IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re LG.PHILIPS DISPLAYS USA, INC., Debtor.	Chapter 11 Case No. 06-10245-BLS

DEBTOR'S MOTION FOR AN ORDER GRANTING ADMINISTRATIVE EXPENSE PRIORITY TO THE DEBTOR'S UNDISPUTED OBLIGATIONS ARISING FROM POSTPETITION DELIVERY OF GOODS SUBJECT TO PREPETITION PURCHASE ORDERS AND AUTHORIZING THE DEBTOR TO PAY SUCH OBLIGATIONS IN THE ORDINARY COURSE OF BUSINESS

The debtor in possession, LG.Philips Displays USA, Inc. (the "Debtor"), by and through its undersigned counsel, files this Motion For An Order Granting Administrative Expense Priority To The Debtor's Undisputed Obligations Arising From Postpetition Delivery Of Goods Subject To Prepetition Purchase Orders And Authorizing The Debtor To Pay Such Obligations In The Ordinary Course Of Business (the "Motion"), and in support hereof states as follows:

JURISDICTION

1. This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. § 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

BACKGROUND

2. On March 15, 2006 (the "Petition Date"), the Debtor filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code. The Debtor is operating its business and managing its properties as a debtor in possession pursuant to §§ 1107(a) and 1108 of the Bankruptcy Code.

3. The Debtor is a Delaware corporation. The Debtor is in the business of manufacturing cathode ray tubes ("CRTs") that are incorporated into television sets and computer monitors by its customers. The Debtor's only production facility is located in Gomez Palacio, State of Durango, Mexico, where it has a contract known as a maquiladora with an affiliate, LG.Philips Displays Mexico S.A. de C.V. (the "Maquiladora") to assemble CRTs from inventory the Debtor owns. The Debtor is the indirect American affiliate of LG.Philips Displays Holding B.V., which is a joint venture (the "Joint Venture") formed by LG. Electronics and Philips Electronics. The Debtor and its affiliates manufacture and sell a diverse array of electronics parts throughout the world. The Debtor's largest customers include Philips Electronics, LG Electronics, Sanyo, and Orion. The majority of the CRTs sold by the Debtor are used in television sets sold in North America.

4. All of the equipment, inventory, and raw materials used in the manufacture of CRTs is owned by the Debtor and all accounts receivable generated from the sale of CRTs is owed to the Debtor. The Maquiladora owns the land and factory facilities in Mexico where the CRTs are made. Although the Maquiladora employs more than 1,200 workers at the plant in Mexico, the Debtor presently has only three active employees, who comprise the Debtor's management and sales force. For the year ended 2005, the Debtor had revenues of approximately $356 million. and EBITDA of approximately -$2 million. The Debtor has approximately 140 trade creditors to which it owes approximately $52 million. The Debtor's sales force operates from a leased office located in San Diego, California, and the Debtor has no other headquarters.

5. Prior to the formation of the Maquiladora and the opening of the factory in Mexico, the Debtor operated a CRT production facility in Ottawa, Ohio. Although the Debtor no longer employed any factory workers in Ottawa after that facility was closed in December, 2002,

many hourly and salaried retirees from that factory continue to participate in benefit plans administered by the Debtor.

6. The Debtor and all of its affiliates are jointly obligated on approximately $573 million in indebtedness owed to a consortium of lenders (the "Bank Group") that advanced funds to the parent and various affiliates in the Joint Venture. That indebtedness is secured by a blanket lien on substantially all of the Debtor's assets including but not limited to inventory, accounts receivable and cash, as well as the Debtor's outstanding stock. The Bank Group's claim is also secured by a lien on the assets owned by the Maquiladora.

7. Prior to January 24, 2006, the Debtor and its affiliates participated in a central cash management system, in which the primary bank accounts of each of the affiliates were swept daily into an account controlled by LG. Philips Displays Investment B.V., and monies were re-advanced to each affiliate on an as-needed basis to meet expenses. The Debtor believes that any monies not re-advanced were paid to the Bank Group and applied to outstanding indebtedness or were used to fund operating expenses of the Debtor's affiliates. During the week of January 22, however, the Debtor was advised that monies would no longer be swept or re-advanced and that the Debtor would thereafter be responsible for managing its own cash.

8. On January 27, 2006, the Joint Venture announced that certain of the Debtor's affiliates were seeking relief under the insolvency laws of various European countries as a part of the consolidation of the Joint Venture's business. In light of the contraction of the Joint Venture's business, the disruption in its normal means of operating, the substantial pre-petition trade debt and to address its indebtedness to the Bank Group, the Debtor determined that bankruptcy presented the best opportunity to maximize the value of assets for the benefit of all its creditors.

RELIEF REQUESTED

9. By this Motion, the Debtor seeks entry of an order granting the Suppliers and Carriers (as defined below) administrative expense priority status under § 503(b) of the Bankruptcy Code for undisputed obligations arising from Outstanding Orders (as defined below) for goods that are delivered to and accepted by the Debtor subsequent to the Petition Date and, out of an abundance of caution, authorizing the Debtor to satisfy such undisputed obligations to the Suppliers in the ordinary course of business under § 363(c) of the Bankruptcy Code.

10. In the ordinary course of the Debtor's business, numerous vendors and suppliers provide the Debtor with goods that are essential to the operation of its business and the Debtor contracts with various freight carriers (the "Carriers") to pick up and deliver these goods. As of the Petition Date, the Debtor had several prepetition purchase orders outstanding (the "Outstanding Orders") with Carriers, as well as with vendors and suppliers (the "Suppliers") for goods necessary to the operation of its business. As a consequence of the commencement of this Chapter 11 case, the Suppliers may become concerned that delivery of goods to the Debtor after the Petition Date will render such Suppliers prepetition general unsecured creditors of the Debtor, and the Carriers may also become concerned that the Debtor will not be able to pay freight and other charges if the goods were accepted by the Carrier prior to the Petition Date. Thus, the Suppliers and the Carriers may refuse to deliver goods to the Debtor unless and until the Debtor issues substitute purchase orders or obtains an order of this Court providing that all undisputed obligations of the Debtor arising from the postpetition delivery of goods subject to prepetition Outstanding Orders are afforded administrative expense status.

11. The Debtors believe that the Outstanding Orders aggregate approximately $5,000,000 for various goods, excluding amounts requested in connection with critical vendors under other motions filed by the Debtor.

12. The relief requested herein will ensure a continuous supply of goods, which is indispensable to the Debtor's continuing operations. Pursuant to § 503(b)(1)(A) of the Bankruptcy Code, the purchase obligations that arise in connection with the postpetition delivery to, and acceptance by, the Debtor of goods, including those goods that are ordered prepetition, are, in fact, entitled to administrative expense priority. Thus, the granting of the relief sought herein will not provide the Suppliers and the Carriers with any greater priority than they would otherwise be afforded if the relief herein is not granted. However, absent such relief, the Debtor may have to expend substantial time and effort reissuing the numerous Outstanding Orders to provide the Suppliers and the Carriers with the assurance of such administrative expense priority. The attendant disruption to the continuous and timely flow of goods used in the Debtor's business could result in insufficient supplies and materials to conduct its business and could cause a shutdown in the Debtor's operations.

13. This Court has granted the relief requested herein in other large chapter 11 cases. See, e.g., In re Fleming Companies, Inc. et. al, Case No. 03-10945 (MFW) (Bankr. D. Del. April 2, 2003); In re Newcor, Inc. et. al, Case No. 02-10575 (MFW) (Bankr. D. Del. February 27, 2002); In re Alamac Knit Fabrics, Inc., Case No. 00-3746 (MFW) (Bankr. D. Del. September 26, 2000); In re Harnischfeger Indus., Inc., et. al, Case No. 99-1138 (PJW) (Bankr. D. Del. June 7, 1999); In re Loehmann's, Inc., Case No. 99-1138 (MFW) (Bankr. D. Del. May 19, 1999); In re Edison Bros. Stores, Inc., Case No. 99-529 (MFW) (Bankr. D. Del. March 10, 1999); In re Long John Silver's Restaurants, Inc., Case No. 98-1164 (PJW) (Bankr. D. Del. June 6, 1998); and In re MobileMedia Communications, Inc., Case No. 97-174 (PJW) (Bankr. D. Del. Jan 30, 1997).

14. Based on the foregoing, the Debtor submits that the relief requested herein is essential, appropriate and in the best interests of the Debtor, its creditors, and all parties in interest.

WHEREFORE, the Debtor respectfully requests that the Court enter an order (A) granting the Suppliers and Carriers administrative expense priority status under § 503(b) of the Bankruptcy Code for undisputed obligations arising from Outstanding Orders for goods that are delivered to and accepted by the Debtor subsequent to the Petition Date; (B) authorizing the Debtor to satisfy such undisputed obligations to the Suppliers in the ordinary course of business under § 363(c) of the Bankruptcy Code; and (C) granting such other and further relief as the Court may deem proper.

Dated: March 23, 2006
Wilmington, Delaware

Respectfully submitted,

PEPPER HAMILTON LLP

/s/ Adam Hiller

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Proposed attorneys for the Debtor, LG.Philips Displays USA, Inc.

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re LG.PHILIPS DISPLAYS USA, INC., Debtor.	Chapter 11 Case No. 06-10245-BLS

ORDER GRANTING ADMINISTRATIVE EXPENSE PRIORITY TO THE DEBTOR'S UNDISPUTED OBLIGATIONS ARISING FROM POSTPETITION DELIVERY OF GOODS SUBJECT TO PREPETITION PURCHASE ORDERS AND AUTHORIZING THE DEBTOR TO PAY SUCH OBLIGATIONS IN THE ORDINARY COURSE OF BUSINESS

UPON CONSIDERATION OF the Motion For An Order Granting Administrative Expense Priority To The Debtor's Undisputed Obligations Arising From Postpetition Delivery Of Goods Subject To Prepetition Purchase Orders And Authorizing The Debtor To Pay Such Obligations In The Ordinary Course Of Business (the "Motion") filed by the debtor LG.Philips Displays USA, Inc. (the "Debtor"); the Court finding that (i) the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; (ii) venue is proper in this district pursuant to 28 U.S.C. § 1409; (iii) this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and (iv) notice of the Motion was sufficient under the circumstances; and after due deliberation the Court having determined that the relief requested in the Motion is in the best interests of the Debtor, the estate, and the Debtor's creditors, and good and sufficient cause having been shown;

IT IS HEREBY ORDERED as follows:

1. The Motion is GRANTED. All capitalized terms not otherwise defined herein shall have the respective meanings set forth in the Motion.

2. Pursuant to §§ 503(b)(1)(A) and 105(a) of the Bankruptcy Code, the Debtor's undisputed obligations arising from the postpetition delivery of goods subject to prepetition purchase orders (the "Outstanding Orders") are hereby granted administrative priority status.

3. Pursuant to § 363(c) of the Bankruptcy Code, the Debtor is authorized to pay all Outstanding Orders in the ordinary course of business consistent with the parties' customary practices in effect prior to the commencement of the Debtor's Chapter 11 case.

4. Nothing in this Order shall be deemed either a grant of administrative expense priority status to, or authority to pay, any amounts that are disputed in good faith by the Debtor or are in respect of inventory or other goods that are defective or are not received and accepted by the Debtor subsequent to the Petition Date.

5. Pursuant to Fed. R. Bankr. P. 6004(g), this Order shall be immediately effective and enforceable upon its entry.

6. This Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation and/or interpretation of this order.

Dated: _____, 2006
Wilmington, Delaware

_____
HONORABLE BRENDAN L. SHANNON
UNITED STATES BANKRUPTCY JUDGE

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re LG.PHILIPS DISPLAYS USA, INC., Debtor.	Chapter 11 Case No. 06-10245-BLS

NOTICE OF MOTION

TO: All parties listed on the Certificate of Service

LG.Philips Displays USA, Inc. (the "Debtor") has filed the attached Debtor's Motion For An Order Granting Administrative Expense Priority To The Debtor's Undisputed Obligations Arising From Postpetition Delivery Of Goods Subject To Prepetition Purchase Orders And Authorizing The Debtor To Pay Such Obligations In The Ordinary Course Of Business (the "Motion"), which seeks the following relief: Entry of an order granting administrative priority to the Debtor's undisputed obligations arising from postpetition delivery of goods subject to prepetition purchase orders and authorizing the debtor to pay such obligations in the ordinary course of business.

The Debtor has also filed a motion to shorten time with respect to the Motion (the "Motion To Shorten Time") which, if granted, would require parties opposing the relief requested in the Motion to file an objection on or before **April 3, 2006 at 4:00 p.m. Prevailing Eastern Time.** At the same time, you must also serve a copy of the objection upon the attorneys for the Debtor as follows:

I. William Cohen, Esq. Rene M. L. Hansemann, Esq. Hannah Mufson, Esq. PEPPER HAMILTON LLP 100 Renaissance Center, 36th Floor Detroit, Michigan 48243	David B. Stratton, Esq. Adam Hiller, Esq. PEPPER HAMILTON LLP Hercules Plaza, Suite 5100 1313 North Market Street Wilmington, Delaware 19801

If the Motion To Shorten Time is granted, a hearing on the Motion will be scheduled before the Honorable Brendan L. Shannon, United States Bankruptcy Court for the District of Delaware, on April 6, 2006 at 10:00 A.M. Eastern Time.

IF YOU FAIL TO RESPOND IN ACCORDANCE WITH THIS NOTICE, THE COURT MAY GRANT THE RELIEF REQUESTED IN THE MOTION WITHOUT FURTHER NOTICE OR HEARING.

Dated: March 23, 2006
Wilmington, Delaware

PEPPER HAMILTON LLP

/s/ Adam Hiller

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