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

| | | |
|---|---|---|
| In the Matter of the Joint Application of Trinsic Communications, Inc., Touch 1 Communications, Inc., and Matrix Telecom, Inc., for Approval of a Transfer of Assets. | ) ) ) ) | Case No. TO-2007-0392 |

**STAFF RECOMMENDATION**

**COMES NOW** the Staff of the Missouri Public Service Commission and for its recommendation states:

1. On April 13, 2007, Trinsic Communications, Inc., and Touch 1 Communications, Inc., (collectively, Trinsic) and Matrix Telecom, Inc., filed a joint application requesting approval from the Commission for the sale of Trinsic's assets used to provide local and long distance telecommunications services to Matrix. Simultaneously with the application, Trinsic and Matrix filed a Motion for Expedited Treatment.

2. The Commission has directed the Staff to file its recommendation no later than 3:00 p.m. on May 22, 2007.

3. Section 392.300 RSMo generally provides that no telecommunications company shall sell, assign, lease, transfer, mortgage or otherwise dispose of or encumber the whole or any part of its franchise, facilities or system, necessary or useful in the performance of its duties to the public, without having first secured from the Commission an order authorizing it so to do.

4. Case law provides that the Commission may "not withhold its approval of the disposition of assets unless it can be shown that such disposition is detrimental to the public interest." *State ex rel. Fee Fee Trunk Sewer, Inc., v. Litz,* 596 S.W. 2d 466, 468 (Mo. App. E.D. 1980), citing to *State ex rel. City of St. Louis v. Public Serv. Comm'n of Mo.,* 73 S.W. 2d 392, 400 (Mo. banc 1934).

5. Commission rule 4 CSR 240-33.150(4) provides that when a transfer of assets results in a change in carrier, a carrier will notify all subscribers through a notice in each subscriber's bill at least 30 days prior to the effective date of the change and will notify all subscribers of the right to switch to another service provider. The applicants mailed the required notice to subscribers on May 1, 2007.

6. In the attached Memorandum, which is labeled Appendix A, the Staff opines that the proposed sale is not detrimental to the public interest and therefore recommends approval.

7. The bankruptcy order approving the sale is also attached. See 4 CSR 240-3.565(2).

8. On the afternoon of May 22, 2007, Matrix is submitting revised tariff pages that, *inter alia*, add Trinsic's rate plans to Matrix's tariffs. The Staff will promptly review the tariff filing and address it in a supplemental recommendation.

WHEREFORE, the Staff recommends that the Commission approve the application, and direct the applicants to file a pleading notifying the Commission when the sale has been completed so that the Commission may then cancel the certificates and tariffs of Trinsic.

Respectfully submitted,

**/s/ William K. Haas**
William K. Haas
Deputy General Counsel
Missouri Bar No. 28701

Attorney for the Staff of the
Missouri Public Service Commission
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## Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 22nd day of May 2007.

/s/ William K. Haas

# Memorandum

To: Missouri Public Service Commission Official Case File
Case No. TO-2007-0392

From: Lisa Mahaney, Telecommunications Department
William Voight 5/22/07 /s/ William K. Haas 5/22/07
Utility Operations Division/Date General Counsel's Office/Date

**Subject: Staff Recommendation for Application Seeking Commission Approval of Competitive Company Transaction**

Date: 5/22/07

**The Telecommunications Department Staff (Staff) recommends the Commission** (check, as applicable):

☐ **Approve Merger**
**4 CSR 240-3.525**

☐ **Approve Consolidation**
**4 CSR 240-3.525**

☒ **Approve Sale of Assets**
**4 CSR 240-3.520**

☐ **Approve Name Change**
**4 CSR 240-3.545(20)**

☐ **Cancel Certificate(s) & Tariff(s)**
**392.410.5 RSMo**

☐ **Approve Certificate(s) & Tariff(s)**
**4 CSR 240-3.510**

According to Commission rule 4 CSR 240-2.060 and the rule(s) specifically cited above, competitively classified companies are required to provide information in applications to merge, consolidate or sell/transfer assets. Based on the information provided to Staff, Staff does not believe this particular transaction will be detrimental to the public interest for the following reason(s) (check all that apply):

☒ This transaction solely involves competitively classified companies.
☒ Customers have/will receive advance notice.
☒ Customers can switch to another provider.
☒ Customers will continue to receive service at the same rates, terms and conditions.
☐ Other:

Appendix A

The following chart summarizes this transaction.

| **Companies Involved in Transaction** | **Customer Served By** ("X", if applicable) | | **Sale of Assets** ("X", if applicable) | | **Certificates*** (If applicable, indicate "C" to cancel, "A" to approve) | | | **Tariffs*** (If applicable, indicate Tariff PSC MO Nos.) | |
|---|---|---|---|---|---|---|---|---|---|
| | **Before** | **After** | **Seller** | **Buyer** | **IXC** | **Local** | **Basic Local** | **Cancel** | **Approve** |
| Trinsic Communications, Inc. | X | | X | | | | | | |
| Touch 1 Communications, Inc. | X | | X | | | | | | |
| Matrix Telecom, Inc. d/b/a Matrix Business Technologies | | X | | X | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |

*See attachment to Staff recommendation for further details associated with approving certificates or tariffs.

**Merger, Consolidation, Sell or Transfer Assets**
Will affected customers be switched to a different company? ☐ No ☒ Yes

☒ Customers have been notified.
☐ Customers will be notified at least 30 days prior to being switched to a different company. (4 CSR 240-3.525)

**Company Name Change Notification**

☐ Company has notified its customers of the name change.

☐ Staff recommends the Commission order the Company to notify its customers at or before the next billing cycle of the name change and file a copy of the notice with the Commission.

Does this transaction involve a company in bankruptcy? ☒ Yes ☐ No
If yes, a copy of the bankruptcy order is attached.

**Competitive Company Transaction Review Items**

**Administrative:**
☒ Application solely involves competitively classified companies.
☒ No applications to intervene filed.

Noteworthy Transaction Application Requirements of 4 CSR 240-3.520 and 4 CSR 240-3.525:
☒ Will have no impact on tax revenues pursuant to 4 CSR 240-3.520(F) or 4 CSR 240-3.525(F)
☒ Appropriate Secretary of State authorization has been submitted for any applicant (or if previously submitted, reference to prior case number). Case No.
*Missouri corporations*: A Certificate of Good Standing.

Appendix A

*Foreign corporations*: Authorization to do business in Missouri.
*If business conducted under a fictitious name*: A copy of registration of the fictitious name.

☒ No pending or final judgments/decisions described in 4 CSR 240-2.060(1)(K).
☒ A statement that no annual report or assessment fees are overdue for any applicant.

**Are there additional recommendations or special considerations?** ☐ No ☒ Yes
If yes, explain in an attachment.

☒ The Company is not delinquent in filing an annual report and paying the PSC assessment.
☐ The Company is delinquent. Staff recommends the Commission grant the requested relief/action on the condition the applicant corrects the delinquency. The applicant should be instructed to make the appropriate filing in this case after it has corrected the delinquency.
(☐ No annual report ☐ Unpaid PSC assessment. Amount owed: )

**Attachment**

Staff recommends that the Commission should direct the parties to file a notice in this case when the sale has been completed so that the Commission may cancel the certificates and tariffs of Trinsic Communications, Inc., and Touch 1 Communications, Inc.

Appendix A

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

| | | |
|---|---|---|
| In the Matter of the Joint Application of | ) | |
| Trinsic Communications, Inc., | ) | |
| Touch 1 Communications, Inc., | ) | Case No. TO-2007-0392 |
| And Matrix Telecom, Inc. | ) | |
| For Approval of a Transfer of Assets | ) | |

**AFFIDAVIT OF LISA MAHANEY**

| | | |
|---|---|---|
| STATE OF MISSOURI | ) | |
| | ) | ss: |
| COUNTY OF COLE | ) | |

Lisa Mahaney, employee of the Missouri Public Service Commission, being of lawful age and after being duly sworn, states that she has participated in preparing the accompanying memorandum, and that the facts therein are true and correct to the best of her knowledge and belief.

Lisa Mahaney

Lisa Mahaney

Subscribed and affirmed before me this 22nd day of May, 2007

I am commissioned as a notary public within the County of Callaway,

State of Missouri and my commission expires on 9-23-2008

ROSEMARY R. ROBINSON
Notary Public - Notary Seal
State of Missouri
County of Callaway
My Commission Exp. 09/23/2008

Rosemary R. Robinson

NOTARY PUBLIC

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF ALABAMA
MOBILE DIVISION

| | | |
|---|---|---|
| IN RE: | ) | CASES NO. 07-10324 |
| | ) | |
| TRINSIC, INC., | ) | (Jointly Administered) |
| TRINSIC COMMUNICATIONS, INC., | ) | |
| TOUCH 1 COMMUNICATIONS, INC., | ) | |
| Z-TEL NETWORK SERVICES, INC., and | ) | CHAPTER 11 |
| Z-TEL CONSUMER SERVICES, LLC | ) | |
| | ) | |
| Debtors. | ) | JUDGE MAHONEY |
| | ) | |

**ORDER (1) APPROVING SALE OF SUBSTANTIALLY ALL OF DEBTORS' ASSETS FREE AND CLEAR OF ALL LIENS, CLAIMS, INTERESTS AND ENCUMBRANCES; (2) APPROVING ASSUMPTION AND ASSIGNMENT OF CERTAIN CONTRACTS AND LEASES; AND (3) GRANTING RELATED RELIEF**

This matter came before the Court on the Motion for Order Authorizing (1) Sale of Substantially All of Debtors' Assets Free and Clear of All Liens, Claims, Interests and Encumbrances Pursuant to Overbid and Auction Procedures, Including Break Up Fee, under Section 363 of the Bankruptcy Code; and (2) Assumption and Assignment of Certain Executory Contracts and Unexpired Leases Pursuant to Section 365 of the Bankruptcy Code (the "Initial Sale Motion") which Sale Motion was orally modified by the above captioned debtors and debtors in possession (the "Debtors") at the hearing (the "Bid Procedures Hearing") held on February 28, 2007 (the Initial Sale Motion together with the oral modifications is referred to herein as the "Sale Motion"). In accordance with the Sale Motion and the record of the Bid Procedures Hearing, on March 1, 2007, the Court entered the Order Granting Debtors' Motion Approving Overbid and Auction Procedures, Including Break Up Fee, under Section 363 of the Bankruptcy Code and Notice of Sale Hearing (the "Bidding Procedures Order") which set forth the bid procedures (the "Bid Procedures"). In

accordance with the Bidding Procedures Order, the Debtors held an auction that commenced on March 9, 2007 and concluded during the early morning of March 10, 2007 (collectively, the "Initial Auction"). On March 16, 2007, the Debtors filed the asset purchase agreement of American Communications Network, Inc. ("ACN") and a preliminary hearing was held before this Court on March 20, 2007; which hearing was reset to March 21, 2007 and ultimately concluded on March 22, 2007 (collectively, the "Sale Hearing"). On March 21, 2007, the Debtors reconvened the Initial Auction and conducted a final auction (together with the Initial Auction, the "Auction"). Pursuant to the auction, the Debtors seek approval of that certain Asset Purchase Agreement[1] by and among Tide Acquisition Corporation (or its designee, the "Purchaser") and the Debtors dated as of March 21, 2007 (as amended, restated or modified from time to time, including all schedules, exhibits and documents to be executed in connection with the sale, and collectively with Addendum No. 1 to Asset Purchase Agreement, the "Purchase Agreement") pursuant to Sections 105, 363 and 365 of title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq*. (the "Bankruptcy Code"), and Rules 2002, 6004, 6006, and 9014 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") (the assets to be sold being more fully described in the Purchase Agreement, and hereinafter referred to as the "Purchased Assets").

The Court, having conducted a hearing on the Sale Motion at the Sale Hearing, and all parties in interest having been heard, or having had the opportunity to be heard, regarding approval of the Purchase Agreement, and the transactions contemplated thereby (the "Transactions"); and the Court having reviewed and considered the Sale Motion, the Bidding

[1] The Purchase Agreement and related documents was filed on March 21, 2007. Capitalized terms used herein but not defined shall have the meaning ascribed to such term in the Purchase Agreement.

Procedures Order and all objections thereto, and the arguments of counsel made, and the evidence adduced, at the Sale Hearing; and it appearing that the relief requested in the Sale Motion is in the best interests of the Debtors, their estates, their creditors and upon the record of the Sale Hearing and these chapter 11 cases (the "Cases"), and after due deliberation thereon, and good cause appearing therefore;

**THE COURT HEREBY FINDS DETERMINES AND CONCLUDES THAT:**

A. The findings and conclusions set forth herein constitute the Court's findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052. To the extent any of the following findings of fact are determined to be conclusions of law, they are adopted, and shall be construed and deemed, conclusions of law. To the extent any of the following conclusions of law are determined to be findings of fact, they are adopted, and shall be construed and deemed, as findings of fact.

B. The Court has jurisdiction to hear and determine the Sale Motion and to grant the relief requested in the Sale Motion pursuant to 28 U.S.C. §§ 157(b)(1) and 1334(b). Venue of these cases and the Sale Motion in this district is proper under 28 U.S.C. §§ 1408 and 1409. This is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2).

C. The statutory predicates for the relief requested in the Sale Motion are Sections 105, 363 and 365 of the Bankruptcy Code and Bankruptcy Rules 2002, 6004, 6006, 9014 and 9019.

D. As evidenced by the affidavits of service filed with the Court, written notice of the Sale Hearing was transmitted to: (a) the Office of the Bankruptcy Administrator; and (b) to (i) the creditors holding the largest claims in these Cases; (ii) the persons known to the Debtors to possess and/or exercise any control over any of the Purchased Assets; (iii) the persons known to the

Debtors to assert any rights in any of the Purchased Assets; (iv) non-debtor parties to the executory contracts and unexpired leases to be assumed or assumed and assigned (the "Assumed Executory Contracts"); (v) all applicable federal, state and local tax authorities with jurisdiction over the Debtors and/or the Purchased Assets; (vi) all federal, state and local environmental authorities in jurisdictions in which the Debtors operate and/or in which the Purchased Assets are located; (vii) any known party that has expressed a bona fide interest in writing to the Debtors regarding any purchase of the Purchased Assets; (viii) counsel for the Official Committee of Unsecured Creditors ("Committee"), (ix) counsel for Thermo Credit, LLC as the senior secured lender to the Debtors ("Thermo"); (x) all known creditors of the Debtors and all known equity holders of the Debtors; and (xi) all entities that have requested notice in the Cases.

E. Based upon the affidavits of service filed with the Court: (a) notice of the Sale Motion, including the bid procedures, the Bidding Procedures Order, the Sale Hearing and of the Debtors' intention to assume and assign the Assumed Executory Contracts, was adequate and sufficient under the circumstances of these Cases and these proceedings and complied with the various applicable requirements of the Bankruptcy Code and the Bankruptcy Rules; and (b) a reasonable opportunity to object and be heard with respect to the Sale Motion and the relief requested therein was afforded to all interested persons and entities.

F. The Purchased Assets are property of the Debtors' estates and title thereto is vested in the Debtors' estates. Prior to the Petition Date, the Debtors actively marketed the Purchased Assets, but were unable to consummate a sale or refinancing transaction outside the auspices of bankruptcy court protection. The Debtors provided notice of the proposed sale of the Purchased Assets, the Auction and the results thereof to each of the entities that previously expressed

a bona fide interest in the Purchased Assets or the Business. The Debtors and their professionals in conjunction with the Committee and its advisors marketed the Purchased Assets and conducted the sale process in accordance with the Bidding Procedures Order. Based upon the record of these proceedings, all creditors and equity holders, all other parties-in-interest and all prospective purchasers have been afforded a reasonable and fair opportunity to bid for the Purchased Assets.

G. The Bid Procedures were substantively and procedurally fair to all parties, and were the result of intense arms length negotiations among the Debtors, the bidders and the Committee. The Bid Procedures allowed bidders to make bids for some or all of the Debtors' assets.

H. On March 7, 2007, the Debtors received five indications of interest to serve as qualified bidders at the auction. On March 9, 2007, the Debtors, after consultation with the Committee and its advisors and certain creditors, announced that the Debtors had received only two bids which were deemed Qualified Bids as defined under the Bidding Procedures Order; one from Purchaser and one from ACN. The Debtors concluded the Initial Auction and conducted the final Auction on March 21, 2007.

I. After a spirited Auction with several rounds of bidding by ACN and the Purchaser, the Debtors, after consultation with the Committee and its advisors, announced that the bid of the Purchaser, on the form of the Purchase Agreement, was the highest and best offer.

J. Accordingly, the Debtors and the Committee seek Court approval of the Purchase Agreement and the Transactions (as defined below) and the entry of this Order.

K. Subject to the entry of this Order, each Debtor (i) has full power and authority to execute the Purchase Agreement and all other documents contemplated thereby, and the sale of the Purchased Assets by the Debtors has been duly and validly authorized by all necessary company

action of each of the Debtors, (ii) has all of the power and authority necessary to consummate the Transactions contemplated by the Purchase Agreement, (iii) has taken all company action necessary to authorize and approve the Purchase Agreement and the consummation by such Debtors of the Transactions.

L. Absent the entry of this order, the Debtors will have insufficient funds to continue as a going concern for any extended period of time. In the absence of Court approval of this Sale, the Cases ultimately would have been a free-fall chapter 11, and the Debtors would have been required to begin the piecemeal liquidation of the Debtors' assets and businesses, which piecemeal liquidation would result in less value for the Debtors' creditor constituencies than is provided pursuant to the Sale, and significant jeopardy to the Debtors' customers. Alternatively, the failure to enter this Sale Order may result in a liquidation under Chapter 7 of the Bankruptcy Code, which course would have a severe negative impact on the Debtors' estates, creditors' recoveries and the Debtors' customers. Exigent circumstances and sound business reasons exist for the timing of the Debtors' Sale of the Purchased Assets and consummation of the Transactions pursuant to the Purchase Agreement, including the anticipated Closing Date.

M. The Court finds that significant exigent circumstances exist with respect to the approval, closing and performance of the Purchase Agreement, including but not limited to certain exigencies arising with respect to: (i) the mandatory requirements imposed upon the Debtors by operation of Bankruptcy Code Section 366(c); (ii) the related requirements of that certain Stipulation and Consent Order Establishing Adequate Assurance of Payment to Verizon, Qwest and AT&T Under Bankruptcy Code Section 366, as entered by the Court on or about February 28, 2007; (iii) the Debtors' lack of access to any additional funding for their operations under the debtor in

possession loan agreement with Thermo; and (iv) the limited ability of the Debtors to continue their operations using cash collateral pursuant to Sections 361 and 363(a) of the Bankruptcy Code (hereinafter, collectively the "Exigent Circumstances").

N. Entry into the Purchase Agreement and consummation of the Transactions constitute the exercise by the Debtors of sound business judgment and such acts are in the best interests of the Debtors, their estates and creditors. The Court finds that the Debtors have articulated good and sufficient business reasons justifying the Sale of the Purchased Assets to Purchaser. Such business reasons include, but are not limited to, the following: (i) the Purchase Agreement constitutes the highest and best offer for the Purchased Assets; (ii) the Purchase Agreement and the Closing thereon (including the timing thereof) will present the best opportunity to realize the value of the Purchased Assets on a going concern basis and avoid decline and devaluation of the Debtors' business; (iii) there is substantial risk of deterioration of the value of the Purchased Assets if the Sale is not consummated promptly; and (iv) the Purchase Agreement and the Closing thereon will provide a greater recovery for the Debtors' creditors than would be provided by any other presently available restructuring alternative.

O. The Purchase Agreement and the Transactions were negotiated and have been and are undertaken by the Debtors, the Committee and its advisors and Purchaser at arms' length without collusion or fraud, and in good faith within the meaning of Section 363(m) and (n) of the Bankruptcy Code. The Auction, negotiations, and subsequent acceptance of the Purchaser's bid were conducted at arms' length and in good faith within the meaning of Section 363(m) of the Bankruptcy Code. As a result of the foregoing, the Debtors and Purchaser are entitled to the protections of Section 363(m) of the Bankruptcy Code. Moreover, none of the Debtors, Purchaser,

Committee or any of their advisors and professionals engaged in any conduct that would cause or permit the Purchase Agreement, the consummation of the Transactions or the assumption and assignment of the Assumed Executory Contracts to be avoided, or costs or damages to be imposed, under Section 363(n) of the Bankruptcy Code.

P. The Sale does not constitute a *sub rosa* chapter 11 plan.

Q. The total consideration provided by Purchaser for the Purchased Assets is the highest and best offer received by the Debtors, and the Purchase Price constitutes (a) reasonably equivalent value under the Bankruptcy Code and Uniform Fraudulent Transfer Act, (b) fair consideration under the Uniform Fraudulent Conveyance Act, and (c) reasonably equivalent value, fair consideration and fair value under any other applicable laws of the United States, any state, territory or possession, or the District of Columbia ((a), (b) and (c) collectively, "Value"), for the Purchased Assets.

R. Purchaser would not have entered into the Purchase Agreement and would not consummate the Transactions, thus adversely affecting the Debtors, their estates, and their creditors, if the sale of the Purchased Assets to Purchaser and the assignment of the Assumed Executory Contracts to Purchaser were not free and clear of all Liens and Claims, or if Purchaser would, or in the future could, be liable for any of such Liens and Claims. A sale of the Purchased Assets other than one free and clear of Liens and Claims would adversely impact the Debtors' estates, and would yield substantially less value for the Debtors' estates, with less certainty than the Sale. Therefore, the Sale contemplated by the Purchase Agreement is in the best interests of the Debtors, their estates and creditors, and all other parties in interest and is and will be free and clear of all Liens and claims except as otherwise specifically provided by the Purchase Agreement.

S. The Debtors may sell the Purchased Assets free and clear of all Liens and Claims (other than Permitted Liens), because, with respect to each creditor asserting a Lien or Claim, one or more of the standards set forth in Bankruptcy Code § 363(f)(1)-(5) has been satisfied. Those holders of Liens and Claims who did not object or who withdrew their objections to the Sale or the Sale Motion are deemed to have consented to the Sale Motion and Sale pursuant to Bankruptcy Code § 363(f)(2). Those holders of Liens and Claims who did object fall within one or more of the other subsections of Bankruptcy Code Section 363(f).

T. The Debtors, with the concurrence and agreement of the Committee, have demonstrated that it is an exercise of the Debtors' sound business judgment to assume and assign the Assumed Executory Contracts to Purchaser in connection with the consummation of the Sale, and the assumption, assignment, and sale of the Assumed Executory Contracts is in the best interests of the Debtors, their estates, their creditors, and all parties in interest. The Assumed Executory Contracts being assigned to Purchaser are an integral part of Purchased Assets being purchased by Purchaser, and accordingly, such assumption, assignment, and sale of Assumed Executory Contracts are reasonable, enhance the value of the Debtors' estates, and do not constitute unfair discrimination.

U. Seller has provided adequate assurance of cure of any default existing prior to the Closing under any of the Assumed Executory Contracts, within the meaning of Section 365(b)(1)(A) of the Bankruptcy Code, and provided adequate assurance of compensation to any party for any actual pecuniary loss to such party resulting from a default prior to the date hereof under any of the Assumed Executory Contracts within the meaning of Section 365(b)(1)(B) of the Bankruptcy Code. Purchaser has provided adequate assurance of its future performance of and under the Assumed Executory Contracts, within the meaning of Section 365 (f)(2)(B) of the Bankruptcy Code,

except as to those contracts specifically provided herein.

V. There was no evidence of insider influence or improper conduct by Purchaser or any of its affiliates in connection with the negotiation of the Purchase Agreement with the Debtors, the Committee or any of their professionals or advisors. There was also no evidence of fraud or collusion among Purchaser and its affiliates any other bidders for the Debtors' assets, or collusion between the Debtors, the Committee and Purchaser or its affiliates to the detriment of any other bidders. No party in interest has objected to or otherwise raised any issue concerning the Purchase's good faith and its entitlement to the protections under section 363(m) of the Bankruptcy Code. The Debtors established a due diligence room in which the information provided to Purchaser in connection with the negotiation of the Purchase Agreement was also provided to other potential bidders for the assets.

W. At no time was Purchaser or its affiliates an "insider" or "affiliate" of any of the Debtors, as those terms are defined in the Bankruptcy Code, and no common identity of incorporators, directors or stockholders existed between Purchaser or its affiliates and any of the Debtors. Pursuant to the Purchase Agreement, Purchaser is not purchasing all of the Debtors' assets in that Purchaser is not purchasing any of the Excluded Assets, and Purchaser is not holding itself out to the public as a continuation of the Debtors. Those of the Debtors' employees who are to be employed by Purchaser pursuant to the Purchase Agreement or Management Services Agreement, will be hired under new employment contracts or other arrangements to be entered into or to become effective at or after the time of the Final Closing. The Transactions do not amount to a consolidation, merger or *de facto* merger of Purchaser and the Debtors' and/or the Debtors' estates, there is not substantial continuity between Purchaser and the Debtors, there is no continuity of

enterprise between the Debtors and Purchaser, Purchaser is not a mere continuation of the Debtors or the Debtors' estates, and Purchaser does not constitute a successor to the Debtor or the Debtors' estates. The Purchaser is not assuming or becoming liable for any WARN Act, or under any similar provision of any federal, state, regional, foreign or local law, rule or regulation as a consequence of the Transactions contemplated by the Purchase Agreement.

X. Except as otherwise expressly provided in the Purchase Agreement, the transfer of the Purchased Assets to Purchaser will be a legal, valid, and effective transfer of the Purchased Assets, and will vest Purchaser with all right, title, and interest of the Debtors to the Purchased Assets free and clear of all Liens and Claims (other than Permitted Liens), including but not limited to all Claims arising under doctrines of successor liability.

Y. Time is of the essence in consummating the Sale. Accordingly, to maximize the value of the Debtors' assets, it is essential that the sale of the Purchased Assets occur within the time constraints set forth in the Purchase Agreement. Accordingly, there is cause to lift the stays contemplated by Bankruptcy Rules 6004 and 6006.

Z. Approval of the Purchase Agreement and assumption, assignment, and sale of the Assumed Executory Contracts, and consummation of the Sale of the Purchased Assets at this time are in the best interests of the Debtors, their creditors, their estates, and all parties in interest.

Based upon all of the foregoing, and after due deliberation, **THE COURT ORDERS, ADJUDGES, AND DECREES THAT:**

1. The relief requested in the Sale Motion is granted in the manner and to the extent provided herein.

2. All objections and responses concerning the Sale Motion are resolved in

accordance with the terms of this Order and as set forth in the record of the Sale Hearing; and to the extent any such objection or response was not otherwise withdrawn, waived, or settled, it is, and all reservations of rights or relief requested therein, overruled and denied.

3. The Purchase Agreement, the Transactions, and the Sale of the Purchased Assets to Purchaser, are hereby approved and authorized in all respects.

4. The consideration provided by Purchaser for the Purchased Assets under the Purchase Agreement is fair and reasonable and shall be deemed for all purposes to constitute Value under the Bankruptcy Code and any other applicable law, and the Sale may not be avoided, or costs or damages imposed or awarded, under Section 363(n), or any other provision of the Bankruptcy Code.

5. The Transactions are undertaken by Purchaser in good faith, Purchaser is a purchaser in good faith of the Purchased Assets as that term is used in Section 363(m) of the Bankruptcy Code, and Purchaser is entitled to all of the protections afforded by Section 363(m) of the Bankruptcy Code; accordingly, the reversal or modification on appeal of the authorization provided herein to consummate the Sale shall not affect the validity of the Sale of the Purchased Assets to Purchaser (including the assumption, assignment, and sale of any of the Assumed Executory Contracts), unless such authorization is duly stayed pending such appeal.

6. The Debtors are authorized and directed to take any and all actions necessary or appropriate to: (i) consummate the sale of the Purchased Assets to Purchaser (including, without limitation, to convey to Purchaser any and all of the Purchased Assets intended to be conveyed) and the Closing of the Transactions in accordance with the Sale Motion, the Purchase Agreement and this Order; and (ii) perform, consummate, implement and close fully the Purchase Agreement

together with all additional instruments and documents that may be reasonably necessary or desirable to implement the Purchase Agreement. The parties shall have no obligation to proceed with the Closing of the Purchase Agreement until all conditions precedent to their obligations to do so as set forth in the Purchase Agreement have been met, satisfied or waived.

7. Upon the applicable Closing Date (or at such other times as provided in the Purchase Agreement), Purchaser shall assume and agrees to pay, perform and otherwise discharge, the Assumed Liabilities, with such assumption of liabilities constituting a portion of the consideration paid by Purchaser for the Purchased Assets.

8. Purchaser is hereby authorized in connection with the consummation of the Sale to allocate the Purchased Assets and the Assumed Executory Contracts among its affiliates, designees, assignees, and/or successors in a manner as it in its sole discretion deems appropriate and to assign, sublease, sublicense, transfer or otherwise dispose of any of the Purchased Assets or the rights under any Assumed Executory Contract to its affiliates, designees, assignees, and/or successors with all of the rights and protections accorded under this Order and the Purchase Agreement, and the Debtors shall cooperate with and take all actions reasonably requested by Purchaser to effectuate any of the foregoing.

9. The Debtors are hereby authorized, effective only as of the applicable Closing Date and in accordance with Sections 365(b)(1) and (f)(2) of the Bankruptcy Code, to: (A) assume the Assumed Executory Contracts; (B) sell, assign and transfer to Purchaser each of the Assumed Executory Contracts in each case free and clear of all Liens and Claims (other than Permitted Liens); and (C) execute and deliver to Purchaser, such assignment documents as may be necessary to sell, assign and transfer the Assumed Executory Contracts.

10. The Assumed Executory Contracts, upon assignment to Purchaser, shall be deemed valid and binding, in full force and effect in accordance with their terms. Upon the Closing, in accordance with Sections 363 and 365 of the Bankruptcy Code, Purchaser shall be fully and irrevocably vested in all right, title and interest of each Assumed Executory Contract.

11. Pursuant to section 365(k) of the Bankruptcy Code, the Debtors and their estates are not liable for any breach of any Assumed Executory Contract that occurs or arises after such assignment to and assumption by Purchaser.

12. All defaults or other obligations of the Debtors under the Assumed Executory Contracts arising or accruing prior to the applicable Closing Date (without giving effect to any acceleration clauses or any default provisions of the kind specified in Section 365(b)(2) of the Bankruptcy Code) shall be deemed cured by the payment or other satisfaction of the Cure Costs. Within three (3) days from entry of this Order or within three (3) days from the Purchaser's election of assuming an Executory Contract, the Debtors shall file a notice (the "Cure Notice") of the Cure Costs and serve it on the counter parties to the Assumed Executory Contracts (the "Cure Amounts") and provide a copy to the Purchaser. The Cure Amounts shall be fixed at the amounts set forth on the Cure Notice unless the non-Debtor counterparty to the specified Assumed Executory Contract shall file an objection within ten (10) days (the "Cure Objection Period") from the filing of the applicable Cure Notice. If no objection is received within the Cure Objection Period, then the non-Debtor parties to the specified Assumed Executory Contracts shall be forever bound by such Cure Amounts. Except for the Cure Amounts, there are no other defaults existing under the Assumed Executory Contracts.

13. Debtors shall pay or otherwise satisfy the Cure Amounts as set forth in the

Purchase Agreement and Purchaser shall have no liability or obligation with respect to (a) the Cure Amounts, except as is otherwise provided in the Purchase Agreement and (b) any amount any counter party to the applicable Assumed Executory Contracts may claim in excess of the Cure Amount not otherwise deemed a Cure Amount either by agreement or an Order from this Court.

14. Upon the expiration of the Cure Objection Period, each non-Debtor party to an Assumed Executory Contract is hereby forever barred, estopped, and permanently enjoined from asserting against Purchaser or the Purchased Assets any default, additional amounts or other Claims existing as of the applicable Closing Date, whether declared or undeclared or known or unknown; and such non-Debtor parties to the Assumed Executory Contracts are also forever barred, estopped, and permanently enjoined from asserting against Purchaser any counterclaim, defense or setoff, or any other Claim or Lien, asserted or assertable against the Debtors.

15. There shall be no rent accelerations, assignment fees, increases or any other fees charged or chargeable to Purchaser as a result of the assumption, assignment and sale of the Assumed Executory Contracts. Any provisions in any Assumed Executory Contract that prohibit or condition the assignment of such Assumed Executory Contract or allow the party to such Assumed Executory Contract to terminate, recapture, impose any penalty, condition renewal or extension, or modify any term or condition upon the assignment of such Assumed Executory Contract, constitute unenforceable anti-assignment provisions, and are void and of no force and effect. The validity of the assumption, assignment and sale of the Assumed Executory Contracts to Purchaser shall not be affected by any dispute between any of the Debtors or the Committee, on the one hand, and any non-Debtor party to such Assumed Executory Contract on the other hand.

16. No bulk sales law or any similar law of any state or other jurisdiction shall

apply in any way to the Sale and the Transactions. No brokers were involved in consummating the Sale or the Transactions, and no brokers' commissions are due to any person or entity in connection with the Sale or the Transactions.

17. Upon the applicable Closing, the sale of the Purchased Assets to Purchaser shall be free and clear of all Liens and Claims (other than Permitted Liens) pursuant to Section 363 of the Bankruptcy Code. The Debtors are hereby authorized and directed to consummate, and shall be deemed for all purposes to have consummated, the sale, transfer and assignment of the Purchased Assets to Purchaser free and clear of any and all Liens and Claims (other than Permitted Liens), and (b) except as otherwise expressly provided in the Purchase Agreement, all such Liens and Claims shall be and hereby are released, terminated and discharged as to the Purchaser and the Purchased Assets.

18. Upon the Initial Closing, and except as otherwise expressly provided in the Purchase Agreement and Management Services Agreement, Purchaser shall not be liable for any Claims against, and liabilities and obligations of, the Debtors or any of the Debtors' predecessors or affiliates. Without limiting the generality of the foregoing, and subject to the Purchase Agreement and Management Services Agreement, (a) Purchaser shall have no liability or obligation to pay wages, bonuses, severance pay, benefits (including, without limitation, contributions or payments on account of any under-funding with respect to any pension plans) or any other payment to employees of the Debtors, (b) Purchaser, shall have no liability or obligation in respect of any collective bargaining agreement, employee pension plan, employee health plan, employee retention program, employee incentive program or any other similar agreement, plan or program to which any Debtors are a party (including, without limitation, liabilities or obligations arising from or related

to the rejection or other termination of any such plan, program agreement or benefit), (c) Purchaser shall in no way be deemed a party to or assignee of any such employee benefit, agreement, plan or program, and (d) all parties to any such employee benefit, agreement, plan or program are enjoined from asserting against Purchaser any Claims arising from or relating to such employee benefit, agreement, plan or program.

19. Purchaser shall not be deemed a successor of or to the Debtors or the Debtors' estates with respect to any Liens and Claims against the Debtors or the Purchased Assets, and Purchaser shall not be liable in any way for any such Liens and Claims, including, without limitation, the Excluded Liabilities or Excluded Assets. Upon the subject closing of the Sale, all creditors, employees and equityholders of the Debtors are permanently and forever barred, restrained and enjoined from (a) asserting any Claims or enforcing remedies, or commencing or continuing in any manner any action or other proceeding of any kind, against Purchaser or the Purchased Assets on account of any of the Liens and Claims, Excluded Liabilities, or Excluded Assets, or (b) asserting any Claims or enforcing remedies under any theory of successor liability, *de facto* merger, or substantial continuity.

20. The Exigent Circumstances constitute unforeseen and unusual circumstances within the meaning of the Worker Adjustment and Retraining Notification Act, Public Law 100-379 (29 U.S.C. §§ 210l, et seq.) (the "WARN Act"), such that the Debtors' estates shall have no liability thereunder pursuant to the WARN Act and related regulations in connection with the performance of the Purchase Agreement and transactions contemplated thereby as generally provided by 20 C.F.R. § 639.9(b).

21. This Order (a) is and shall be effective as a determination that, upon the

applicable Closing, all Liens and Claims existing as to the Purchased Assets conveyed to Purchaser have been and hereby are adjudged and declared to be unconditionally released, discharged and terminated, and (b) is and shall be binding upon and govern the acts of all entities, including, all filing agents, filing officers, title agents, title companies, recorders of mortgages, recorders of deeds, registrars of deeds, administrative agencies or units, governmental departments or units, 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 of title in or to any of the Purchased Assets conveyed to Purchaser. All such entities described above in this Paragraph 21 are authorized and specifically directed to strike all recorded Liens against the Purchased Assets from their records, official and otherwise and including without limitation (i) those Liens and Claims listed in the applicable schedules to the Purchase Agreement and (ii) immediately upon the funding of the appropriate escrow account or otherwise payment in full to Thermo and 1818 Fund, the liens of Thermo and 1818 Fund.

22. If any person or entity, which has filed statements or other documents or agreements evidencing Liens or Claims on or in the Purchased 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 Liens and Claims, and any other documents necessary for the purpose of documenting the release of all Liens and Claims which the person or entity has or may assert with respect to the Purchased Assets, the Debtors and Purchasers are hereby authorized and directed to execute and file such statements, instruments, releases and other documents on behalf of such person or entity with respect to the Purchased Assets.

23. Except as otherwise provided in the Purchase Agreement, any and all Purchased Assets in the possession or control of any person or entity, including, without limitation, any former vendor, supplier or employee of the Debtors shall be transferred to Purchaser free and clear of Liens and Claims (other than Permitted Liens) and shall be delivered at the time of Initial Closing to Purchaser.

24. This Order and the Purchase Agreement and other ancillary documents shall be binding in all respects upon all entities, including the Debtors, any trustees thereof or other fiduciaries appointed in the Cases or upon a conversion to chapter 7 under the Bankruptcy Code, their estates, their creditors, their shareholders, all non-debtor parties to the Assumed Executory Contracts, the Committee, and all interested parties, administrative agencies and commissions, governmental units, secretaries of state, federal, state and local officials, including, without limitation, any such administrative or governmental authorities maintaining any authority relating to telecommunications or other licensing, or environmental, health, or safety laws, and their respective successors or assigns, including, but not limited to, all non-debtor counter-parties to the Assigned Contracts that will be assigned to the Purchaser under the Purchase Agreement, and upon any persons asserting a Lien against the Debtors' estates or any of the Acquired Assets to be sold and assigned to the Purchaser and the Purchase Agreement shall not be subject to rejection or avoidance under any circumstances.

25. Consummation of the Sale, including, without limitation, the transfer of the assets to Purchaser pursuant to the Purchase Agreement and the assumption and assignment to Purchaser of the Assigned Contracts, will not subject Purchaser 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 affiliate of the Debtors, or any other person by reason of such transfers and assignments under the laws of the United States, any state, territory, or possession thereof, or the District of Columbia applicable to such transactions, based, in whole or in part, directly or indirectly, in any theory of law or equity, including, without limitation, any theory of equitable law, including, without limitation, any theory of antitrust or successor or transferee liability, except that Purchaser shall be liable for payment only of the Assumed Liabilities.

26. The Purchase Agreement and any related agreements, documents, or other instruments may be modified amended, or supplemented by the parties thereto, in a writing signed by the parties, and in accordance with the terms thereof, without further order of the Court, provided that any such modification, amendment or supplement does not have a material adverse effect on the Debtors' estates.

27. The Debtors shall deliver to each Utility (as defined in the 366 Order) a sum equal to its Utility Catch-Up (as defined in that certain Stipulation and Consent Order Establishing Adequate Assurance of Payment to Verizon, Qwest and AT&T Under Bankruptcy Code Section 366 (the "366 Order")), which sum is the amount of $1,068,304.72 for Verizon[2], the amount of $83,793.72 (plus up to an additional amount of $22,000 to the extent, if any, that the Debtors may have failed to make any daily payments to Qwest pursuant to the 366 Order) for Qwest Corporation

[2] The definition of Verizon includes the subsidiaries of Verizon Communications Inc., including, without limitation, the operating telephone company subsidiaries of Verizon Communications Inc., MCI Communications, Inc. d/b/a Verizon Business Services and MCI Network Services, Inc.

("Qwest") and the amount of $740,899.41 for AT&T[3] , upon the earlier of (i) the date upon which the Escrowed Deposit (as defined in the Purchase Agreement) is authorized to be released to the Debtors under the Escrow Agreement (as defined in the Purchase Agreement) or under the Purchase Agreement, or (ii) the date of the Initial Closing.

28. (a) Notwithstanding anything else contained in this Order, only the terms set forth in this paragraph shall govern the assumption and assignment of all contracts between the Debtors and each of Verizon, Qwest and AT&T (collectively, the "Utility Contracts"). Pursuant to the 366 Order and section 365 of the Bankruptcy Code, each of the Utility Contracts shall be deemed assumed by the Debtors and assigned to the Purchaser as of the date of the Final Closing, or such earlier date as may be agreed upon between the Debtors, the Committee, the Purchaser and the applicable Utility. Contemporaneously with such assumption and assignment, the Debtors shall pay to each Utility no later than the assignment date of such Utility Contracts all unpaid prepetition and postpetition amounts owed to such Utility by the Debtors.

(b) Notwithstanding subpart (a) of this paragraph, in the event there is any dispute between the Debtors or the Committee and the applicable Utility with respect to the correct amount owing to such Utility, the Debtors shall pay the undisputed portion to such Utility and place into escrow the disputed portion, but which processes and disputes shall not affect the assignment of the respective Utility Contract to the Purchaser so long as Debtors shall have paid the undisputed portion to such Utility and placed into escrow the disputed portion of the unpaid prepetition and postpetition

[3] The definition of AT&T includes BellSouth Telecommunications, Inc.; Illinois Bell Telephone Company d/b/a AT&T Illinois; Indiana Bell Telephone Company Incorporated d/b/a AT&T Indiana; Michigan Bell Telephone Company d/b/a AT&T Michigan; Nevada Bell Telephone Company d/b/a AT&T Nevada; Pacific Bell Telephone Company d/b/a AT&T California; Southwestern Bell Telephone, L.P. d/b/a AT&T Arkansas, AT&T Kansas, AT&T Missouri, AT&T Oklahoma and AT&T Texas; The Ohio Bell Telephone Company d/b/a AT&T Ohio; The Southern New England Telephone Company d/b/a AT&T Connecticut; and Wisconsin Bell, Inc. d/b/a AT&T Wisconsin.

amounts claimed by the Utility to be owed to such Utility by the Debtors. With respect to any disputed portion, the Debtors, the Committee and each of the Utilities shall be deemed to reserve all rights and defenses with respect to the disputed amounts.

(c) From and after the date of assignment, the Purchaser shall be responsible for all charges accruing for service provided by each Utility on and after the date of assignment.

(d) Prior to such assignment of the AT&T Utility Contracts, AT&T shall have received from Purchaser adequate assurance of future performance pursuant to section 365(f)(2)(B) acceptable to AT&T, or the Court shall determine such issue at a hearing on notice to AT&T, the Debtors, the Committee and Purchaser.

29. The objection of Thermo to the Sale Motion is resolved as set forth in this paragraph. Notwithstanding anything else in this Order to the contrary, the liens of Thermo shall attach, with the same validity, extent and priority of its existing liens, to any and all proceeds received by the Debtors under the Purchase Agreement, excluding the Escrowed Deposit, the distribution of which is addressed herein above (the "Sale Proceeds"). The liens provided in this paragraph shall be liens upon the Debtors' interest in the Sale Proceeds (whether held by the Debtors in cash or subsequently escrowed) and shall be no greater than such Debtors' interest therein. In the event that the Debtors, the Committee and Thermo are unable to otherwise reach a mutual agreement prior to April 2, 2007 regarding the terms under which Thermo's interest in the Sale Proceeds shall be satisfied or otherwise provided for, the Court shall conduct a hearing to resolve the issue commencing at 9:00 am CT on Monday, April 2, 2007 (the "Thermo Hearing"). Also continued to the date of the Thermo Hearing is the Debtors' pending motion for final authority to use cash collateral pursuant to sections 361 and 363 of the Bankruptcy Code, subject to the requirement that

the Debtors shall prepare and circulate to Thermo, the Bankruptcy Administrator and the Committee on or before Tuesday, March 27, 2007 a revised cash collateral budget covering the period between the Initial Closing and the date of the Thermo Hearing together with a proposed order continuing the Debtors' authority to use cash collateral during such period on an interim basis. To the extent not provided for in this paragraph, the Sale Motion objection filed by Thermo is overruled in all other respects.

30. Unless and except to the extent ordered otherwise by the Court, contemporaneously with the Closing of the Owned Real Property, the Debtors shall pay to The 1818 Fund III, L.P. (the "1818 Fund"), the sum of $2,199,948.90, plus contractual interest accruing after the petition Date through the date of such Closing in satisfaction of its mortgage liens on the Owned Real Property. By not later than thirty (30) days after the entry of this Order, the Debtors and/or the Committee shall file with the Court any claims or other objection they or either of them may have contesting the entitlement of 1818 Fund to the payment of some or all of such funds at the Closing of the Owned Real Property, including but not limited to any challenge to the validity, extent and priority of 1818 Fund's liens and/or claims (an "1818 Challenge"). A hearing shall be conducted by the Court pursuant to an expedited scheduling order to be jointly requested by the parties following the timely filing of any such 1818 Challenge. In the event that an 1818 Challenge is timely filed, but not yet resolved by any final order of the Court as of the time of the Closing with respect to the Owned Real Property, an amount equal to 1818's asserted claim may be escrowed pursuant to further order of the Court pending a final resolution of the 1818 Challenge.

31. All Sale Proceeds from the Initial Closing in excess of the Utility Catch-Up shall be held by the Debtors in a separate, segregated account and disbursed only upon: (a) further

order of this Court; or (b) in accordance with any cash collateral budget, with any such budgets being in accordance with any prior Orders of this Court or as approved by the Committee in writing.

32. Contemporaneously with the Initial Closing, the Purchaser shall deliver to a mutually acceptable escrow agent (the "Final Escrow Agent"), the amount of $13,500,000 (the "Final Closing Escrow"). The Final Closing Escrow shall be held by the Escrow Agent pursuant to an escrow agreement to be agreed upon between the Debtors and the Purchaser, and disbursed to the Debtors and Purchaser in accordance with the terms of the Purchase Agreement and this Order.

33. Notwithstanding anything to the contrary in this Order, no contract between the Debtors and Oracle USA, Inc. ("Oracle"), either has been, or shall be, assumed, or assumed and assigned, through the Sale to Purchaser, until the satisfaction by Oracle of the following: (i) Oracle's consent to the assumption and/or assumption and assignment of its contracts to Purchaser; (ii) execution by Purchaser of Oracle's standard assignment agreement; (iii) Oracle receives adequate assurance of future performance from Purchaser; and (iv) Oracle receives payment of all prepetition and post-petition amounts due under its contracts. Until the assumption of Oracle's contracts or rejection of Oracle's contracts, the Debtors shall perform under the contracts, including ordinary course payments pursuant to the Management Services Agreement.

34. Notwithstanding anything to the contrary in this Order, no lease agreement between the Debtors and Wilder Corporation of Delaware, Inc. ("Wilder"), either has been, or shall be, assumed, or assumed and assigned, through the Sale to Purchaser, until the satisfaction by Wilder of the following: (i) Wilder's consent to the assumption and/or assumption and assignment of its contracts to Purchaser or further order of this Court; (ii) execution by Purchaser of an agreed assignment agreement; (iii) Wilder receives adequate assurance of future performance from

Purchaser; and (iv) Wilder receives payment of all prepetition and post-petition amounts due under its contracts, and all defaults, if any, are cured, including payment of Wilder's actual pecuniary losses. Until the assumption of Wilder's contracts or rejection of Wilder's contracts, the Debtors shall perform under the contracts, including ordinary course payments pursuant to the Management Services Agreement and the Debtors shall not seek an extension of the statutory 120 day period to assume or reject the Wilder lease without Wilder's written consent.

35. Notwithstanding anything to the contrary within the Purchase Agreement, the Debtors may continue to use their names for the sole purpose of winding down and concluding their Chapter 11 cases, including but not limited to the filing and solicitation of any plan of liquidation or reorganization in connection therewith, and the prosecution of claims or causes of action not constituting a Purchased Asset.

36. Nothing contained in any order entered in the Cases subsequent to entry of this Order, nor in any chapter 11 plan confirmed in these Cases, shall conflict with or derogate from the provisions of the Purchase Agreement or the terms of this Order.

37. This Order shall be effective immediately upon entry, and any stay of orders provided for in Bankruptcy Rules 6004(h), 6006(d) and any other provision of the Bankruptcy Code or Bankruptcy Rules is expressly lifted.

38. The entry of this Order and the Sale of the Debtors' assets to Purchase are in contemplation of and integral to a plan of reorganization for the Debtors' so that pursuant to Section 1146(c) of the Bankruptcy Code, the transfer of the Purchased Assets from the Debtors to the Purchaser, shall not be subject to any stamp tax, real estate transfer tax, recordation tax, or similar tax.

39. All fees due and payable to the Bankruptcy Administrator shall be promptly paid by the Debtors from the Purchase Price.

40. In connection with the limited objection to the Sale Motion filed by the Universal Service Administrative Company ("USAC") and to resolve the objections set forth therein (a) the Purchaser shall pay any and all post-petition USF Obligations (USF Obligations, Annual True-Ups and Annual Revenue Reports are defined as set forth in the USAC Limited Objection) resulting from the Annual True-Ups or revised Annual Revenue Reports which USAC invoices post-Closing; (b) the Purchaser shall be entitled to retain any credits of USF Obligations resulting from Annual True-Ups or revised Annual Revenue Reports relating to business conducted in years 2007 and later which USAC invoices post-Closing; and (c) the Purchaser shall timely submit all post-Closing Annual Revenue Reports on behalf of the Debtors and shall include all of the Debtors' pre-Closing revenues in the post-Closing Annual Revenue Reports for any calendar year affected by the Closing.

41. The provisions of this Order are nonseverable and mutually dependent.

42. The failure specifically to include or make reference to any particular provisions of the Purchase Agreement in this Order shall not diminish or impair the effectiveness of such provision, it being the intent of the Court that the Purchase Agreement is authorized and approved in its entirety.

43. Within five (5) business days following the applicable Closing under the Purchase Agreement, the Debtors shall file with the Court and serve upon those parties designated in the Court's February 7, 2007 Order establishing notice procedures a global closing statement prepared by the Debtors and the Purchaser with respect to the Initial Closing and with respect to the

Final Closing, including any reports of distributions by any escrow agent related to such Closing.

44. The Court retains jurisdiction, even after the closing of these Cases, to interpret, implement and enforce the terms and provisions of this Order (including the injunctive relief provided in this Order) and the terms of the Purchase Agreement, all amendments thereto and any waivers and consents thereunder.

Dated: March 23, 2007

Margaret A. Mahoney

MARGARET A. MAHONEY
U.S. BANKRUPTCY JUDGE