

KIRKLAND & ELLIS LLP
Citigroup Center
153 East 53rd Street
New York, New York 10022-4675
Telephone: (212) 446-4800
Facsimile: (212) 446-4900
Matthew A. Cantor (MC-7727)
Jonathan S. Henes (JH-1979)

Attorneys for Debtors and Debtors in Possession

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re	:		X
	:		
Allegiance Telecom, Inc., <u>et al.</u> ,	:	Chapter 11 Case No.	
	:	03-13057 (RDD)	
	:		
Debtors.	:	Jointly Administered	
	:		X

**SECOND MOTION OF THE DEBTORS FOR AN ORDER
PURSUANT TO SECTION 1121(d) OF THE BANKRUPTCY
CODE EXTENDING THE EXCLUSIVE PERIODS DURING
WHICH THE DEBTORS MAY FILE A CHAPTER 11 PLAN OF
REORGANIZATION AND SOLICIT ACCEPTANCES THEREOF**

TO THE HONORABLE ROBERT D. DRAIN,
UNITED STATES BANKRUPTCY JUDGE:

Allegiance Telecom, Inc. (“ATI”), Allegiance Telecom Company Worldwide (“ATCW”) and its direct and indirect subsidiaries, as debtors and debtors in possession (collectively, “Allegiance” or the “Debtors”) respectfully represent:

Introduction

1. On May 14, 2003 (the “Commencement Date”), each of the Debtors commenced with this Court a voluntary case under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”). The Debtors are authorized to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. The Debtors’ chapter 11 cases have been consolidated for procedural

purposes only and are being jointly administered pursuant to rule 1015(b) of the Federal Rules of Bankruptcy Procedure.

2. No trustee or examiner has been appointed in these chapter 11 cases. On May 28, 2003, pursuant to section 1102 of the Bankruptcy Code, the United States Trustee for the Southern District of New York (the “U.S. Trustee”) appointed a statutory committee of unsecured creditors (the “Creditors Committee”) in these chapter 11 cases.

Jurisdiction

3. This Court has subject matter jurisdiction to consider and determine this Motion pursuant to 28 U.S.C. § 1334. This is a core proceeding within the meaning of 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

An Overview of Allegiance’s Business

4. Allegiance is a facilities-based national local exchange carrier that provides integrated telecommunications products and services to small and medium-sized business customers, large businesses (i.e., national customers with multiple locations), governmental entities, wholesale customers and other institutional users. Allegiance offers their customers a variety of services, including:

- local and long distance voice services, including basic telephone services and advanced calling features;
- broadband and other Internet and data services, including high-speed Internet access, wide area network interconnection, domain name registration, web hosting, email and collocation services;
- integrated local long distance/Internet access offerings, which provide customers with integrated voice and Internet access over a single broadband line;
- wholesale services to other regional and national service providers, including equipment collocation, managed modem ports and Internet protocol traffic aggregation; and
- customer premise equipment sales and maintenance services.

5. As of the December 31, 2003, the Debtors served more than 100,000 business customers in major markets throughout the United States. As of December 31, 2003, the Debtors employed approximately 2,893 people, of which approximately 66 employees were covered by collective bargaining agreements.

6. As of December 31, 2003, the Debtors had approximately \$284.2 million of unrestricted cash on hand. As of December 31, 2003, the Debtors' consolidated books and records reflected assets totaling approximately \$1.136 billion and liabilities totaling approximately \$1.449 billion. For the 12 months ending December 31, 2003, the Debtors, on a consolidated basis, reported revenues of approximately \$776.9 million and net losses of approximately \$360.0 million.

Background

First Exclusivity Extension Order

7. In accordance with section 1121 of the Bankruptcy Code, the Debtors maintained the exclusive right to file a chapter 11 plan of reorganization (the "Exclusive Filing Period") from the Commencement Date through September 11, 2003 and the exclusive right to solicit acceptances of such plan (the "Exclusive Solicitation Period," and together with the Exclusive Filing Period, the "Exclusive Periods") from the Commencement Date through November 10, 2003.

8. On August 22, 2003, prior to the expiration of the Exclusive Filing Period, the Debtors filed a Motion of the Debtors for an Order Pursuant to Section 1121(d) of the Bankruptcy Code Extending the Exclusive Periods During Which the Debtors May File a Chapter 11 Plan of Reorganization and Solicit Acceptance Thereof (the "First Exclusivity Motion"). In the First Exclusivity Motion, the Debtors sought to extend (a) the Exclusive Filing

Period through and including December 15, 2003 and (b) the Exclusive Solicitation Period through and including February 9, 2004.¹

9. On January 15, 2004,² the Court granted the First Exclusivity Motion, as modified by the Supplement to the First Exclusivity Motion, and entered an order (the “First Exclusivity Extension Order”) extending (a) the Exclusive Filing Period to March 15, 2004 and (b) the Exclusive Solicitation Period to May 14, 2004.

10. On March 1, 2004, this Court entered that certain Bridge Order, Pursuant to Federal Rule of Bankruptcy Procedure 9006(b), Extending the Exclusive Period During Which the Debtors May File a Chapter 11 Plan of Reorganization, pursuant to which the Exclusive Filing Period was extended through and including the later of (a) March 18, 2004 or (b) the date the Court makes a final determination on this Motion.

***The Debtors Have Made Significant Progress
Toward a Successful Restructuring***

11. Since the entry of the First Exclusivity Extension Order, the Debtors have made significant progress toward a successful restructuring in these chapter 11 cases. As discussed in more detail below, the Debtors (a) have obtained Court approval to sell substantially all of the assets of ATI and ATCW and the stock of the reorganized subsidiaries of ATCW, other

¹ On December 9, 2003, the Debtors filed that certain Supplement to Motion of the Debtors for an Order Pursuant to Section 1121(d) of the Bankruptcy Code Extending the Exclusive Periods During Which the Debtors May File a Chapter 11 Plan of Reorganization and Solicit Acceptance Thereof (the “Supplement to the First Exclusivity Motion”) to advise the Court of the developments in these chapter 11 cases and modify the extensions of the Exclusive Periods requested in the First Exclusivity Motion.

² Prior to the entry of the First Exclusivity Extension Order (as defined below), the Exclusive Periods were extended numerous times pursuant to (a) this Court’s bridge orders, dated September 3, 2003 and December 9, 2003, and (b) stipulations and orders entered into by the Debtors, the Creditors Committee and the Debtors’ prepetition secured lenders (the “Prepetition Lenders”) and approved by the Court.

than Shared Technologies Allegiance, Inc.,³ to XO Communications, Inc. (“XO”) and (b) reached a consensual resolution of a complex dispute with Level 3 Communications LLC (“Level 3”). As a result, the Debtors are poised to complete their negotiations with the Creditors Committee, the Prepetition Lenders and other parties in interest of various critical issues, which will enable the Debtors to propose a chapter 11 plan.

A. Approval of the Sale Transaction to XO Communications, Inc.

12. On February 20, 2004, this Court entered an Order (the “Sale Order”) approving the sale (the “Sale”) to XO of (a) substantially all of the assets of ATI and ATCW and (b) the stock of the reorganized subsidiaries of ATCW, other than Shared Technologies Allegiance, Inc. (collectively, the “Sale Assets”). The structure of the Sale was heavily negotiated and the Debtors believe that it is beneficial to their estates. To accomplish the transfer of the stock, the Sale must be consummated pursuant to a chapter 11 plan.⁴ Notably, the Sale will realize significant value for the Debtors’ creditors, as XO committed to purchase the Sale Assets for \$311.2 million in cash, 45.38 million shares of XO’s common stock and the assumption of certain liabilities. This consideration, combined with cash on the Debtors’ balance sheet and other assets, will be available for distribution under a chapter 11 plan and to close these chapter 11 cases.

³ Shared Technologies Allegiance, Inc. is one of the Debtors.

⁴ The Asset Purchase Agreement, by and among ATI, ATCW and XO, dated February 18, 2004 (the “Purchase Agreement”), provides that, at any time prior to the Closing, the Debtors in their sole discretion, after consultation with the Creditors Committee and the Prepetition Lenders, may elect to convert the Sale to an asset sale under section 363 of the Bankruptcy Code prior to confirmation of a plan of reorganization. The Purchase Agreement also provides that XO may elect to convert the Sale to an asset sale under section 363 of the Bankruptcy Code prior to confirmation of a plan of reorganization, if, and only if, the Debtors fail to comply with the Timeline (as defined below) or anytime from and after June 30, 2004 and prior to the Closing.

13. In addition, the Debtors, subject to their right to deliver an Early Closing Election (as defined in the Purchase Agreement) to XO, have agreed to a timeline (the “Timeline”) for, among other things, obtaining approval of the Debtors’ disclosure statement and confirmation and substantial consummation of the Debtors’ chapter 11 plan of reorganization. Specifically, the Timeline sets (a) April 16, 2004 as the projected date for the approval of the Debtors’ disclosure statement, (b) June 4, 2004 as the projected confirmation date for the Debtors’ chapter 11 plan and (c) June 30, 2004 as the target effective date for such a plan. The Debtors intend to comply with the Timeline.

B. Settlement with Level 3 Communications LLC

14. Subsequent to the entry of the Sale Order, and after extensive negotiations, the Debtors resolved a complex dispute with Level 3, the Debtors’ largest customer. These disputes were related to, among other things, alleged breaches by the Debtors of that certain Integrated Network Solution Purchase Agreement (the “INSPA”), between ATCW and Level 3 (as successor in interest to Genuity Solutions, Inc.),⁵ and alleged actions taken by Level 3 with regard to their activities in connection with the INSPA. As a result, subject to Court approval, ATCW and Level 3 have entered into that certain Confidential Settlement Agreement and Mutual Release, dated as of February 27, 2004 (the “Level 3 Settlement Agreement”).⁶

15. The settlement of the dispute with Level 3 is a critical step towards the closing of these chapter 11 cases. The settlement enables the Debtors to avoid the significant costs of a highly complex, time consuming and technical litigation. Moreover, due to the

⁵ The INSPA was excluded from the Sale Assets.

⁶ Contemporaneously herewith, the Debtors intend to file a motion, pursuant to Bankruptcy Rule 9019, seeking, among other things, approval of the Level 3 Settlement Agreement. The Debtors anticipate that XO will join as a party to the Settlement Agreement.

complexities of the disputes, the likelihood of the Debtors succeeding in all respects of the litigation is uncertain and difficult to project. The settlement eliminates this uncertainty and provides a substantial and immediate benefit to the Debtors' estates because, upon the closing of the Sale, Level 3 will pay \$54 million in cash to the Debtors.

C. Negotiations with the Major Creditor Constituencies Regarding a Consensual Chapter 11 Plan

16. The Debtors are now in the process of formulating a chapter 11 plan and the related disclosure statement. In that regard, the Debtors are engaged in negotiations with the Prepetition Lenders, the Creditors Committee and other parties in interest regarding the terms of such chapter 11 plan. Throughout these chapter 11 cases, the Debtors have shared all relevant financial and other information with the Creditors Committee and the Prepetition Lenders and have consulted with these parties prior to taking any significant actions. In that regard, the Debtors consulted with the Creditors Committee and the Prepetition Lenders regarding (and obtained their full support for) the Sale and the settlement with Level 3. The Debtors continue to consult and negotiate with, and often play the role of "honest broker" between, the Creditors Committee and the Prepetition Lenders with respect to the Debtors' chapter 11 plan. Although the plan negotiations are approaching the final stages, certain significant outstanding issues remain to be negotiated and resolved prior to the Debtors' filing of their chapter 11 plan. These issues include disputes among the Prepetition Lenders, the Creditors Committee and The Bank of New York, as Indenture Trustee, under ATI's prepetition bond indentures, on behalf of ATI's bondholders, regarding the validity and priority of their respective claims.⁷ Thus, although the Debtors are optimistic that their good faith negotiations with the major creditor constituencies

⁷ The Debtors take no position at this time as to the merits of the parties' respective claims.

will result in the prompt filing of a chapter 11 plan, the existence of unresolved issues may require additional time for the Debtors to finalize and file a chapter 11 plan.

Relief Requested

17. By this Motion, the Debtors seek entry of an order, pursuant to section 1121(d) of the Bankruptcy Code, further extending (a) the Exclusive Filing Period to July 14, 2004 and (b) the Exclusive Solicitation Period to September 13, 2004. These extensions are intended to provide the Debtors with sufficient time to file, confirm and consummate a consensual plan of reorganization.

Applicable Authority

18. Section 1121(b) of the Bankruptcy Code establishes an initial period of 120 days after the commencement of a chapter 11 case during which only a debtor may file a chapter 11 plan. See 11 U.S.C. §1121(b). If the debtor files a plan within such 120-day period, section 1121(c)(3) of the Bankruptcy Code extends the exclusive period to 180 days after the commencement of a chapter 11 case to permit the debtor to garner support of such plan.

19. Section 1121(d) of the Bankruptcy Code permits the court to extend a debtor's exclusive periods upon a demonstration of cause. Specifically, section 1121(d) of the Bankruptcy Code provides:

On request of a party in interest made within the respective periods specified in subsections (b) and (c) of this section and after notice and a hearing, the court may for cause reduce or increase the 120-day period or the 180-day period referred to in this section.

11 U.S.C. §1121(d). It is well established that the decision to extend a debtor's exclusive periods is committed to the sound discretion of a bankruptcy court and should be based upon the facts and circumstances of a particular case. See, e.g., In re Texaco Inc., 76 B.R. 322, 326 (Bankr. S.D.N.Y. 1987).

20. Although the Bankruptcy Code does not define the term “cause,” the legislative history indicates it is intended to be a flexible standard to balance the competing interests of a debtor and its creditors. See H.R. Rep. No. 95-595, at 231, 232 (1978), reprinted in 1978 U.S.C.C.A.N. 5963, 6191 (noting that Congress intended to give bankruptcy courts flexibility to protect a debtor’s interest by allowing unimpeded opportunity to negotiate settlement of debts without interference from other parties in interest).

21. The flexibility of section 1121 of the Bankruptcy Code is intended to give the debtor an adequate opportunity to stabilize its business operations at the outset of its chapter 11 case and to negotiate an effective plan of reorganization with its creditors. In re Newark Airport/Hotel L.P., 156 B.R. 444, 451 (Bankr. D.N.J.), aff’d, 155 B.R. 93 (D.N.J. 1993) (noting that chapter 11 provisions are designed to enable a debtor to remain in control for some period of time, thereby making reorganization an attractive alternative to financially troubled companies); Gaines v. Perkins (In re Perkins), 71 B.R. 294, 297-98 (W.D. Tenn. 1987) (noting that section 1121 is designed to give the debtor time to reach an agreement with its creditors regarding a plan of reorganization).

22. The United States Bankruptcy Court for the Southern District of New York has enumerated the following factors, which should be considered when determining whether or not “cause” exists to extend a debtor’s exclusive periods:

- (a) the size and complexity of the debtor’s case;
- (b) the existence of good faith progress towards reorganization;
- (c) a finding that the debtor is not seeking to extend exclusivity to pressure creditors “to accede to [the debtors’] reorganization demands”;
- (d) the existence of an unresolved contingency [e.g., ongoing negotiations that will not conclude within

the exclusive periods, but where the subject matter of the negotiations is vital to reorganization and, if successful, the negotiations would likely enable the debtor to file a successful plan of reorganization]; and

- (e) the fact that the debtor is paying its bills as they come due.

In re McLean Indus., Inc., 87 B.R. 830, 834 (Bankr. S.D.N.Y. 1987) (citations omitted). As illustrated below, an application of the foregoing factors to the facts present in these chapter 11 cases demonstrates sufficient “cause” to grant the Debtors’ requested extensions of the Exclusive Periods.

Cause Exists to Further Extend the Exclusive Periods

23. In the First Exclusivity Motion, as modified by the Supplement to the First Exclusivity Motion, the Debtors sought extensions of the Exclusive Periods to (a) resolve certain critical business issues, (b) complete their evaluation and negotiations of a potential sale transaction and (c) formulate and negotiate a consensual plan of reorganization. In that regard, the Debtors emphasized the size and complexity of their chapter 11 cases, the development of a long-term business plan, the evaluation of various transactions and the Debtors’ good faith progress with respect to their restructuring efforts.

24. The Debtors have made extraordinary progress since the entry of the First Exclusivity Extension Order. As noted above, the Debtors are in the final stages of negotiating the terms of a chapter 11 plan. The plan contemplates the Sale to XO, which was supported by the Debtors’ creditor constituencies, and will provide for a meaningful recovery to unsecured creditors. Moreover, as a result of the settlement with Level 3, the Debtors have removed a significant uncertainty from these chapter 11 cases and replaced this uncertainty with the certainty of a \$54 million payment for the benefit of the Debtors’ estates. Based on these

achievements, the Debtors are poised to complete their negotiations regarding their chapter 11 plan and file it with the Court promptly.

25. The loss of the Debtors' exclusive right to file a plan at this juncture in these chapter 11 cases would have a deleterious effect on the Debtors, their estates, their creditors and all parties in interest. As noted above, the Debtors are making good faith progress towards a successful reorganization. However, a number of significant unresolved issues remain. Moreover, the termination of the Debtors' Exclusive Periods would harm the Debtors' estates. In that regard, under the Purchase Agreement, XO, subject to the Debtors' ability to deliver an Early Closing Election, may terminate the Purchase Agreement if the Debtors' Exclusive Periods are terminated. The termination of the Exclusive Periods would force the Debtors to deliver an Early Closing Election to preserve the Sale and give up the benefits of consummating the Sale through a chapter 11 plan.

26. In addition, the Debtors need an additional extension of the Exclusive Periods to protect them if the Court does not approve the disclosure statement or confirm the chapter 11 plan. In this scenario, it would be very difficult for the Debtors to dedicate sufficient resources to formulating a new plan if the Debtors were required to focus on analyzing and responding to competing plans submitted by other parties. This Court has previously granted a similar request for an extension of the exclusive period to file a chapter 11 plan even where a chapter 11 plan had been already filed with the Court. See, e.g., In re Global Crossing Ltd., et al., Ch. 11 Case Nos. 02-40187 (REG) through 02-40241 (REG) (Bankr. S.D.N.Y. Jan. 27, 2003).

27. Notably, it is clear that the Debtors are not seeking to extend the Exclusive Periods to pressure creditors to accede to the Debtors' reorganization demands. The Debtors are

requesting an additional extension of the Exclusive Periods solely to enable them to propose, consummate and confirm a consensual chapter 11 plan.

28. For the foregoing reasons, the Debtors believe that the requested additional extension of the Exclusive Periods is warranted and appropriate under the circumstances. The Debtors believe that granting the relief requested in this Motion is in the best interest of the Debtors, their creditors and other parties in interest.

Waiver of Memorandum of Law

29. This Motion does not raise any novel issues of law and the relevant legal authorities are noted herein. Thus, the Debtors respectfully request that the Court waive the requirement contained in Rule 9013-1(b) of the Local Bankruptcy Rules for the Southern District of New York that a separate memorandum of law be submitted.

Notice

30. This Motion has been provided to (a) the U.S. Trustee; (b) attorneys for the Prepetition Lenders; (c) attorneys for the Creditors Committee; (d) attorneys for XO and (e) all other parties on the Master Service List maintained in these chapter 11 cases. In light of the nature of the relief requested herein, the Debtors submit that no other or further notice is required.

31. No previous request for the relief sought herein has been made by the Debtors to this Court or any other court.

WHEREFORE, the Debtors respectfully request that this Court enter an order (a) extending the Exclusive Periods through and including July 14, 2004 and September 13, 2004, respectively, and (b) granting the Debtors such other and further relief as is just and proper.

Dated: New York, New York
March 5, 2004

Respectfully submitted,

/s/ Jonathan S. Henes

Matthew A. Cantor (MC-7727)

Jonathan S. Henes (JH-1979)

KIRKLAND & ELLIS LLP

Citigroup Center

153 East 53rd Street

New York, New York 10022-4675

Telephone: (212) 446-4800

Facsimile: (212) 446-4900

Attorneys for Debtors and Debtors in Possession

KIRKLAND & ELLIS LLP
Citigroup Center
153 East 53rd Street
New York, New York 10022-4675
Telephone: (212) 446-4800
Fax: (212) 446-4900
Matthew A. Cantor (MC-7727)
Jonathan S. Henes (JH-1979)

Attorneys for Debtors and Debtors in Possession

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re	:	X
	:	
Allegiance Telecom, Inc., <u>et al.</u> ,	:	Chapter 11 Case No.
	:	03-13057 (RDD)
	:	
Debtors.	:	Jointly Administered

**NOTICE OF HEARING ON SECOND MOTION OF THE
DEBTORS FOR AN ORDER PURSUANT TO SECTION 1121(d) OF
THE BANKRUPTCY CODE EXTENDING THE EXCLUSIVE PERIODS
DURING WHICH THE DEBTORS MAY FILE A CHAPTER 11 PLAN
OF REORGANIZATION AND SOLICIT ACCEPTANCES THEREOF**

PLEASE TAKE NOTICE that upon the annexed motion, March 5, 2004 (the “Motion”), of Allegiance Telecom, Inc. and its direct and indirect subsidiaries, as debtors and debtors in possession (collectively, the “Debtors”), requesting entry of an order, pursuant to section 1121(d) of title 11 of the United States Code, extending the exclusive periods during which the Debtors may files a chapter 11 plan of reorganization and solicit acceptance thereof, as more fully set forth in the Motion, a hearing will be held before the Hon. Robert D. Drain, United States Bankruptcy Judge, in Room 610 of the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”), Alexander Hamilton Custom House, One Bowling Green, New York, New York, 10004-1408, on March 18, 2004, at 10:00 a.m., prevailing Eastern Time, or as soon thereafter as the Debtors are heard.

PLEASE TAKE FURTHER NOTICE that objections, if any, to the relief requested in the Motion shall be in writing, shall conform to the Federal Rules of Bankruptcy Procedure and the Local Bankruptcy Rules of the Southern District of New York, shall set forth the name of the objectant, the nature and amount of claims or interests held or asserted by the objectant against the Debtors' estates or property, the basis for the objection, and the specific grounds therefore, and shall be filed with the Bankruptcy Court electronically in accordance with General Order M-242 (which can be found at www.nysb.uscourts.gov) by registered users of the Bankruptcy Court's case filing system and, by all other parties in interest, on a 3.5 inch disk, preferably in Portable Document Format (PDF), WordPerfect, or any other Windows-based word processing format (with a hard copy delivered directly to Chambers) and served in accordance with General Order M-242, and shall further be served upon (a) Kirkland & Ellis, 153 East 53rd Street, New York, New York 10022 (Attn. Jonathan S. Henes, Esq.); (b) the Office of the United States Trustee, 33 Whitehall Street, 21st Floor, New York, New York 10004 (Attn. Pamela J. Lustrin, Esq.); (c) Paul, Hastings, Janofsky & Walker LLP, 600 Peachtree Street, N.E.,

24th Floor, Atlanta, Georgia 30308 (Attn. Jesse Austin, III, Esq.); and (d) Akin Gump Strauss Hauer Feld LLP, 590 Madison Avenue, New York, New York 10022 (Attn. Ira S. Dizengoff, Esq.), so as to be actually received no later than March 12, 2004, at 4:00 p.m., prevailing Eastern Time.

Dated: New York, New York
March 5, 2004

Respectfully submitted,

/s/ Jonathan S. Henes

Matthew A. Cantor (MC-7727)

Jonathan S. Henes (JH-1979)

KIRKLAND & ELLIS LLP

Citigroup Center

153 East 53rd Street

New York, New York 10022-4675

Telephone: (212) 446-4800

Facsimile: (212) 446-4900

Attorneys for Debtors and Debtors in Possession

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re	:	X
	:	
Allegiance Telecom, Inc., <u>et al.</u> ,	:	Chapter 11 Case No.
	:	03-13057 (RDD)
	:	
Debtors.	:	Jointly Administered

**ORDER PURSUANT TO SECTION 1121(d) OF THE
BANKRUPTCY CODE EXTENDING THE EXCLUSIVE PERIODS
DURING WHICH THE DEBTORS MAY FILE A CHAPTER 11 PLAN
OF REORGANIZATION AND SOLICIT ACCEPTANCES THEREOF**

Upon the motion, dated March 5, 2004 (the "Motion"), of the above-captioned debtors and debtors in possession (collectively, the "Debtors"), pursuant to section 1121(d) of title 11 of the United States Code (the "Bankruptcy Code"), for an order extending the Debtors' exclusive periods to (a) file a chapter 11 plan (the "Exclusive Filing Period") and (b) solicit acceptances thereof (the "Exclusive Solicitation Period," and together with the Exclusive Filing Period, the "Exclusive Periods"), as more fully set forth in the Motion; and it appearing that this Court has jurisdiction to consider and determine the Motion as a core proceeding pursuant to 28 U.S.C. §§ 157 and 1334; and due and proper notice of the Motion having been given; and the Court having found that cause exists to extend the Exclusive Periods and that such extensions are in the best interests of the Debtors, their estates, creditors, and other parties in interest; and after due deliberation and sufficient cause appearing therefor, it is

ORDERED that the Motion is granted; and it is further

ORDERED that, pursuant to section 1121(d) of the Bankruptcy Code, the Exclusive Filing Period is extended through and including July 14, 2004; and it is further

ORDERED that, pursuant to section 1121(d) of the Bankruptcy Code, the Exclusive Solicitation Period is extended through and including September 13, 2004; and it is further

ORDERED that the extensions of the Exclusive Periods granted herein are without prejudice to such further requests that may be made pursuant to section 1121(d) of the Bankruptcy Code by the Debtors or any party in interest, for cause shown, upon notice and a hearing; and it is further

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

Dated: _____, 2004
New York, New York

UNITED STATES BANKRUPTCY JUDGE