

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of the Cancellation of the)
Certificate of Service Authority and)
Accompanying Tariff of PF.Net Network)
Services Corp.)

Case No. TD-2004-0402

**U.S. BANKRUPTCY COURT OF NEW JERSEY ORDER AUTHORIZING DEBTORS TO SELL
SUBSTANTIALLY ALL OF THEIR ASSETS TO AT&T CORP. FREE AND CLEAR OF
LIENS, CLAIMS, ENCUMBRANCES AND INTERESTS**

COMES NOW the Staff of the Missouri Public Service Commission (Staff) and for its response to the April 20th Order Directing Filing in the above-captioned case, the Staff files as Attachment 1 the November 7, 2002 order of the U.S. Bankruptcy Court of New Jersey that is referenced in Staff's February 17th Motion to Open Case and Cancel Certificate of Service Authority and Accompanying Tariff (Motion). Velocita Corporation is formerly known as PF.Net Network Services and is the holding company of PF.Net Network Services Corp (Staff's Motion paragraph 3).

Wherefore the Staff makes the afore-mentioned submission as directed by the Commission.

Respectfully submitted,

DANA K. JOYCE
General Counsel

/s/ Robert S. Berlin

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Certificate of Service

I hereby certify that copies of the foregoing have been mailed or electronically mailed to all parties of record as shown on the attached service list this 28th day of April 2004.

/s/ Robert S. Berlin

Service List for
Case No. TD-2004-0402
April 28, 2004 (lb)

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UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY

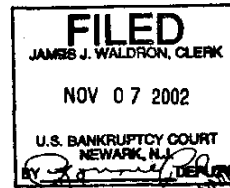
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In Re:

VELOCITA CORP., *et al.*

Debtors.



Case Nos.: 02-35894 (DHS) through
02-35905 (DHS)

Hearing Date: November 6, 2002

Judge: Donald H. Steckroth

**ORDER PURSUANT TO SECTIONS 105(a), 363(b) AND (f), 365(a) AND (f)
AND 1146(c) OF THE BANKRUPTCY CODE (A) AUTHORIZING DEBTORS TO
SELL SUBSTANTIALLY ALL OF THEIR ASSETS TO AT&T CORP. FREE
AND CLEAR OF LIENS, CLAIMS, ENCUMBRANCES AND INTERESTS AS
SET FORTH IN ASSET PURCHASE AGREEMENT AND (B) APPROVING
ASSUMPTION AND ASSIGNMENT OF CERTAIN EXECUTORY CONTRACTS
AND UNEXPIRED LEASES, AND WAIVING AUTOMATIC STAY UNDER
FED. R. BANKR. P. 6004(g) AND 6006(d)**

The relief set forth on the following pages, numbered two (2) through twenty ^{Two}
(22) is hereby **ORDERED**

November 7, 2002

[Signature: D. Steckroth]

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Debtors: Velocita Corp., *et al.*
Case Nos. 02-35895 (Jointly Administered)

ORDER PURSUANT TO SECTIONS 105(a), 363(b) AND (f), 365(a) AND (f) AND 1146(c) OF THE BANKRUPTCY CODE (A) AUTHORIZING DEBTORS TO SELL ALL OR SUBSTANTIALLY ALL OF THEIR ASSETS TO AT&T CORP. FREE AND CLEAR OF LIENS, CLAIMS, ENCUMBRANCES AND INTERESTS AS SET FORTH IN ASSET PURCHASE AGREEMENT, AND (B) APPROVING ASSUMPTION AND ASSIGNMENT OF CERTAIN EXECUTORY CONTRACTS AND UNEXPIRED LEASES TO AT&T CORP.

Upon consideration of the motion dated September 13, 2002 (the "Original Sale Motion"), as supplemented on October 31, 2002 (the "Supplemental Sale Motion" and together with the Original Sale Motion, the "Sale Motion"), of Velocita Corp. and its subsidiaries and affiliates, as debtors and debtors in possession (collectively, the "Debtors"), for, among other things, (A) authorization, pursuant to sections 105(a), 363(b) and (f) and 1146(c) of title 11 of the United States Code (the "Bankruptcy Code"), to conduct an auction (the "Auction") for (i) the sale of all or substantially all of the Debtors' assets free and clear of liens, claims, encumbrances and interests, and (ii) the sale of substantially all of the assets of certain Debtors and certain assets of other Debtors in accordance with the terms of the Asset Purchase Agreement annexed to the Supplemental Sale Motion (as executed by the Debtors and AT&T Corp. (the "Buyer"), the "Asset Purchase Agreement") and (B) approval, pursuant to sections 365(a) and (f) of the Bankruptcy Code, of the Debtors' assumption of certain unexpired leases and executory contracts and assignment to the Buyer, including the determination of any cure amounts related to the assumption and assignment of such agreements in connection with the Asset Purchase Agreement (the assets being sold and unexpired leases and contracts being assumed and assigned are collectively referred to as the "Sale

Assets"); and waiver of the 10-day automatic stay under Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") 6004(g) and 6006(d), and the Buyer having been the successful bidder at the Auction by submitting the highest and best offer at the Auction for the Sale Assets; and

Upon this Court's prior order, dated September 24, 2002 (the "Bidding Procedures Order") authorizing (i) procedures for proposed auction sale of all or substantially all of the Debtors' assets free and clear of liens, claims, encumbrances and interests and (ii) notice of date, time and place for sale hearing (the "Sale Hearing"); and

Debtors' October 2, 2002, Notice of Cure Amounts with Respect to Executory Contracts of Unexpired Leases (the "Notice of Cure Amounts") having been served on all counterparties to such executory contracts and unexpired leases on October 2, 2002, and the Notice of Cure Amounts having also been served on all parties on the Master Service List on October 9, 2002; and

Due notice of the Sale Motion, Auction, Notice of Cure Amounts and Sale Hearing, having been given to all parties entitled thereto in accordance with the Bankruptcy Code, Bankruptcy Rules and the Bidding Procedures Order, as evidenced by the affidavits and certificates of service and publication filed with this Court (the "Affidavits"); and the Auction of the Sale Assets having been held in accordance with the Procedures Order; and the Sale Hearing having been held before this Court on November 6, 2002, at which time parties in interest were afforded an opportunity to be heard, and upon all of the proceedings had before the Court and the evidence received in connection therewith;

NOW, THEREFORE, upon the entire record of the Sale Hearing and these cases; and after due deliberation thereon; and good cause appearing therefor;

IT IS HEREBY FOUND AND DETERMINED THAT:¹

A. This Court has jurisdiction to hear and determine the Sale Motion pursuant to 28 U.S.C. §§ 157 and 1334. Venue is proper pursuant to 28 U.S.C. § 1409(a).

B. Determination of the Sale Motion is a core proceeding under 28 U.S.C. §§ 157(b) (2) (A) and (N). The statutory predicates for the relief requested herein are sections 105(a), 363(b), 363(f), 365(a), 365(f), and 1146(c) of the Bankruptcy Code, and Bankruptcy Rules 2002, 6004, 6006, 9007, 9008 and 9014.

C. Proper, timely, adequate and sufficient notice of the Sale Motion, Sale Hearing, Notice of Cure Amounts, the Auction and the sale transaction and the transactions contemplated thereby have been provided in accordance with section 102(1) of the Bankruptcy Code, Bankruptcy Rules 2002, 6004, 6006, 9007, 9008 and 9014 and the Bidding Procedures Order, and no other or further notice of the Sale Motion, Sale Hearing, Notice of Cure Amounts, the Auction or the entry of this Order is required.

D. A reasonable opportunity to object or be heard regarding the relief requested in the Sale Motion has been afforded to all interested persons and entities, including (a) all secured creditors and all entities who claim interests in or assert liens upon any of the Sale Assets; (b) all counterparties to the unexpired leases and executory contracts to be assumed by the Debtors and assigned to the Buyer (including

¹ Findings of fact shall be construed as conclusions of law and conclusions of law shall be construed as findings of fact when appropriate. See Bankruptcy Rule 7052.

counterparties to permits, licenses, easements, rights-of-way and crossing agreements); (c) the attorneys for the Debtors; (d) the attorneys for the agent to the Debtors' prepetition institutional lenders; (e) the attorneys for both the Bondholders' Committee and the Trade Committee; (f) the Office of the United States Trustee for the District of New Jersey; (g) all appropriate federal, state and local taxing authorities and governmental agencies; (h) all parties having participated at the Auction; (i) creditors holding the largest fifty (50) unsecured claims on a consolidated basis; and (j) all parties having filed a notice of appearance in these chapter 11 cases pursuant to Bankruptcy Rule 2002.

E. The Debtors have full corporate or limited liability company power and authority, as applicable, to consummate the sale (the "Sale Transaction") of the Sale Assets pursuant to the Asset Purchase Agreement and all other documents contemplated thereby, and no consents or approvals, other than those expressly provided for in the Asset Purchase Agreement (including the schedules thereto) are required for the Debtors to consummate such transactions.

F. The Sale Transaction, including without limitation the assumption and assignment of certain unexpired leases, both real property leases and equipment and personal property leases, and executory contracts (the "Leases and Contracts") reflect the exercise of the Debtors' sound business judgment and a proper exercise of the Debtors' fiduciary duties.

G. Approval at this time of the Sale Transaction and the consummation of the transactions contemplated thereby, are in the best interests of the Debtors, their estates, and parties in interest. Good and sufficient business justification

for consummating the Sale Transaction pursuant to section 105(a), 363(b) and (f), 365(a) and (f) and 1146(c) of the Bankruptcy Code, has been established in that, among other things:

i. The Debtors, in their sound business judgment, determined that the sale of substantially all of their assets is necessary to maximize the value of their estates in light of their current cash position and inability to obtain capital to fully fund their business plan;

ii. The Debtors have diligently sought to interest a buyer of the Debtors' business as a going concern without success;

iii. The Buyer has made the highest and best offer to acquire the Sale Assets and assigned Leases and Contracts; and

iv. The sale process conducted by the Debtors required by section 363 of the Bankruptcy Code, as well as Debtors' pre-petition and post-petition efforts to sell all or a portion of the Sale Assets and assigned Leases and Contracts, have permitted the Buyer's offer to be tested against other offers, and the Debtors have received no higher and better offers through the sale process.

H. The terms and conditions of the Asset Purchase Agreement are fair and reasonable. The purchase price under the Asset Purchase Agreement (the "Purchase Price") is fair and reasonable.

I. The Buyer has provided adequate assurance of its future performance under the Leases and Contracts within the meaning of sections 365(b)(1)(C) and (f)(2)(B) of the Bankruptcy Code.

J. The assumption and assignment of the Leases and Contracts pursuant to the Asset Purchase Agreement are in the best interests of the Debtors, their estates and parties in interest.

K. The sale process was conducted without collusion and in good faith. The Asset Purchase Agreement was negotiated, proposed and entered into by the parties without collusion, in good faith, and from arm's length bargaining positions. The Buyer is a buyer in "good faith" of the Sale Assets and, as such, is entitled to the protections afforded thereby by section 363(m) of the Bankruptcy Code. Neither the Debtors nor the Buyer has engaged in any conduct that would cause or permit the Asset Purchase Agreement and the transactions contemplated thereby to be avoided or otherwise provide a basis for the granting of any remedies and/or relief under section 363(n) of the Bankruptcy Code.

L. The transfer of the Sale Assets, including, but not limited to, the assignment of the Leases and Contracts to the Buyer pursuant to the Asset Purchase Agreement (a) are or will be legal, valid and effective transfers of property or rights of or to the Sale Assets to the Buyer and (b) except as provided in the Asset Purchase Agreement, vest or will vest the Buyer, with good and marketable title to the Sale Assets, including, without limitation, the real property assets, and Leases and Contracts free and clear of any and all liens, claims, interests, and encumbrances (except Permitted Encumbrances and Assumed Liabilities as defined and to the extent permitted under the Asset Purchase Agreement) in accordance with sections 363(b) and (f) and 365(b) and (f) of the Bankruptcy Code.

M. All liens, claims, encumbrances and interests, if any, with respect to the Debtors and the Sale Assets and the Leases and Contracts that are not Permitted Encumbrances and Assumed Liabilities, shall attach to the proceeds of sale to the same extent and in the same priority that they otherwise attached to the Sale Assets and the Leases and Contracts prior to the subject sale and assignment.

N. The Debtors shall deposit and hold the cash portion of the Purchase Price in its bank account and shall hold the Purchase Price which is paid in AT&T Corp. Common Stock, in each case pending the resolution by this Court of competing interests to such sale proceeds.

O. Subject to paragraph 17, (a) the Allocation Schedule set forth on Schedule 3.3(a) to the Asset Purchase Agreement and agreed to by the Debtors and the Buyer is fair and reasonable and is the product of good faith arms-length negotiation between the Debtors and the Buyer and (b) the methodology used to prepare the Allocation Schedule is reasonable and represents the exercise of the business judgment of the Debtors.

P. Except as expressly provided to the contrary in the Asset Purchase Agreement or in this Order, the Sale Transaction will not and shall not subject the Buyer to any debts, liabilities, obligations, commitments, responsibilities, or claims of any kind or nature whatsoever, whether known or unknown, contingent or otherwise, existing as of the date hereof or hereafter arising, of or against the Debtors, any affiliates of the Debtors, or any other person or entity by reason of such sales, transfers and assignments under the laws of the United States, any state, territory or possession applicable to such transactions, including any successor liability laws, except for the liens, claims,

encumbrances and interests specifically identified as Permitted Encumbrances and Assumed Liabilities under the Asset Purchase Agreement.

Q. All of the provisions of this Order and the Asset Purchase Agreement are nonseverable and mutually dependent.

R. The sale, transfer and assignment of all of the Sale Assets and Leases and Contracts free and clear of liens, claims, encumbrances and interests as provided for in this Order is appropriate under the circumstances because: (a) the holders of such liens, claims, encumbrances and interests have consented to such sale and assignment or, (b) as in the case of the Assumed Liabilities and Permitted Encumbrances, such liens, claims, encumbrances and interests shall continue to attach to such Sale Assets and Leases and Contracts assigned to the Buyer to the same extent and in the same priority as such liens, claims, encumbrances and interests, if any, existed prior to such sale and assignment; or (c) such liens, claims, encumbrances or interests that are not Assumed Liabilities or Permitted Encumbrances, if any, shall attach to the proceeds of sale to the same extent and in the same priority as existed prior to such sale and assignment. In addition, the Section 363(f) sale is authorized because: (i) applicable nonbankruptcy law permits the sale of such property free and clear of any such asserted liens, claims, encumbrances or interests; (ii) any other asserted liens, claims, encumbrances or interests are subject to a bona fide dispute, or (iii) any such entity could be compelled, in a legal or equitable proceeding, to accept a money satisfaction of any such interests.

S. The cure schedule filed by the Debtors on October 2, 2002 (the "Cure Schedule") was properly served on all parties required to receive notice, and all

counterparties were given ample opportunity to object to the cure amounts set forth on such Cure Schedule. The cure amounts set forth on the Cure Schedule shall be deemed to be the total amount owed to each counterparty to a lease or contract that did not file a timely objection to the Cure Schedule or is not otherwise deemed disputed under Sections 2.5(c), 6.28, or 6.29 to the Asset Purchase Agreement, and there are no further existing defaults or payment obligations currently owing to such counterparties by the Debtors. The Buyer will have no further cure obligations with respect to the Leases and Contracts that the Buyer is assuming under the Asset Purchase Agreement.

T. The Debtors and Buyer desire and intend to close the Sale Transaction as soon as possible and the avoidance of any delay in such closing is in the best interests of the Debtors' estates and their creditors. Accordingly, notwithstanding the automatic ten-day stay otherwise applicable under Bankruptcy Rules 6004(g) and 6006(d), there is good and sufficient cause to make the relief granted herein effective and enforceable immediately upon entry of this Order.

U. The relief requested in the Sale Motion is in the best interests of the Debtors, their estates, and parties in interest.

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

1. The Sale Motion is granted in its entirety.
2. All objections, if any, to the Sale Motion or the relief requested therein or the sale of the Sale Assets, including the assignment of the Leases and Contracts, to the Buyer that have not been withdrawn, waived, or settled, and all reservations of rights included therein, are overruled on the merits; provided, however,

that objections filed by Level 3 Communications LLC and First South Utility Construction, Inc. (solely with respect to the cure amount for contracts with such counterparty) and the objection filed by Qwest Communications Corporation (solely with respect to claims and interests which Qwest Communications Corporation may assert in the Indefeasible Rights to Use granted by Qwest Communications Corporation to the Debtors pursuant to the Metro Dark Fiber IRU Agreement dated June 29, 2001) shall not be overruled at this time, but shall be otherwise determined by this Court at a future time.

3. The Sale Transaction and the terms and conditions and transactions contemplated by the Asset Purchase Agreement, including, but not limited to, (i) the sale of the Sale Assets to the Buyer and (ii) the assumption by the Debtors and assignment to the Buyer of the Leases and Contracts, are authorized and approved in all respects, pursuant to sections 105(a), 363(b) and (f) and 365(a) and (f) of the Bankruptcy Code.

4. Pursuant to sections 363(b) and 365(a) of the Bankruptcy Code, each of the Debtors is authorized, directed and empowered to fully assume, perform under, consummate, and implement the Asset Purchase Agreement together with all additional instruments and documents that may be reasonably necessary or desirable to implement the Asset Purchase Agreement and the transactions contemplated thereby, and to take all further actions as may reasonably be requested by the Buyer for the purpose of assigning, transferring, granting, conveying and conferring to the Buyer or reducing to possession any or all of the Sale Assets, or as may be necessary or appropriate to the performance of the Sellers' obligations as contemplated by the Asset Purchase Agreement.

5. Except as provided herein or in the Asset Purchase Agreement pursuant to sections 105(a) and 363(b) and (f) of the Bankruptcy Code, upon the closing under the Asset Purchase Agreement, the Sale Assets shall be transferred to the Buyer free and clear of all claims, mortgages, security interests, conditional sales, pledges, liens, judgments, demands, encumbrances, interests, easements, restrictions, or charges of any kind or nature, if any, including, but not limited to, any restriction on the use, voting, transfer, receipt of income, or other exercise of any attributes of ownership (collectively, the "Liens"). The Liens will attach to the Purchase Price (as defined in section 3.2 of the Asset Purchase Agreement).

6. The Debtors shall deposit and hold the cash portion of the Purchase Price in its bank account and shall hold the Purchase Price which is paid in AT&T Corp. Common Stock, in each case pending the resolution by this Court of competing interests to such sale proceeds.

7. Except as provided herein or in the Asset Purchase Agreement, pursuant to sections 105(a) and 363(b) and (f) of the Bankruptcy Code, upon the closing under the Asset Purchase Agreement, the Sale Assets shall be transferred to the Buyer free and clear of all debts arising in any way in connection with any acts of the Debtors, claims (as defined in section 101(5) of the Bankruptcy Code), obligations, demands, guaranties, options, rights, contractual commitments, restrictions, interests, and matters of any kind and nature arising prior to the date the Sale Transaction closes (the "Closing Date") or relating to acts occurring prior to the Closing Date, and whether imposed by agreement understanding, law, equity, or otherwise (collectively, the "Claims"); provided, however, that nothing herein shall affect any defenses of Liberty Mutual

Insurance Company and the "IFCI Debtors,"² including, but not limited to, setoff and/or recoupment.

8. With the exception of holders of Assumed Liabilities and Permitted Encumbrances as those terms are defined in the Asset Purchase Agreement, Buyer or its Designee(s) shall not be a "successor" to the Debtors for purposes of any liabilities and shall not be liable to any entity under any theory or claim of successor liability, and any such successor liability claim asserted against Buyer by any entity shall be barred, estopped and permanently enjoined to the extent permitted by applicable law. Except as otherwise provided herein, all persons and entities (other than the holders of Assumed Liabilities and Permitted Encumbrances), including, without limitation, any federal, state or local government agency, department, instrumentality or unit, holding Liens or Claims against the Debtors, the Sale Assets or assigned Leases and Contracts, arising on or before the Closing Date, or out of events occurring before the Closing Date, of any kind and nature are hereby barred from asserting any such Liens or Claims of any kind and nature against the Buyer, its successors or assigns, or the Sale Assets, or assigned Leases and Contracts.

9. The Debtors are hereby authorized in accordance with section 365(a) of the Bankruptcy Code, and subject to the terms of the Asset Purchase Agreement, to (a) assign to the Buyer, and have Buyer accept such assignment and assume the Sale Assets, including each of the Leases and Contracts on Schedules 2.1(a),

² The "IFCI Debtors" shall mean the chapter 11 debtors in possession, their successors and assigns (including any pre- or post-confirmation trustee) in the jointly administered cases of In re International Fibercom, Inc. et al., Chapter 11 Case No. 02-2143 (Bankr. D. Ariz.).

2.1(c), and 2.1(f) of the Asset Purchase Agreement, in each case free and clear of all Liens and Claims, and (b) execute and deliver to the Buyer such documents or other instruments as may be necessary to assign and transfer to Buyer, and have Buyer assume such Sale Assets, including the Leases and Contracts.

10. Pursuant to §365(a) and (f) of the Bankruptcy Code, the assigned Leases and Contracts shall remain in full force and effect for the benefit of Buyer in accordance with their current terms and conditions, notwithstanding any provision in such assigned Leases and Contracts or under applicable nonbankruptcy law (including those of the type described in 11 U.S.C. §365(b)(2) and (f) that prohibit, restrict, or condition such transfer or assignment), and notwithstanding any actual or alleged past failure on part of the Debtors to enforce or otherwise invoke one or more of said terms and/or conditions.

11. Consistent with the requirements of the Bankruptcy Code, the Debtors are obligated, authorized and empowered to pay those cure amounts that they are required to pay pursuant to the Asset Purchase Agreement, if any, in respect of the assumption and assignment to Buyer of the Leases and Contracts being assigned to such Buyer at Closing or as soon thereafter as is practicable, or as otherwise ordered by the Court or as otherwise provided by the Asset Purchase Agreement. For all the Leases and Contracts being assigned to Buyer for which the Debtors are not required to pay cure amounts under the Asset Purchase Agreement, Buyer shall be obligated to pay all cure amounts in respect thereof, and the Debtors shall have no obligation to pay, or any Liability for, such Cure Amounts, and thereafter shall have no further Liability under

such Leases and Contracts pursuant to Section 365(k) of the Bankruptcy Code except as specifically provided to the contrary in the Asset Purchase Agreement.

12. The Leases and Contracts on Schedules 2.1(a), 2.1(c), and 2.1(f) of the Asset Purchase Agreement shall, upon assignment to the Buyer at the Closing of the Asset Purchase Agreement or at such other time provided under the Asset Purchase Agreement, be deemed to be valid and binding and in full force and effect and enforceable in accordance with their terms, and, pursuant to section 365(k) of the Bankruptcy Code, the Debtors shall be relieved from any liability under the Leases and Contracts occurring after such assignment, including any liability for any breach thereof occurring after such assignment at Closing. The Leases and Contracts constitute lawful, valid, and legally binding obligations of the counterparties who are a party thereto, enforceable against such counterparties in accordance with their terms, shall be in full force and effect and constitute the entire agreement by and between the parties thereto, and shall not prohibit competition or restrict the ability of the Buyer to engage in any lawful business after Closing.

13. Pursuant to §365(b) of the Bankruptcy Code, entry of this Order shall constitute a determination that the cure amounts set forth on the Cure Schedule shall be the total amount due to each counterparty to any lease or contract that did not file a timely objection to the Cure Schedule or is not otherwise deemed disputed under Sections 2.5(c), 6.28, or 6.29 to the Asset Purchase Agreement, and no additional cure or compensation is owed to such parties under §365(b)(1)(A) or §365(b)(1)(B). This Court will determine the total amount due to any counterparty that filed a timely objection at a hearing on December ^{at 10:00 AM} 19, 2002. The Debtors' response to the objections to the Cure

Schedule will be due on December 12, 2002. With respect to the counterparties that did not file a timely objection to the Cure Schedule, other than the amount set forth on the Cure Schedule, there are no additional payments or other defaults under any leases or contracts, including the Leases and Contracts that the Debtors intend to assume and assign to the Buyer under the Asset Purchase Agreement. Buyer has provided adequate assurance of future performance under each such Lease or Contract under §365(b)(1)(C).

14. Upon Closing under the Asset Purchase Agreement, each counterparty to the assigned Leases and Contracts shall be and hereby is forever barred, estopped, and permanently enjoined from refusing to perform under the terms of said assigned Leases and Contracts, or otherwise asserting against Buyer any claim, counterclaim, defense, setoff or right of recoupment, on the basis of any actual or alleged default that arose or otherwise accrued under the assigned Leases or Contracts prior to Closing to the extent permitted by applicable law.

15. The Buyer is not assuming nor shall it in any way whatsoever be liable or responsible, as successor or otherwise, for any Liens or Claims of the Debtors or any Liens or Claims in any way whatsoever relating to or arising from the Sale Assets and operations other than those arising from the Assumed Liabilities and Permitted Encumbrances, including those post-closing liabilities, debts and obligations under the specific assigned Leases and Contracts that are expressly being assumed pursuant to the Asset Purchase Agreement or this Order.

16. Except for Liens or Claims arising from the Assumed Liabilities or Permitted Encumbrances or as otherwise provided herein, no person or entity, including without limitation, any federal, state or local governmental agency, department,

instrumentality or unit, shall assert by suit or otherwise against the Buyer or its successor in interest, any Liens or Claims that they had, have or may have against the Debtors, or any Liens or Claims relating to or arising from the Debtors' operations, before the consummation of the transactions contemplated by the Asset Purchase Agreement, and all persons and entities are hereby enjoined from asserting against the Buyer in any way any such Liens or Claims to the extent permitted by applicable law.

17. The Allocation Schedule set forth on Schedule 3.3(a) to the Asset Purchase Agreement and agreed to by the Debtors and the Buyer is fair and reasonable and is the product of good faith arms-length negotiation between the Debtors and the Buyer. The methodology used to prepare the Allocation Schedule is reasonable and represents the exercise of the business judgment of the Debtors. This finding shall be binding upon the Debtors and the Buyer under the Asset Purchase Agreement; however, the finding set forth in paragraph O of this order shall not prejudice the rights of any party to (i) assert that the Allocation Schedule is not binding for purposes of determining the distribution of the sale proceeds to interested parties or (ii) introduce evidence and testimony to establish that the Allocation Schedule or the testimony with respect thereto should be disregarded or modified for the purposes of determining the distribution of the sale proceeds to interested parties.

18. This Order is and shall be (a) effective as a determination that, on the Closing Date, all Liens and Claims existing as to the Sale Assets prior to the Closing Date have been unconditionally released, discharged and terminated, and that the conveyance of the Sale Assets has been effected, and (b) binding upon and govern the acts of all entities including without limitation, all filing agents, filing officers, title

agents, title companies, recorders of mortgages, recorders of deeds, registrars of deeds, registrars of patents, trademarks or other intellectual property, administrative agencies, governmental departments, secretaries of state, federal, state, and local officials, and all other persons and entities who may be required by operation of law, the duties of their office, or contract, to accept, file, register or otherwise record or release any documents or instruments, or who may be required to report or insure any title or state if title in or to any of the Sale Assets.

19. If any person or entity that has filed financing statements or other documents or agreements evidencing Liens and Claims on or interests in the Sale Assets shall not have delivered to the Debtors prior to the Closing, in proper form for filing and executed by the appropriate parties, termination statements, instruments of satisfaction, releases of all Liens or Claims which the person or entity has with respect to the Sale Assets, the Debtors are hereby authorized to execute and file such statements, instruments, releases and other documents on behalf of the person or entity with respect to the Sale Assets.

20. This Court retains jurisdiction (i) to enforce and implement the terms and provisions of the Asset Purchase Agreement, all amendments thereto, any waivers and consents thereunder, and of each of the agreements, documents and instruments executed in connection therewith; (ii) to compel Debtors' delivery of the Sale Assets, Debtors' assumption and assignment of the Leases and Contracts to the Buyer, and any other performance due under the Asset Purchase Agreement; (iii) to compel delivery/performance of the Purchase Price and all adjustments to Purchase Price under the Asset Purchase Agreement; (iv) to resolve any disputes, controversies or claims

arising out of or relating to the Asset Purchase Agreement; (v) to determine any Cure Amounts or rights with respect to and/or claims against third parties, including, to the extent that jurisdiction exists, the IFCI/Allstar-Liberty Claims under Sections 2.1(l) and 6.18 of the Asset Purchase Agreement and the claims with respect to Dominion Telecom, Inc., Broadwing Communications Services, Inc., Level 3 Communications LLC and First South Utility Construction, Inc., in accordance with Sections 2.5, 6.28 and 6.29 of the Asset Purchase Agreement; (vi) to interpret, implement and enforce the provisions of this Order; (vii) protect the Buyer and/or Sale Assets and assigned Leases and Contracts against the assertion of any Liens or Claims from which Buyer, the Sale Assets and assigned Leases and Contracts are expressly relieved and released under the terms of this Order, including authority to enjoin or restrain any actions taken or threatened to be taken in violation of this Order; and (viii) any disputes with Qwest Communications Corporation.

21. In the absence of a stay pending appeal, if the Buyer elects or is required to consummate the Sale Transaction at any time after entry of this Order, then with respect to the Sale Transaction, including the assumption and assignment of the Leases and Contracts approved and authorized herein, the Buyer is a good faith purchaser and shall be entitled to the protections of section 363(m) of the Bankruptcy Code if this Order or any authorization contained herein is reversed or modified on appeal.

22. The terms and provisions of the Asset Purchase Agreement, together with the terms and provisions of this Order, shall be binding in all respects upon the Debtors, their estates and creditors, the Buyer, and their respective affiliates, successors and assigns, and any affected third parties including but not limited to all

nondebtor parties to the Leases and Contracts listed on Schedules 2.1(a), 2.1(c), and 2.1(f) of the Asset Purchase Agreement and the Assumed Liabilities to be assigned to the Buyer pursuant to the Asset Purchase Agreement, and persons asserting a Lien or Claim against the Debtors, the Debtors' estate or any of the Sale Assets (including the assigned Leases and Contracts) to be sold to the Buyer pursuant to the Asset Purchase Agreement, to the extent permitted by applicable law.

23. The failure specifically to include any particular provisions of the Asset Purchase Agreement in this Order shall not diminish or impair the efficiency of such provisions, it being the intent of the Court that the Asset Purchase Agreement be authorized and approved in its entirety.

24. The Asset Purchase Agreement and any related agreements, documents or other instruments may be modified, amended, or supplemented by the parties thereto in accordance with the terms thereof without further order of the Court, provided that any such modification, amendment, or supplement is not materially adverse to the Debtors' estates or their creditors or the terms hereof.

25. All of Debtors' conveyances, transfers, sales and/or assignments (collectively "Transfers") to Buyer of the Sale Assets and Contracts and Leases made in connection with the Asset Purchase Agreement and Sale Transaction approved by this Order shall be fully effective, binding and enforceable when such Transfers are made without the necessity of filing or recording any documents in any jurisdiction and without the necessity of any further action to validate or perfect the Transfers of the Sale Assets and Contracts and Leases to the Buyer, notwithstanding any otherwise applicable non-bankruptcy law to the contrary. Buyer shall, nevertheless, have the right to file and

record documents and other instruments evidencing such Transfers in any appropriate jurisdiction to further evidence the Transfers made by Debtors to Buyer in connection with the Asset Purchase Agreement and Sale Transaction approved by this Order.

26. The transfer of the Sale Assets to the Buyer is not subject to taxation under any state or local law imposing a stamp, transfer, or similar tax in accordance with sections 1146(c) and 105(a) of the Bankruptcy Code.

27. Each party to an executory contract or unexpired lease shall be deemed to have received adequate assurance of performance by Buyer unless such party timely files an objection in accordance with the Bidding Procedures Order.

28. PF.Net Corp. shall be deemed to have contributed to its subsidiaries all intercompany receivables or debt owed by each such subsidiary to PF.Net Corp, and all such intercompany receivables or debt owed by each such subsidiary of PF.Net Corp. to PF.Net Corp. shall hereby be cancelled.

29. The Asset Purchase Agreement and the transactions and instruments contemplated thereby shall be specifically performable and enforceable against and binding upon, and not subject to rejection or avoidance by, the Debtors or any Chapter 7 or Chapter 11 trustee of any Debtor and its estate.

30. Nothing contained in any Chapter 11 plan confirmed in these cases or the Order of confirmation confirming any such Chapter 11 plan or any other Order entered in these cases shall conflict with or derogate from the provisions of the Asset Sale Agreement or the terms of this Order.

31. As provided by Bankruptcy Rules 7062, 6004(g) and 6006(d), the automatic ten-day stay of this Order is hereby vacated and this Order shall be effective and enforceable immediately upon entry.