pegasus Satellite Television, Inc. as amended

Contract - Vendor	Address	Pegasus Debtor Entity	Rejection Effective Date	Contract Detail
Nortel Networks	4000 VETERANS MEMORIAL HWY. BOHEMIA NY 11716	PST	11/8/2004	Periphonics Standard Sales Agreement dated August 1999 between Pegasus Satellite Television, Inc. and Periphonics Corporation
Nucentrix Broadband Networks, Inc.	17440 NORTH DALLAS PARKWAY SUITE 230 DALLAS TX 75287	PST	11/8/2004	Sales Agency Agreement between Nucentrix Broadband Networks, Inc. and Pegasus Satellite Television, Inc. dated March 14th, 2002
Pitney Bowes Credit Corporation	8001 CHATHAM CTR DRIVE, SAVANNAH, GA 31405	PST	11/8/2004	Smart Business Lease between Pitney Bowes Credit Corporation and Pegasus Satellite Television dated February 3rd, 2002
Powerware Global Services	8609 SIX FORKS ROAD, RALEIGH, NC 27615	PST	11/8/2004	Powerware Global Services - Service Agreement between Powerware Global Services and Pegasus Satellite Television, Inc.
STARZ Encore Group, LLC	2250 E. IMPERIAL HIGHWAY SUITE 650 EL SEGUNDO CA 90245	PST	11/8/2004	X Free Months of STARZ Super Pak Letter Agreement between Pegasus Satellite Television, Inc. and STARZ Encore Group, LLC dated February 13th, 2004
VAC Service Corp.	99 TOWER DRIVE P.O. BOX 703 MIDDLETOWN NY 10941	PST	11/8/2004	Services and Support Agreement between VAC Service Corp. and Pegasus Satellite Television, Inc. dated January 31th, 2002

EXHIBIT B

(attached hereto)

**REJECTION EXHIBIT B
(15 Day Notice)**

Contract - Vendor	Address	Pegasus Debtor Entity	Rejection Effective Date	Contract Detail
AT&T Solutions, Inc.	15 VREELAND ROAD FLORHAM PARK NJ 07932	PSC	15 Day Notice Required	Terms and Conditions for the Purchase of Customer Premises Equipment between AT&T Solutions, Inc. and Pegasus Satellite Communications, Inc. dated October 17th, 2001
Collectech Systems, Inc.	31229 CEDAR VALLEY DRIVE WESTLAKE VILLAGE CA 91362	PSC	15 Day Notice Required	Master Services Agreement for Third Party Collection Services by Collectech Systems, Inc. entered into between Collectech Systems, Inc. and Pegasus Satellite Communications, Inc. (formerly known as Pegasus Communications Corporation) dated June 15th, 1999
Felton Street Associates, LP	C/O ONEILL PROPERTIES 1101 WEST DEKALB PIKE SUITE 200 WAYNE PA 19087	PST	15 Day Notice Required	Office Space Lease for High Ridge Business Center, 123 Felton Street, Marlborough, Massachusetts between Felton Street Associates Limited Partnership and Pegasus Satellite Television, Inc. dated February 25th, 2000 as amended
Hurley of America	41 MONTVALE AVENUE SUITE B50 STONEHAM MA 02180	PST	15 Day Notice Required	Contract Services Agreement between Pegasus Satellite Television and Hurley of America, LLC dated the 8th day of November 2000, as amended
IOS Capital, Inc. (IKON Office Solutions, Inc.)	1738 BASS ROAD, MACON, GA, 31210	PST	15 Day Notice Required	Image Management Agreement between IOS Capital, Inc. and Pegasus Satellite Television, Inc. dated January 31st, 2002
IOS Capital, Inc. (IKON Office Solutions, Inc.)	1738 BASS ROAD, MACON, GA, 31210	PST	15 Day Notice Required	Image Management Agreement between IOS Capital, Inc. and Pegasus Satellite Television, Inc. dated March 18th, 2004
IOS Capital, Inc. (IKON Office Solutions, Inc.)	1738 BASS ROAD, MACON, GA, 31210	PST	15 Day Notice Required	Image Management Agreement between IOS Capital, Inc. and Pegasus Satellite Television, Inc. dated March 18th, 2004
Iron Mountain Information Management Inc	21 TERRY AVENUE, BURLINGTON, MA 01803	PST	15 Day Notice Required	Customer Agreement between Iron Mountain Information Management, Inc. and Pegasus Satellite Television, Inc. dated October 30th, 2002
Lenexa Industrial Park, Inc.	1220 WASHINGTON KANSAS CITY MO 64105	PST	15 Day Notice Required	Lease between Lenexa Industrial Park, Inc. and Pegasus Satellite Television, Inc. dated January 31st, 2001
Minuteman Protection Systems	1 CONNECTOR ROAD, ANDOVER, MA 1810	PST	15 Day Notice Required	Security Monitoring Service Agreement between Minuteman Protection Services and Pegasus Satellite Television, Inc. dated May 17th, 2001
National Security Protective Services, Inc.	SERVICES, INC. 131 EAST MERRIMACK STREET LOWELL MA 01852	PST	15 Day Notice Required	Security Personnel Service Agreement between National Security Protective Services, Inc. and Pegasus Satellite Television, Inc. dated March 1st, 2002
Nationwide Credit, Inc.	6190 POWERS FERRY ROAD SUITE 400 ATLANTA GA 30339	PST	15 Day Notice Required	Recovery Services Agreement between Nationwide Credit, Inc. and Pegasus Satellite Television, Inc. dated January 2nd, 2002
NICE Systems	200 PLAZA DRIVE 4TH FLOOR SECAUCUS NJ 07094	PST	15 Day Notice Required	Maintenance Service Agreement between NICE Systems and Pegasus Satellite Television, Inc. dated February 18th, 2004
Oxford Management Services	135 MAXESS ROAD SUITE 2A MELVILLE NY 11747	PST	15 Day Notice Required	Recovery Services Agreement between Oxford Management Services and Pegasus Satellite Television, Inc. dated February 28th, 2003
Professional Fire & Security, Inc.	93 SOUTH MAIN STREET ASSONET MA 02702	PST	15 Day Notice Required	Professional Fire & Security Agreement for Alarm System Services between Professional Fire & Security, Inc. and Pegasus Satellite Television, Inc. dated November 27th, 2002
Rosado & Sons Inc.	P.O. BOX 1879, FRAMINGHAM, MA 01701-0079	PST	15 Day Notice Required	Agreement between Rosado & Sons, Inc. and Pegasus Satellite Television, Inc. for Landscaping and Snowplowing

Contract - Vendor	Address	Pegasus Debtor Entity	Rejection Effective Date	Contract Detail
Star Brite Cleaning Service, Inc.	38 MONTVALE AVENUE SUITE 150 STONEHAM MA 2180	PST	15 Day Notice Required	Maintenance Service Agreement between Star Brite Cleaning Service, Inc. and Pegasus Satellite Television, Inc. dated August 24th, 2000
Western Union Commercial	155 GLENDALE AVENUE SUITE 18 SPARKS NV 89431	PST	15 Day Notice Required	Western Union Quick Collect/Quickpay Service Agreement between Western Union Financial Services, Inc. and Pegasus Satellite Television, Inc. dated June 10th, 2003

EXHIBIT C

Rejection Notice

(attached hereto)

November [], 2004

Re: [Lease or Contract Name]

Dear Sirs:

Pegasus Satellite Television, Inc. and certain of its subsidiaries and affiliates, (“Pegasus”) commenced voluntary chapter 11 cases in the United States Bankruptcy Court for the District of Maine on June 2, 2004. These cases are being jointly administered as Case No. 04-20878.

Pegasus and [**Counter-Party**] entered into a [**describe lease or contract**] (collectively, the “Lease” [or the “Contract”]).

This letter is to inform you that Pegasus has elected to reject and terminate the [Lease upon fifteen (15) days notice from the date of this letter and will surrender possession of the leased premises at that time/Contract upon fifteen (15) days notice from the date of this letter and will discontinue performance thereunder at that time]. On October 25, 2004, Pegasus filed a motion (the “Motion”) with the Bankruptcy Court of Maine to obtain the Court’s approval of, inter alia, its rejection of the [Lease/Contract] on the proposed Rejection Effective Date of the [Lease/Contract] pursuant to 11 U.S.C. § 365(a). A copy of the Motion was previously served upon you. On November 8, 2004, the Bankruptcy Court entered an order (the “Order”) approving the Motion. Pursuant to the Bankruptcy Court’s Order, Pegasus hereby provides notice that the [Lease/Contract] shall be deemed rejected fifteen (15) days after the date of this letter (the “Rejection Date”). Furthermore, you have thirty (30) days from the later of the Rejection Date [or with respect to the leased premises, the date the Debtors vacate such premises,] to file proofs of claim for damages, if any, arising from the Debtors’ rejection of such [Lease/Contract].

Please be aware that all claims arising from Pegasus’s rejection of the [Lease/Contract] are statutorily deemed to be pre-petition claims pursuant to 11 U.S.C. § 365(g). You should immediately terminate your performance under the [Lease/Contract] in order to mitigate any damage claims that might have arisen from the rejection of the [Lease/Contract].

If you have any question, please feel free to contact [**Name and telephone number**].

Very truly yours,