

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

In re)	
	)	Chapter 11
)	
GENUITY INC.,	)	Nos. 02-43558 (PCB)
GENUITY SOLUTIONS INC.,	)	02-43550 (PCB)
BBN ADVANCED COMPUTERS INC.,	)	02-43551 (PCB)
BBN CERTIFICATE SERVICES INC.,	)	02-43552 (PCB)
BBN INSTRUMENTS CORPORATION,	)	02-43553 (PCB)
BBN TELECOM INC.,	)	02-43554 (PCB)
BOLT BERANEK AND NEWMAN CORPORATION,	)	02-43555 (PCB)
GENUITY BUSINESS TRUST,	)	02-43556 (PCB)
GENUITY EMPLOYEE HOLDINGS LLC,	)	02-43557 (PCB)
GENUITY INTERNATIONAL INC.,	)	02-43559 (PCB)
GENUITY INTERNATIONAL NETWORKS LLC,	)	02-43560 (PCB)
GENUITY INTERNATIONAL NETWORKS INC.,	)	02-43561 (PCB)
GENUITY TELECOM INC.,	)	02-43562 (PCB)
LIGHTSTREAM CORPORATION,	)	02-43563 (PCB)
NAP.NET, L.L.C.,	)	02-43564 (PCB)
)	
Debtors.	)	Jointly Administered
)	

**ORDER CONFIRMING
DEBTORS' JOINT CONSOLIDATED PLAN OF LIQUIDATION, AS MODIFIED**

Genuity Inc., together with certain of its subsidiaries who are debtors and debtors in possession (collectively the “Debtors”), filed their Joint Consolidated Plan of Liquidation (Docket No. 1563, the “Original Plan”) and their Disclosure Statement with respect to the Original Plan (Docket No. 1562, the “Original Disclosure Statement”) pursuant to Section 1125 of title 11 of the United States Code, 11 U.S.C. § 101 *et seq.* (as amended, the “Bankruptcy Code”) on August 26, 2003. On September 29, 2003 the Debtors filed their Joint Consolidated Plan of Liquidation, as Modified (Docket No. 1662) and an amended disclosure statement with respect to that modified plan (Docket No. 1663). The Court held a hearing on September 30, 2003 to consider the adequacy of this amended disclosure statement. On or about October 1,

2003 the Debtors filed a further modified plan (Docket No. 1673, the “Solicitation Plan”) and a Second Amended Disclosure Statement with respect to the Solicitation Plan (Docket No. 1674, the “Disclosure Statement”). By an order entered October 6, 2003 (Docket No. 1679, the “Voting Procedures Order”), this Court approved the Disclosure Statement and approved the form of notice and ballots, established the confirmation hearing date, voting procedures, and notice procedures relating thereto, and established the deadline for filing objections to confirmation of the Solicitation Plan. The Solicitation Plan, the Disclosure Statement, the Voting Procedures Order, the Ballots to vote on the Solicitation Plan and related materials (the “Solicitation Package”) were transmitted to all known holders of Claims entitled to vote on the Solicitation Plan; Notice of Non-Voting Status was transmitted to holders of Claims or Interests in the Debtors not entitled to vote on the Solicitation Plan; and the solicitation of acceptances from holders of Claims was made within the time and manner required by the Voting Procedures Order; and those certain affidavits of service (Docket Nos. 1796,1797,1798) were filed with respect to the mailing of the Solicitation Package and related notices. The Court set November 4, 2003 as the deadline for submitting ballots relating to the Solicitation Plan, and November 7, 2003 as the deadline for filing objections to confirmation of the Solicitation Plan, as set forth in the Voting Procedures Order. The Debtors filed a Plan Supplement on October 28, 2003. Objections to the Solicitation Plan (collectively, the “Confirmation Objections”) were filed by (i) the United States Trustee, (ii) Qwest Corporation, Qwest Communications Corporation, and Qwest Enterprise America, Inc. (collectively, “Qwest”), (iii) Level 3 Communications Inc., Level 3 Communications, LLC and Genuity Managed Services, LLC (collectively, “Level 3”), (iv) Gamco Investors, Inc., Gabelli & Co. and Gabelli Funds, LLC (collectively, the “BBN Bondholders”), (v) Communications Supply Corporation, (vi) Southwestern Bell Telephone,

L.P., Ameritech, Nevada Bell Telephone Company, Pacific Bell Telephone, The Southern New England Telephone Company, Ameritech Business Communications Services, Ameritech Advanced Data Services, SBC Advanced Solutions, Inc. and SBC Global Services (collectively, the “SBC Affiliates”), (vii) Deutsche Bank AG New York Branch (“Deutsche Bank”), (viii) the United States affiliates of Verizon Communications, Inc., (ix) Bellsouth Telecommunications, Inc., (x) Travis County, (xi) Palm Beach County, Florida, and (xii) various counties and cities in Texas. On November 14, 2003 the Debtors filed a further modified plan (Docket No. 1807, such plan as may have been further modified or amended at or in connection with the hearing on confirmation thereof or by this Confirmation Order, the “Plan”). The Court has reviewed, among other things, the Plan, the Disclosure Statement, the Memorandum of Law in Support of Confirmation of the Plan which responds to the Confirmation Objections, the Declaration of Carole G. Donlin Certifying the Ballots Accepting and Rejecting the Debtors’ Joint Consolidated Plan of Liquidation, as Modified (Docket No. 1788) (the “Voting Affidavit”), offers of proof of counsel and the evidence adduced at the Confirmation Hearing conducted on November 17, 2003. All impaired classes of voting creditors accepted the Plan. All terms not otherwise defined herein shall have the meanings set forth in the Plan.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

A. Jurisdiction and Venue. This Court has jurisdiction over the Debtors and the subject matter of the Confirmation Hearing pursuant to 28 U.S.C. §§ 157(b)(2)(A), (B), (L) and (O) and 1334(a). The Confirmation Hearing is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A), (B), (L) and (O). Venue of the Chapter 11 Cases in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

B. Adequacy of Notice and Solicitation. In accordance with the Voting Procedures Order and the Debtors' voting and notice procedures, there has been sufficient and adequate notice of the Plan, the Confirmation Hearing and the deadlines for submitting votes on, and filing objections to the confirmation of, the Plan.

C. Judicial Notice. This Court takes judicial notice of the docket of the Chapter 11 Cases maintained by the Clerk of the Court or its duly appointed agent, including, without limitation, all pleadings and other documents filed, all orders entered, and all evidence and arguments made, proffered or adduced at, the hearings held before this Court during the pendency of the Chapter 11 Cases, including, without limitation, (i) the hearing to consider approval of a settlement with Deutsche Bank, a settlement with Verizon Communications Inc., and a sale of substantially all of the Debtors' assets to Level 3, and (ii) the hearing to consider the adequacy of the Original Disclosure Statement.

D. Procedures for Voting. As evidenced by the Voting Affidavit, the procedures by which ballots for voting on the Solicitation Plan were received and tabulated were fair, properly conducted and in accordance with the Bankruptcy Code, the Bankruptcy Rules, the local rules of this Court and the Voting Procedures Order.

E. Satisfaction of Sections 1122 and 1123. Sections 1122 and 1123 of the Bankruptcy Code are satisfied under the Plan, as more specifically described below:

- (1) Proper Classification of Claims and Interests. Sections 1122(a) and 1123(a)(1) of the Bankruptcy Code are satisfied because the Plan properly designates separate Classes of Claims and Interests, each of which contains only Claims or Interests that are substantially similar to the other Claims or Interests within that Class.

- (2) Specification of Unimpaired Classes. Section 1123(a)(2) of the Bankruptcy Code is satisfied because the Plan properly designates Classes of Claims and Interests as impaired (Classes 3-7) or unimpaired (Classes 1 and 2).
- (3) Specification of Treatment of Impaired Classes. Section 1123(a)(3) of the Bankruptcy Code is satisfied because the Plan specifies the treatment of each Class of Claims and Interests that is impaired under the Plan, to the extent that the Claims or Interests within such Class are Allowed Claims or Allowed Interests, respectively.
- (4) Equal Treatment Within Classes. Section 1123(a)(4) of the Bankruptcy Code is satisfied because the Plan provides the same treatment for each Allowed Claim or Allowed Interest within a particular Class or the holder of a particular Allowed Claim or Allowed Interest has agreed to a less favorable treatment of such Claim or Interest. Among other things, the Plan provides that distributions to all Holders of Class 3 Claims shall be paid to the Bank Agent. Deutsche Bank raised objections (the “Deutsche Bank Objections”) to its treatment in Class 3 in its Initial Objection to Confirmation of the Plan (Docket No. 1744) and its Memorandum in Support of that Objection (Docket No. 1803). These objections are overruled by and as set forth in this Court’s Order on the Limited Response of JPMorgan Chase Bank, as Administrative Agent, to Initial Objection of Deutsche Bank AG to Confirmation of Debtors’ Joint Consolidated Plan of Liquidation and Motion of JPMorgan Chase Bank under 11 U.S.C. § 510 to Subordinate Certain Claims of Deutsche Bank AG and Deutsche Bank AG’s Motion for Stay Pending Appeal (the “Deutsche Bank Objection Order”), entered this same date.

- (5) Implementation of Plan. Section 1123(a)(5) of the Bankruptcy Code is satisfied because the Plan provides adequate means for its implementation. These means include, inter alia, the creation of the Liquidating Trust, the vesting of property of the Estates in the Liquidating Trust, the designation of the Liquidating Trustee and the members of the Liquidating Trust Oversight Committee, procedures for filling vacancies in the Liquidating Trust Oversight Committee and in the position of the Liquidating Trustee, and the rejection of prepetition executory contracts and unexpired leases. These means for the implementation of the Plan are “adequate” within the meaning of Section 1123(a)(5) of the Bankruptcy Code.
- (6) Charter Provisions. Section 1123(a)(6) of the Bankruptcy Code is satisfied, because the Debtors have agreed to take such actions as to comply in all respects with Section 1123(a)(6) of the Bankruptcy Code.
- (7) Selection of Liquidating Trustee and Members of the Liquidating Trust Oversight Committee. Section 1123(a)(7) of the Bankruptcy Code is satisfied, because the Plan contains only provisions that are consistent with the interests of holders of Claims and Interests in the Debtors and with public policy with respect to the manner of selection of the Liquidating Trustee and the Liquidating Trust Oversight Committee members, and any successors to such Persons.
- (8) Rejection of Executory Contracts. Section 1123(b)(2) of the Bankruptcy Code is applicable and has been satisfied. The Plan provides for the rejection, as of the Effective Date, of all executory contracts and unexpired leases, to which the Debtors are party, that have not previously been assumed or rejected or deemed rejected. Any contracts, service orders or service requests for telecommunications

circuits that have not been specifically identified by the Debtors prior to the Effective Date for assumption and assignment to Level 3 are deemed rejected as of the Effective Date.

- (9) Settlement of Claims. Section 1123(b)(3) of the Bankruptcy Code states that a plan may provide for the settlement or adjustment of any claim or interest belonging to a debtor or to its estate. Pursuant to Bankruptcy Rule 9019, and in consideration of the classification, distribution and other benefits provided under the Plan, the provisions of the Plan constitute a good faith compromise and settlement of all Claims and controversies resolved pursuant to the Plan. This Confirmation Order constitutes the Court's approval of all such compromises and settlements, including the compromises and settlements relating to numerous complex intercreditor, debtor-creditor and inter-Debtor disputes as set forth in the Disclosure Statement, the releases contained in the Plan, and all other compromises and settlements proposed in the Plan (collectively, the "Plan Compromise"). The Plan Compromise is in its entirety fair and equitable, is in the best interest of the Debtors, the Estates, and their creditors, and represents a settlement and compromise within the range of reasonable negotiated outcomes of all such disputes.
- (10) Bankruptcy Rule 3016(a). Bankruptcy Rule 3016(a) is satisfied because the Plan is dated and identifies the entities submitting it.

F. Debtors' Compliance with the Applicable Provisions of the Bankruptcy Code.

- (1) Plan Complies with Title 11. Section 1129(a)(1) of the Bankruptcy Code is satisfied because the Plan complies with all applicable provisions of title 11. The

Deutsche Bank Objections made certain objections with respect to Section 1129(a)(1) and distributions to Class 3 under the Plan. These objections are overruled by and as set forth in the Deutsche Bank Objection Order.

Section 1129(a)(2) of the Bankruptcy Code is satisfied because the Debtors, as debtors in possession, have complied with all applicable provisions of the Bankruptcy Code, including Sections 1125 and 1126, and Bankruptcy Rules 3017 and 3018.

- (2) Plan Proposed in Good Faith. Section 1129(a)(3) of the Bankruptcy Code is satisfied because the Plan was proposed in good faith and not by any means forbidden by law. In determining that the Plan has been proposed in good faith, the Court has examined the totality of the circumstances surrounding the filing of the Chapter 11 Cases and the formulation of the Plan. The Plan was proposed with the legitimate purposes of liquidating the Debtors' assets and distributing cash to the Debtors' creditors. Further, the Plan Compromise and the provisions of the Liquidating Trust Agreement are the product of extensive, arms' length negotiations among the members of the Creditors' Committee, and the Plan is otherwise the product of arms' length negotiations between the Debtors, the Creditors' Committee and other interested parties. All parties to such negotiations have been advised by counsel.
- (3) Payment for Services or Costs and Expenses. Section 1129(a)(4) of the Bankruptcy Code is satisfied because, to the extent required by that section, any payment made or to be made by the Debtors for services or for costs and expenses in, or in connection with (including Substantial Contribution Claims), the Chapter

11 Cases, or in connection with the Plan and incident to the Chapter 11 Cases, has been approved by, or is subject to the approval of, the Bankruptcy Court as reasonable.

- (4) Liquidating Trustee, Liquidating Trust Oversight Committee Members and Insiders. Section 1129(a)(5) of the Bankruptcy Code is satisfied because the Debtors have disclosed the identities and affiliations of all Persons proposed to serve as the Liquidating Trustee and the members of the Liquidating Trust Oversight Committee; and the appointment of such Persons to, or the continuance of such Persons in, such offices is consistent with the interests of the holders of Claims and Interests in the Debtors and with public policy; and the Debtors have disclosed the identity of any insider who will be employed or retained by the Liquidating Trust and the nature of any compensation for such insider.
- (5) No Rate Changes. The Debtors have not proposed any rate change under the Plan. Thus, the Debtors need not obtain the approval of any governmental regulatory commission and the Plan complies with Section 1129(a)(6) of the Bankruptcy Code.
- (6) Best Interests of Creditors Test. Section 1129(a)(7) of the Bankruptcy Code is satisfied. The information contained in the Disclosure Statement, and the evidence adduced at the Confirmation Hearing (i) was persuasive and credible, (ii) was not controverted by other evidence, and (iii) established that each holder of an impaired Claim or Interest in the Debtors either (a) accepted the Plan or (b) will receive or retain under the Plan, on account of such Claim or Interest, property of a value, as of the Effective Date, that is not less than the amount that

such holder would so receive or retain if the Debtors were liquidated under chapter 7 of the Bankruptcy Code. Specifically, the Plan Compromise has been approved, see supra, ¶ E(9), and therefore the value of any Estate litigation and Claims being compromised are within the range of reasonableness and are the appropriate values to use in the best-interests analysis of the Plan. Furthermore, the Plan, including the Plan Compromise, provides all Holders of Class 3 and Class 4 Claims with greater value than they would receive in a chapter 7 case were litigation to be decided against a chapter 7 trustee. The Plan Compromise is a resolution that could be agreed to by reasonable chapter 7 trustees of the Debtors' Estates.

- (7) Acceptance by Classes 1, 2 and 3. Section 1129(a)(8)(A) of the Bankruptcy Code is satisfied with respect to Class 3, because that impaired Class is entitled to vote on the Plan and has accepted the Plan pursuant to Section 1126(c) of the Bankruptcy Code. Section 1129(a)(8)(B) of the Bankruptcy Code is satisfied with respect to Classes 1 and 2 because such Classes are not impaired by the Plan and are therefore conclusively deemed to have accepted the Plan under Section 1126(f) of the Bankruptcy Code.
- (8) Acceptance by Class 4. Verizon originally voted to reject the Plan. On November 5, 2003, Verizon Filed a motion pursuant to Bankruptcy Rule 3018, seeking temporary allowance of certain claims for voting purposes. The Debtors have conceded that for purposes of calculating the vote of holders of claims in Class 4 only, Verizon has Claims in Class 4 in an amount equal to the sum of (a) one-third the aggregate amount of Claims voting in Class 4, including all Claims

hereby or subsequently allowed temporarily for voting purposes, plus (b) one dollar. At the Confirmation Hearing, Verizon made an oral motion to change its vote to accept the Plan. This Court deemed notice of the motion, with interested parties in the courtroom, good and sufficient notice and such motion was granted. Section 1129(a)(8)(A) of the Bankruptcy Code is satisfied with respect to Class 4, because that impaired Class is entitled to vote on the Plan and has accepted the Plan pursuant to Section 1126(c) of the Bankruptcy Code. Specifically, at least 93.5% in number, and 94.8% in amount, of Claims voted in Class 4 voted to accept the Plan.

- (9) Cramdown of Non-Accepting Classes. Section 1129(a)(8) of the Bankruptcy Code has not been satisfied with respect to Classes 5, 6 and 7 because these Classes are deemed not to have accepted the Plan pursuant to Section 1126(g) of the Bankruptcy Code. In addition, no holder of an equity interest in, or Claim subject to Bankruptcy Code Section 510(b) against, the Debtors will receive or retain any property under the Plan on account of such Interest or Claim. Nonetheless, the Plan satisfies the requirements of Section 1129(b) of the Bankruptcy Code and thus may be confirmed without compliance with Section 1129(a)(8) of the Bankruptcy Code with respect to Classes 5, 6 and 7. That is, the Plan (i) does not discriminate unfairly against these Classes and (ii) is fair and equitable with respect to these Classes. Specifically, with respect to Class 5, no junior class of Claims or Interests in the Debtors is receiving any distribution under the Plan, and the contractual and potential equitable subordination of Class 5 Claims provides a legitimate basis for the disparate

treatment of Class 5, as compared to Classes 3 and 4. With respect to Class 6, no junior class of Claims or Interests in the Debtors is receiving any distribution under the Plan, and the subordination imposed by Bankruptcy Code Section 510(b) provides a legitimate basis for any disparate treatment. With respect to Class 7, no junior class of Interests is receiving any distribution under the Plan.

- (10) Treatment of Administrative Expense Claims. Section 1129(a)(9)(A) of the Bankruptcy Code is satisfied because the Plan provides that each Allowed Administrative Claim shall either (i) be paid the full amount of such Allowed Administrative Claim in Cash on or as soon as reasonably practicable after the latest of (i) Effective Date, (ii) the date on which such Administrative Claim becomes Allowed, and (iii) the date fixed by the Bankruptcy Court, unless the Holder of such Administrative Claim shall agree to a different treatment of such Claim (including, without limitation, any different treatment that may be provided in the documentation governing such Claim).
- (11) Treatment of Other Priority Claims. Section 1129(a)(9)(B) of the Bankruptcy Code is satisfied because the Plan provides that each Holder of an Allowed Priority Claim will be paid in full in Cash the amount of such Allowed Priority Claim on or as soon as reasonably practicable after the later of (i) the Effective Date and (ii) the date such Priority Claim becomes Allowed, unless the Holder of such Claim shall agree to a different treatment of such Claim.
- (12) Treatment of Pre-Petition Priority Tax Claims. Section 1129(a)(9)(C) of the Bankruptcy Code is satisfied because the Plan provides that the Holder of an Allowed Priority Tax Claim will be paid in full in Cash the amount of such

Allowed Priority Tax Claim on or as soon as reasonably practicable after the later of (i) the Effective Date and (ii) the date on which such Priority Tax Claim becomes Allowed.

- (13) Acceptance of at Least One Impaired Class. Section 1129(a)(10) of the Bankruptcy Code is satisfied because at least one Class of Claims that is impaired under the Plan has accepted the Plan, determined without including any acceptance by an insider. Specifically, Classes 3 and 4 have accepted the Plan.
- (14) Feasibility. Section 1129(a)(11) of the Bankruptcy Code is satisfied because liquidation of the Debtors, via the Liquidating Trust, is specifically contemplated by the Plan.
- (15) Payment of Certain Fees. Section 1129(a)(12) of the Bankruptcy Code is satisfied because all fees payable under 28 U.S.C. § 1930 on or prior to the Effective Date shall be paid by the Debtors on or before the Effective Date, and such fees payable after the Effective Date shall be paid when due by the Liquidating Trust.
- (16) Continuation of Retirement Benefits. The Debtors do not have any obligations with respect to retiree benefits (as defined in the Bankruptcy Code). Thus, Section 1129(a)(13) of the Bankruptcy Code is deemed satisfied.
- (17) Only One Plan. The Plan is the only plan of liquidation of the Debtors pending before this Court or any other court, and no other party in interest has filed a competing plan.
- (18) No Tax Avoidance. The primary purpose of the Plan is neither the avoidance of taxes nor the avoidance of Section 5 of the Securities Act of 1933, as amended, and no governmental unit has objected to confirmation of the Plan on any such

grounds. The Plan therefore satisfies the requirements of Bankruptcy Code Section 1129(d).

G. Releases and Injunctions. The provisions of the Plan and the provisions in this Confirmation Order dealing with waivers, releases, exculpation and injunctions, including Sections 10.1, 10.2 (as modified below) and 10.3 of the Plan, are in the best interest of the Debtors, and all their creditors, and the record of the Confirmation Hearing and the Chapter 11 Cases is sufficient to support the waivers, releases, exculpations and injunctions provided for in Article 10 of the Plan.

H. Good Faith Solicitation. Based upon the record before the Court, the Debtors, the Creditors' Committee, and all of their respective officers, directors, employees, members, agents, advisors, and all other professional persons employed by any of them have acted in good faith in connection with and relating to the formulation, negotiation, solicitation, implementation, confirmation and consummation of the Plan, the Disclosure Statement and the Liquidating Trust and have acted in compliance with the applicable provisions of the Bankruptcy Code and are entitled to the protections afforded by Section 1125(e) of the Bankruptcy Code.

I. Substantive Consolidation. Substantive consolidation of the Debtors' Estates, solely for purposes of voting on, making distributions under and administering the Plan, is appropriate under the circumstances. Such limited substantive consolidation facilitates the Plan and the Plan Compromise, thereby avoiding significant litigation costs that would reduce creditor recoveries and significant delay in distributions to creditors.

J. Retention of Jurisdiction. The Court retains jurisdiction over the matters set forth in Article XIII of the Plan.

K. Modifications. There has been adequate notice of and hearing on the modifications to the Solicitation Plan accomplished by the Plan and this Confirmation Order. Such modifications are not adverse to any creditor that voted in favor of the Solicitation Plan. All such modifications comply with Bankruptcy Code Sections 1122 and 1123.

L. Deutsche Bank Objection. At the Confirmation Hearing, Deutsche Bank withdrew with prejudice its objections to the Plan regarding treatment of Verizon and proposed releases for the directors and officers of the Debtors. Deutsche Bank pressed its other objections (the “Remaining Deutsche Bank Objection”) regarding the distribution to members of Class 3 under the Plan. The Remaining Deutsche Bank Objection is overruled by and as set forth in the Deutsche Bank Objection Order.

FINDING THAT THE PLAN IS CONFIRMABLE BASED UPON, AMONG OTHER THINGS, ALL OF THE ABOVE-STATED FINDINGS OF FACT AND CONCLUSIONS OF LAW AND FINDINGS AND CONCLUSIONS STATED ON THE RECORD AT THE CONFIRMATION HEARING, AND GOOD CAUSE APPEARING THEREFOR, THE COURT HEREBY ORDERS THAT:

1. Confirmation. The Plan, a copy of which is attached hereto as Exhibit A and is incorporated herein by reference, and each of its provisions are hereby confirmed pursuant to Bankruptcy Code Section 1129. To the extent that the provisions of this Confirmation Order conflict with any provisions of the Plan, the provisions of this Confirmation Order shall control.

2. Objections Overruled. Except as to the Response of the Bank Agent, the Response of the Creditors' Committee and as otherwise noted herein, each of the Confirmation Objections and any other responses, statements and comments that contain objections, or purport to object, to the Plan, other than those withdrawn with prejudice prior to, or on the record at, the Confirmation Hearing, or resolved pursuant to this Confirmation Order, are hereby expressly overruled. After hearing, the Court overruled the Remaining Deutsche Bank Objection, ruling

that all Class 3 distributions should be paid to the Bank Agent, but the Court did not address whether and to what extent the Bank Agent is required to pay any initial or subsequent Class 3 distributions to Deutsche Bank or any other Bank Lender. To the extent that there is any conflict between this Confirmation Order and the Deutsche Bank Objection Order, the terms of the Deutsche Bank Objection Order shall control.

3. General Authorizations; Plan Modifications. Without need for further authorization or order of this Court, the Debtors and their respective directors, officers, agents and attorneys are hereby authorized, and empowered, (i) to make any and all modifications to any or all of the Plan Documents (as defined herein), provided that such modifications do not materially modify the terms of such documents subject to Section 14.3 of the Plan, and (ii) subject to the conditions set forth in the Plan, to carry out the provisions of the Plan, and to enter into, execute, deliver, file and/or perform the terms of the Plan, any technical modifications to the Plan stated on the record at the Confirmation Hearing and made part of the Plan, and (subject to Section 14.3 of the Plan) any other agreements, instruments and documents related thereto or contemplated therein (collectively, the “Plan Documents”), including, *inter alia*, the Liquidating Trust Agreement, and (subject to Section 14.3 of the Plan) any amendments, supplements or modifications to such Plan Documents as may be necessary or appropriate, and (subject to Section 14.3 of the Plan) to take such other steps and perform such other acts as may be necessary or appropriate to implement and effectuate the Plan, the Plan Documents or this Confirmation Order, and to satisfy all other conditions precedent to the implementation and effectiveness of the Plan and to consummate the Plan.

4. Plan Documents Approved. The form, terms and provisions of the Plan Documents are hereby approved with such modifications made prior to the Effective Date as

contemplated by the Plan or this Confirmation Order. Each of the Plan Documents shall constitute a legal, valid, binding and authorized obligation of the respective parties thereto, enforceable in accordance with its terms (except as enforceability may be limited by any bankruptcy or insolvency proceeding filed by any party thereto subsequent to the date of the execution of such document).

5. Binding Effect. The provisions of this Confirmation Order and, upon the occurrence of the Effective Date, the Plan and the other Plan Documents shall be and hereby are binding on, and enforceable by and against, the Debtors, the holders of BBN Bonds (including beneficial holders), the BBN Bonds Trustee, the Creditors' Committee, the Liquidating Trust, the Liquidating Trustee, the Liquidating Trust Oversight Committee, each holder of a Claim in the Debtors, each holder of an Interest in the Debtors, and each other party in interest in the Chapter 11 Cases, including their respective successors and assigns, whether or not they voted to accept the Plan.

6. Implementation of Plan. Pursuant to Section 1142(b) of the Bankruptcy Code, the intended parties to the Plan Documents contemplated thereby or to be executed pursuant to the Plan, subject to the satisfaction or due waiver of each of the conditions precedent to each of such Plan Documents, are hereby directed to execute and deliver the Plan Documents on the Effective Date and to take such other actions as shall be necessary to permit the Plan to take effect and be consummated. The Debtors shall have the right, to the fullest extent permitted under Section 14.3 of the Plan and Bankruptcy Code Section 1142, to apply to this Court for an order (a) modifying the effect of any otherwise applicable non-bankruptcy law or (b) directing any entity to execute and deliver any instrument or to perform any other act necessary to effectuate the Plan; provided, however, that (without the consent of the affected party or parties) no such order shall modify or

impair any right, title, interest, privilege or remedy expressly provided or reserved for under the Plan or this Confirmation Order.

7. Disbursing Agents. All distributions under the Plan shall be made by the Debtors and the Liquidating Trustee, as Disbursing Agents. On the Effective Date, the Disbursing Agent shall make all distributions on account of the Bank Group Claims to the Bank Agent, as provided in Section 7.3 of the Plan, and the Disbursing Agent shall have no liability to any holder of a Class 3 Claim on account of any failure of the Bank Agent to make appropriate distributions to such holder.

8. Substantive Consolidation. As provided in Section 8.1.2 of the Plan, the Plan serves as a motion seeking the substantive consolidation of the Debtors, the Chapter 11 Cases and the Estates for purposes of voting on, making distributions under, and administering the Plan only. No timely objections to such requested relief have been filed with the Court, and the applicable standards for the granting of such relief have been satisfied. The Court finds that (a) limited substantive consolidation of the Debtors and the Estates in the Chapter 11 Cases as set forth in the Plan will facilitate prompt distributions to the Debtors' creditors and is consistent with the terms of the Plan Compromise, and (b) no creditor or other party-in-interest has objected to substantive consolidation, alleged that it would be prejudiced thereby, or asserted that it has relied on the separate credit of any of the Debtors. Accordingly, the Court finds that limited substantive consolidation of the Debtors and the Estates as set forth in the Plan will benefit, and is in the best interests of, the Debtors' creditors. As of the Effective Date:

(i) all Intercompany Claims of each of the Debtors against any other Debtor shall be eliminated;

(ii) all assets (including Causes of Action) and liabilities of the Subsidiary Debtors and their Estates shall be merged and treated as if they were merged with the assets and liabilities of Genuity Inc. and its Estate;

(iii) any obligation of any of the Debtors and all (i) guarantees thereof by, and (ii) co-liability, joint liability or vicarious liability for such obligation of, any other Debtor shall be deemed to be one (1) obligation of Genuity Inc.;

(iv) Interests in all of the Subsidiary Debtors shall be deemed cancelled for all purposes;

(v) each Claim Filed or to be Filed against any Debtor shall be deemed Filed only against Genuity Inc. and shall be deemed a single claim against and a single obligation of Genuity Inc., and all duplicate proofs of claim for the same Claim Filed against more than one Debtor will be deemed to be expunged and the Claims asserted thereunder Disallowed;

(vi) each of the officers and directors of each of the Debtors shall be deemed to have resigned;

(vii) each of the Chapter 11 Cases of the Subsidiary Debtors shall be closed (*In re Genuity Solutions Inc.*, Case No. 02-43550 (PCB), *In re BBN Advanced Computers Inc.*, Case No. 02-43551 (PCB), *In re BBN Certificate Services Inc.*, Case No. 02-43552 (PCB), *In re BBN Instruments Corporation*, Case No. 02-43553 (PCB), *In re BBN Telecom Inc.*, Case No. 02-43554 (PCB), *In re Bolt Baranek and Newman Corporation*, Case No. 02-43555 (PCB), *In re Genuity Business Trust*, Case No. 02-43556 (PCB), *In re Genuity Employee Holdings LLC*, Case No. 02-43557 (PCB), *In re Genuity International Inc.*, Case No. 02-43559 (PCB), *In re Genuity International Networks LLC*, Case No. 02-43560 (PCB), *In re Genuity International Networks Inc.*, Case No. 02-43561 (PCB), *In re Genuity Telecom Inc.*, Case No. 02-43562 (PCB), *In re Lightstream Corporation*, Case No. 02-43563 (PCB), *In re Nap.Net LLC*, Case No. 02-43564 (PCB)), following which any and all contested matters, proceedings, and other matters that could have been brought or otherwise commenced in any of such Chapter 11 Cases shall be brought or commenced in the Chapter 11 Case of Genuity Inc.; and

(viii) all Claims based upon guarantees of collection, payment or performance made by any of the Debtors as to the obligations of another Debtor shall be released and of no further force or effect;

provided, however, that the substantive consolidation of assets and liabilities of the Debtors effected by this Confirmation Order shall not otherwise affect the separate legal existence of each Debtor for licensing, regulatory, tax or other purposes or result in any actual transfer or merger of assets and liabilities for any purpose (including for tax purposes and state-law purposes) other than the administration of the Chapter 11 Cases and the determination of the rights of Holders of Claims and Interests under the Plan and the making of Plan distributions.

9. Disbursements. Unless otherwise provided herein, and subject to the provisions of the Deutsche Bank Objection Order, any distributions and deliveries to be made hereunder shall be made as provided in the Plan.

10. Bar Date for Administrative Claims. Unless otherwise ordered by the Bankruptcy Court, requests for payment of Administrative Claims accruing on or after July 31, 2003, and all applications for final allowance of compensation and reimbursement of expenses of Professionals, and Substantial Contribution Claims, incurred through the Effective Date, must be Filed in accordance with Section 8.2.3 of the Plan. Any Person that is required to File a request for payment of an Administrative Claim and fails to timely File such request, shall be forever barred, estopped and enjoined from asserting such Claim or participating in distributions under the Plan on account thereof.

11. Rejection of Executory Contracts and Unexpired Leases. All executory contracts and unexpired leases to which the Debtors are party that have not been specifically identified previously as being assumed and assigned, or rejected, shall be deemed rejected on the Effective Date. Any contracts, service orders or service requests for telecommunications circuits that have not been specifically identified by the Debtors prior to the Effective Date for assumption and assignment to Level 3 are deemed rejected as of the Effective Date.

12. Bar Date for Filing of Rejection Claims. Unless otherwise ordered by the Bankruptcy Court, all proofs of claim with respect to Claims arising from the rejection of an executory contract or unexpired lease pursuant to the Plan must be Filed and served upon the Liquidating Trustee within thirty (30) days after the Effective Date. Any Claim arising from the rejection of an executory contract or unexpired lease that is not Filed within such time frame shall be released, discharged and forever barred from assertion against the Debtors, their Estates

and the Liquidating Trust, and barred from receiving any distribution under the Plan in respect of such Claim. Any Allowed Claim arising from the Debtors' rejection of an executory contract or unexpired lease shall be treated in the Plan as a General Unsecured Claim (Class 4).

13. Objections to Claims. Objections to Claims shall be Filed and served upon the Holders of such Claims no later than 120 days following the latest of the Effective Date, the date such Claims are Filed and such later date as may be established from time to time by the Bankruptcy Court as the last date for Filing objections to such Claims. Nothing herein shall be construed to extend the Bar Date, deadlines for Filing of Cure Claims, the Interim Administrative Claims Bar Date, the Bar Date for Administrative Claims set forth in paragraph 10 hereof or the Bar Date for rejection damages set forth in paragraph 12 hereof.

14. Disputed Claims. Disputed Claims shall not be Allowed in excess of their Maximum Amount.

15. BBN Bonds. The BBN Bonds Trustee (on behalf of the Holders of BBN Bonds Claims) is hereby granted an Allowed Claim in Class 4 in the amount of \$7,782,736.41. Such claim shall be subject to the provisions of Section 8.8 of the Plan. The BBN Bonds Trustee is hereby granted an Allowed Substantial Contribution Claim in the amount of \$39,317.77. The BBN Bonds Trustee may, on the Effective Date, deduct and retain such amount in full payment of its fees and expenses, from Cash held by it. On the Effective Date, the BBN Bonds Trustee shall transfer, assign and deliver to the Liquidating Trust all other Cash held by the BBN Bonds Trustee, which shall be placed in the Senior Creditor Claims Reserve. All other Claims of the BBN Bonds Trustee are hereby Disallowed.

16. Determination of Senior Creditor Claimants. A Person who is a Holder of a Claim under any agreement with Genuity Solutions not set forth in Exhibit B annexed to the Plan

or does not agree with the amount listed thereon may seek treatment as a Senior Creditor Claimant in respect of a Claim against Genuity Solutions by Filing a statement of such Claim, including the basis for qualification as a Senior Creditor Claimant, not later than the 30th day after the Effective Date. The requirement to File such a Senior Creditor Claim shall not be construed as a new bar date for such Claims. The Liquidating Trust, any Senior Creditor Claimant and any beneficial owner of BBN Bonds shall be the only Persons with standing to object to the Senior Creditor Claimant status of any Person Filing a Claim pursuant to Section 8.8.2 of the Plan or the Holder of an Allowed General Unsecured Claim under any agreement set forth on Exhibit B annexed to the Plan. Such objections must be filed within 60 days after the Effective Date.

17. No Waiver. Neither the entry of this Confirmation Order, the execution of any of the documents required or contemplated hereunder or by the Plan, nor any other action or inaction by the Debtors, the Creditors' Committee, the Liquidating Trust or the Liquidating Trustee (including, without limitation, the failure of any such Person to object to any proof of claim) shall constitute a waiver, estoppel, res judicata, release, relinquishment, abandonment or any other abrogation of any objection, defense, offset or counterclaim by such Person.

18. Causes of Action. Pursuant to Section 1123(b)(3)(B) of the Bankruptcy Code, but subject to Sections 8.3.4, 10.1 and 10.2 of the Plan, the Liquidating Trust shall retain all Causes of Action that the Debtors had or had power to assert immediately prior to the Effective Date, including Avoidance Actions. The Liquidating Trust may commence or continue in any appropriate court or tribunal any suit or other proceeding for the enforcement of such retained Causes of Action. Nothing contained in the Plan shall constitute a waiver of the rights, if any, of

the Liquidating Trust to a jury trial with respect to any Causes of Action or objection to any Claim or Interest.

19. Cancellation of Securities. Except as is necessary to allow any Disbursing Agent to fulfill its obligations under the Plan, on the Effective Date, the common stock of the Debtors, and any options, warrants, calls, subscriptions or other similar rights or other agreements or commitments, contractual or otherwise, entered into in connection with any of the foregoing, in each case, shall be cancelled and discharged.

20. Injunctions. All injunctions or stays provided for in the Chapter 11 Cases pursuant to Bankruptcy Code Section 105, 362 or otherwise and in effect on the Confirmation Date, shall remain in full force and effect until the closing of the Chapter 11 Cases pursuant to Bankruptcy Code Section 350(a). Subject to the occurrence of the Effective Date, the entry of this Confirmation Order shall permanently enjoin all Persons that have held, currently hold or may hold a Claim or an Interest in the Debtors from taking any of the following actions in respect of such Claim or Interest: (a) commencing, conducting or continuing in any manner, directly or indirectly, any suit, action or other proceeding of any kind against any or all of the Debtors, the Liquidating Trust or their respective property or assets; (b) enforcing, levying, attaching, collecting or otherwise recovering in any manner or by any means, whether directly or indirectly, any judgment, award, decree or order against any or all of the Debtors, the Liquidating Trust or their respective property or assets; (c) creating, perfecting or enforcing in any manner, directly or indirectly, any Lien against any or all of the Debtors, the Liquidating Trust or their respective property or assets; (d) asserting any setoff or right of subrogation of any kind, directly or indirectly, against any debt, liability or obligation due to the Debtors, the Liquidating Trust or their respective property; and (e) proceeding in any manner in any place

whatsoever that does not conform to or comply with or is inconsistent with the provisions of the Plan. Notwithstanding the foregoing, the Plan shall not enjoin a party from asserting rights of setoff in connection with the resolution of claims to the extent such rights have been asserted or preserved in a timely Filed proof of claim or other pleading Filed prior to the date hereof. Upon the occurrence of the Effective Date, the permanent injunctions set forth in the Plan and in this Confirmation Order shall take effect.

21. Exculpation. Section 10.2 of the Plan is hereby modified to read in its entirety as follows:

10.2 Exculpation. Subject to the occurrence of the Effective Date, the Debtors, the Creditors' Committee, each Person who served as a director or officer of the Debtors, or as a member of the Creditors' Committee, together with such Person's directors, officers, members, managers, partners, employees, attorneys, advisers, agents and representatives shall have no liability to any Person for any actions or omissions on or after the Petition Date that relate to the Debtors or their Estates, except in the case of gross negligence, willful misconduct, fraud, malpractice, misuse of confidential information that causes damages or *ultra vires* acts, provided, however, that this Section shall not release any Person from (i) any criminal liability or (ii) liability pursuant to ERISA § 502(a) with respect to any employee benefit plan sponsored by the Debtors; and, provided, further, that this Section shall not be deemed to release any attorney of liability to such attorney's client.

On the Effective Date, the exculpation provided by Section 10.2 (as modified hereby) shall have full force and effect.

22. Releases.

(a) Certain Directors and Officers. On the Effective Date, each of the Debtors and their Estates, and any Person who, directly or indirectly, is receiving distributions under the Plan, including Persons receiving a distribution via an attorney, agent, indenture trustee, or securities intermediary, shall be deemed to have waived and released all claims and causes of

action, whether known or unknown, at law or in equity, against all Persons who served as directors or officers of any of the Debtors and their Non-Debtor Subsidiaries, with respect to any action or omission on or prior to the Effective Date that relates to the Debtors or their Estates, provided, however, that this paragraph shall not release any Person from (i) any criminal liability, (ii) liability to the United States federal government, (iii) liability pursuant to ERISA § 502(a) with respect to any employee benefit plan sponsored by the Debtors, or (iv) liability to any beneficial holder of BBN Bonds that did not vote to accept the Plan.

(b) Intercompany Matters. On the Effective Date, each of the Debtors and their Estates shall be deemed to have waived and released all claims and causes of action, whether known or unknown, at law or in equity, against all other Debtors and their Estates.

(c) Bank Lenders. On the Effective Date, each of the Debtors and their Estates, and any Person who, directly or indirectly, is receiving distributions under the Plan, including Persons receiving a distribution via an attorney, agent, indenture trustee, or securities intermediary, shall be deemed to have waived and released all claims, Causes of Action (including, without limitation, Avoidance Actions and actions to subordinate claims) and other causes of action, whether known or unknown, at law or in equity, against the Bank Agent and all Bank Lenders, with respect to any action or omission on or prior to the Effective Date that relates to the Debtors or their Estates, provided, however, that this paragraph shall not release any Person from any criminal liability; and, provided, further, that neither this paragraph nor any other provision of the Plan shall be deemed to constitute a waiver or release of any rights (including Bank Agent fee and expense reimbursement and indemnification rights under the Bank Credit Agreement), claims, or causes of action of the Bank Agent against the Bank Lenders

or of any Bank Lender against the Bank Agent or against any other Bank Lender or of Verizon pursuant to Verizon's participation in the Bank Credit Agreement.

23. Injunction of Claims Against Third Party Releases. Pursuant to Bankruptcy Code Section 105, as of the Effective Date this Confirmation Order shall act as a permanent injunction against the prosecution of any claim or cause of action released or exculpated by the Plan.

24. Revesting and Vesting. On and as of the Effective Date, pursuant to Sections 105, 363(b) and (f), 365, 1123(a)(5)(B) and (D) and (b)(4) and (6) and 1141 of the Bankruptcy Code, all of the Property of the Estates of the Debtors shall become vested in the Liquidating Trust, free and clear of all Claims, Interests, and Liens except as provided in the Plan.

25. Retention of Jurisdiction. Notwithstanding the entry of this Confirmation Order or the occurrence of the Effective Date, the Bankruptcy Court shall retain jurisdiction over the Chapter 11 Cases after the Effective Date to the extent that it is legally permissible, including, without limitation, for the following purposes:

(a) Claims and Interests. To determine the allowability, classification, or priority of Claims against and Interests in the Debtors, and to determine the rights of Senior Creditor Claimants to distributions in respect of the BBN Bonds;

(b) Injunction, etc. To issue injunctions or take such other actions or make such other orders as may be necessary or appropriate to restrain interference with the Plan or its execution or implementation by any Person, to construe and to take any other action to enforce and execute the Plan, including, but not limited to, the waiver, release, injunction and exculpation provisions thereof, this Confirmation Order, or any other order of the Bankruptcy Court, to issue such orders as may be necessary for the implementation, execution, performance and consummation of the Plan and all matters referred to therein, and to determine all matters

that may be pending before the Bankruptcy Court in each Chapter 11 Case with respect to any Person;

(c) Fees. To determine any and all applications for allowance of compensation and expense reimbursement of Professionals for periods on or before the Effective Date;

(d) Dispute Resolution. To resolve any dispute arising under or related to the implementation, execution, consummation or interpretation of the Plan and the Liquidating Trust Agreement and the making of distributions thereunder;

(e) Leases and Executory Contracts. To determine any and all motions for the rejection, assumption, or assignment of executory contracts or unexpired leases and to determine the allowance of any Claims resulting from the rejection of executory contracts and unexpired leases;

(f) Actions. To determine all applications, motions, adversary proceedings, contested matters, actions, Causes of Action and any other litigated matters instituted in the Chapter 11 Cases, including any remands;

(g) General Matters. To determine such other matters, and for such other purposes, as may be provided in this Confirmation Order or as may be authorized under provisions of the Bankruptcy Code and the Bankruptcy Rules;

(h) Plan Modification. To modify the Plan under Bankruptcy Code Section 1127, remedy any defect, cure any omission, or reconcile any inconsistency in the Plan or this Confirmation Order so as to carry out the Plan's intent and purposes, in each case in accordance with the Plan;

(i) Aid Consummation. To issue such orders in aid of consummation of the Plan and this Confirmation Order notwithstanding any otherwise applicable non-bankruptcy law, with respect to any Person, to the full extent authorized by the Bankruptcy Code;

(j) Avoidance Actions. To enable the prosecution of any and all proceedings that are not released pursuant to the Plan which have been or may be brought to set aside Liens and to recover any transfers, assets, properties or damages to which the Estates may be entitled under applicable provisions of the Bankruptcy Code or any other federal, state or local laws except as may be waived pursuant to the Plan;

(k) Implementation of Confirmation Order. To enter and implement such orders as may be appropriate in the event this Confirmation Order is for any reason stayed, revoked, modified or vacated;

(l) Resolve Disputes. To resolve any disputes concerning whether a Person had sufficient notice of the Chapter 11 Cases, the Disclosure Statement hearing, or the Confirmation Hearing, for any purpose;

(m) Determine Tax Liability. To determine any tax liability pursuant to Bankruptcy Code Section 505;

(n) Orders. To resolve any dispute or matter arising under or in connection with any order of the Bankruptcy Court entered in the Chapter 11 Cases;

(o) Final Order. To enter a Final Order closing the Chapter 11 Cases; and

(p) Other. To determine such other matters as may be set forth in this Confirmation Order or as may arise in connection with the Plan, this Confirmation Order, the Liquidating Trust Agreement and/or any other agreement or transaction entered into pursuant to or in connection with the Plan.

26. New Securities. Pursuant to Bankruptcy Code Section 1145, the issuance of the Beneficial Interests (to the extent they are “securities”) shall be exempt from the registration requirements of Section 5 of the Securities Act of 1933, as amended, and any state or local laws requiring registration of the offer or sale of a security, or registration or licensing of an issuer of, underwriter of, or broker or dealer in, a security. Such securities, when issued or sold, shall be freely transferable by the recipient thereof, subject to the provisions of the Liquidating Trust Agreement and the provisions of Section 1145(b) relating to “underwriters,” as defined therein.

27. Authorization. All actions contemplated by the Plan are hereby authorized and approved in all respects (subject to the provisions of the Plan). All such actions, and any other actions described in the Plan or this Confirmation Order that would otherwise require the consent or approval of the directors, shareholders, members or trustee of the Debtors, shall be deemed to have been consented to or approved and shall be effective under applicable state law and the Bankruptcy Code, without any requirement of prior or further action by the directors, shareholders, members or trustee of the Debtors. The Liquidating Trust is authorized to take all necessary or desirable steps and execute any documents and perform all necessary or desirable acts to consummate the terms and conditions of the Plan on and after the Effective Date. On or after the Effective Date, the Liquidating Trust may File such agreements and other documents as may be necessary or desirable to effectuate or further evidence the terms and conditions of the Plan and the other agreements referred to therein.

28. Retention of Professionals by the Liquidating Trust, the Liquidating Trustee, and the Liquidating Trust Oversight Committee. From and after the Effective Date, subject to the terms and conditions set forth in the Liquidating Trust Agreement, the Liquidating Trust, the Liquidating Trustee and the Liquidating Trust Oversight Committee may retain such law firms,

accounting firms, experts, advisors, agents, consultants, investigators, appraisers, auctioneers or other professionals as they may deem necessary to aid them in the performance of their responsibilities pursuant to the terms of the Plan. It shall not be a requirement that any such parties retained by the Liquidating Trust be a “disinterested person” (as such term is defined in Section 101(14) of the Bankruptcy Code), and such retained parties may include professionals or other Persons who had previously been active in the Chapter 11 Cases on behalf of any Debtor, creditor, Interest holder, or other party-in-interest.

29. Termination of Committee. The Creditors’ Committee shall cease operating and dissolve on the Effective Date. As of the Effective Date, all members of the Creditors’ Committee shall have no further rights or duties arising from such membership.

30. Exemption from Certain Taxes. Pursuant to Section 1146(c) of the Bankruptcy Code, (i) the issuance, transfer or exchange of any securities, instruments or documents (including the Beneficial Interests); (ii) the creation of any Lien; (iii) the making or assignment of any lease or the making or delivery of any deed or other instrument of transfer; and (iv) the vesting, assignment, conveyance, transfer or sale of any real property of any of the Debtors (including to the Liquidating Trust and any subsequent transfers, assignments, sales or conveyances by the Liquidating Trust) under, pursuant to, in furtherance of or in connection with, the Plan, including any deeds, bills of sale, or assignments executed in connection with the Plan or this Confirmation Order shall not be subject to any stamp tax, transfer tax, mortgage tax, intangible tax, recording fee, conveyance fee, document recording tax or similar tax, charge or expense, whether imposed by state or local law or otherwise. Each recorder of deeds or similar official for any county, city or governmental unit in which any instrument under the Plan is to be

recorded is hereby ordered and directed to accept such instrument without requiring the payment of any such tax, fee, charge or expense.

31. Release of Escrowed Funds. On the Effective Date, all amounts escrowed by each Estate in respect of stamp and similar taxes pursuant to the Level 3 Sale Order shall be released to the Liquidating Trust, as part of the Liquidating Trust Assets.

32. Certain Assets Abandoned. On the Effective Date, Genuity Inc. shall be deemed to have abandoned, pursuant to Section 554 of the Bankruptcy Code, all of the capital stock of Integra S.A. owned by Genuity Inc.

33. Ratification of Post-Petition Transactions. This Confirmation Order hereby ratifies all transactions effected by the Debtors during the period commencing on the Petition Date and ending on the Confirmation Date.

34. References to Plan Provisions. The failure to reference or discuss any particular provision of the Plan in this Confirmation Order shall have no effect on the validity, binding effect or enforceability of such provision and such provision shall have the same validity, binding effect and enforceability as every other provision of the Plan.

35. Reversal. If any or all of the provisions of this Confirmation Order are hereafter reversed, modified or vacated by subsequent order of this Court or any other court, such reversal, modification or vacatur shall not affect the validity of the acts or obligations incurred or undertaken under or in connection with the Plan prior to the Debtors' or the Liquidating Trust's receipt of written notice of any such order; nor shall such reversal, modification or vacatur of this Confirmation Order affect the validity or enforceability of such act or obligation.

Notwithstanding any such reversal, modification or vacatur of this Confirmation Order, any such act or obligation incurred or undertaken pursuant to, and in reliance on, this Confirmation Order

prior to the effective date of such reversal, modification or vacatur shall be governed in all respects by the provisions of this Confirmation Order and the Plan and all documents, instruments and agreements related thereto or any amendments or modifications thereto.

36. Non-Occurrence of Conditions to the Effective Date. This Confirmation Order shall be deemed annulled at such time as a condition to the Effective Date that has not been waived in a writing executed by the Debtors and the Creditors' Committee can no longer occur. If the Effective Date does not occur for any reason, then the Plan shall be null and void and, in such event, nothing contained herein or in the Plan shall be deemed to constitute a waiver or release of any Claims by or against, or any Interests in, the Debtors or any other Person or to prejudice in any manner the rights of the Debtors or any Person in any further proceedings (whether or not such proceedings involve the Debtors). If this Confirmation Order is vacated, the Plan shall be null and void in all respects and nothing contained in the Plan or the Disclosure Statement shall: (1) constitute a waiver or release of any Claims by or against, or any Interests in, the Debtors; (2) prejudice in any manner the rights of the Debtors; or (3) constitute an admission, acknowledgement, offer or undertaking by the Debtors in any respect.

37. Enforceability. Pursuant to Sections 1123(a) and 1142(a) of the Bankruptcy Code, the provisions of this Confirmation Order, the Plan and the other Plan Documents shall apply and be enforceable notwithstanding any otherwise applicable nonbankruptcy law.

38. [Intentionally Omitted.]

39. Findings of Fact and Conclusions of Law. The findings of this Court set forth above and the conclusions of law stated herein shall constitute findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding by Bankruptcy

Rule 9014. To the extent any finding of fact shall be determined to be a conclusion of law, it shall be so deemed, and vice versa.

40. Notice of Entry of Confirmation Order. Within ten Business Days after the Effective Date, the Liquidating Trust shall, in accordance with Bankruptcy Rules 2002(f)(7), mail to all holders of Claims and Interests in the Debtors a notice of (a) the entry of this Confirmation Order, (b) the occurrence of the Effective Date, (c) the Administrative Claims Bar Date provided for herein; and (d) such other matters as the Debtors or the Liquidating Trust deems appropriate. The foregoing notice shall constitute due and adequate notice of this Confirmation Order within the meaning of such Bankruptcy Rules.

41. Partial Stay of Confirmation Order. The provisions of Federal Rule of Civil Procedure 62(a) and Bankruptcy Rules 7062 and 3020(e) shall not apply to this Confirmation Order on or after 12:01 a.m. on November 25, 2003, and the Debtors are authorized to consummate the Plan at any time thereafter.

42. Comdisco Claims. This Confirmation Order and the Plan, including Exhibit B to the Plan, shall not have *res judicata*, law of the case or other preclusive effect with respect to the pending Motion of Comdisco for Payment of Administrative Expenses (Docket No. 1323), any contested matter or adversary proceeding to determine the allowable amount or priority of Comdisco's Proof of Claim (Claim No. 3751) or Comdisco's Administrative Proofs of Claim (Claim Nos. 3750 and 5862), and the characterization of the contracts between the Debtors and Comdisco as true leases or security agreements. Comdisco shall comply with the procedures for filing any Senior Creditor Claim, but shall be allowed to assert such a claim in the alternative to Comdisco's assertion that contracts between the Debtors and Comdisco were true leases.

Persons who are permitted to object to Senior Creditor Claims may object to the amount proposed for Comdisco's Senior Creditor Claim on Exhibit B to the Plan.

43. Liens of Texas Ad Valorem Tax Claimants. Until the payment in full of their Allowed Priority Tax Claims, the County of Brazos et al. (as set forth in Docket No. 1720) and the Local Texas Tax Authorities (as defined in Docket No. 1782) (collectively, the "Texas Ad Valorem Tax Claimants") shall retain all Liens they presently hold in the proceeds of the sale of their collateral as provided by that stipulation and order of the Bankruptcy Court entered on January 24, 2003, as well as all Liens they presently hold as a matter of law for the 2003 tax year in the proceeds of the sale of their collateral to the extent of the liability of the Debtors for 2003 taxes.

44. Interest on Certain Oversecured Tax Claims. Travis County (as defined in Docket No. 1751) and the Texas Ad Valorem Tax Claimants will receive interim interest pursuant to applicable non-bankruptcy law on their Allowed Priority Tax Claims as provided in 11 USC 506(b), and to the extent such Allowed Claims are not paid on the Effective Date in Cash plus all applicable interest, the unpaid portion of such Allowed Priority Tax Claims shall accrue interest at the rate of 8% per annum from the Confirmation Date until the date such Allowed Claims are paid in full.

45. Claims of the Palm Beach Tax Collector. Nothing in this Confirmation Order or in the Plan shall be construed to have any *res judicata* effect, or to be a waiver by the Palm Beach County Tax Collector ("Palm Beach") or the Debtors of any rights or defenses, with respect to (i) the Debtors' objection (Docket No. 1358) to Palm Beach's proof of claim (the "Objection") and (ii) Palm Beach's response (Docket No. 1506) to the Objection.

46. Claims of Communications Supply Corporation. The asserted mechanics lien of Communications Supply Corporation (“CSC”) shall attach to the proceeds of the Level 3 Sale with the same validity, priority and extent and right of payment as existed on February 3, 2003. The Debtors shall continue to segregate the sum of \$234,700.41 of such proceeds and shall not disburse such proceeds until allowance or disallowance of CSC’s proof of claim, designated as No. 177. Any objection to the CSC proof of claim must be filed by the Liquidating Trustee no later than 45 days after the Confirmation Date and in the absence of said objection, the sum of \$234,700.41, shall be paid forthwith thereafter to CSC.

47. Rejection of Contracts of SBC Affiliates. Nothing in the Plan or in this Confirmation Order shall have any *res judicata* or preclusive effect or be deemed a waiver or admission regarding whether any contracts, service orders or service requests for telecommunications circuits are unitary contracts for the purposes of assumption or rejection.

48. Executory Contracts of Verizon. Notwithstanding Section 9.1 of the Plan, any contract, service orders or service requests for telecommunications circuits, lines, and/or services directly related to such circuits or lines, to which Verizon is party and for which the Debtors or Level 3 (as contract administrator for the Debtors) has not (i) given proper notice prior to May 16, 2003 that such Circuit Contract (as defined in the Settlement Agreement between the Debtors and Verizon dated November 16, 2003) was to be disconnected or terminated, or (ii) prior to November 14, 2003 filed and served a notice of rejection in the Chapter 11 Cases with respect to such Circuit Contract, shall be deemed assumed and assigned to Level 3 as of May 16, 2003.

49. Bond of Liquidating Trustee. A bond for the Liquidating Trustee in the amount of the lesser of (i) the amount of cash held by the Liquidating Trustee from time to time and (ii) \$100,000,000.00 shall be reasonable bond for all purposes.

Dated: November 21, 2003

/s/ Prudence Carter Beatty
The Honorable Prudence Carter Beatty
United States Bankruptcy Judge