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September 16, 2010

**RECEIVED**

SEP 17 2010

**PUBLIC SERVICE  
COMMISSION**

**VIA OVERNIGHT MAIL**

Mr. Jeff Derouen  
Executive Director  
Public Service Commission  
211 Sower Boulevard  
P.O. Box 615  
Frankfort, KY 40602

Re: SouthEast Telephone, Inc., Complainant v. BellSouth  
Telecommunications, Inc. d/b/a AT&T Kentucky, Defendant  
KPSC 2008-00279

Dear Mr. Derouen:

Enclosed for filing in the above-referenced case are the original and ten (10) copies of Joint Status Report of SouthEast Telephone, Inc. and BellSouth Telecommunications, Inc. d/b/a AT&T Kentucky.

Sincerely,

  
Mary K. Keyer

Enclosures

cc: Parties of Record

850114

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

|                                    |   |                     |
|------------------------------------|---|---------------------|
| SOUTHEAST TELEPHONE, INC           | ) |                     |
|                                    | ) |                     |
| Complainant,                       | ) |                     |
|                                    | ) |                     |
| v.                                 | ) | CASE NO. 2008-00279 |
|                                    | ) |                     |
| BELLSOUTH TELECOMMUNICATIONS, INC. | ) |                     |
| d/b/a AT&T KENTUCKY                | ) |                     |
|                                    | ) |                     |
| Defendant                          | ) |                     |

**JOINT STATUS REPORT OF SOUTHEAST TELEPHONE, INC. AND BELLSOUTH TELECOMMUNICATIONS, INC. D/B/A AT&T KENTUCKY**

SouthEast Telephone, Inc. ("SouthEast") and BellSouth Telecommunications, Inc. d/b/a AT&T Kentucky ("AT&T Kentucky"), by counsel, file the following status report in response to the Commission's Order of August 23, 2010:

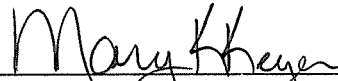
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On August 16, 2010, the Bankruptcy Court entered an Order confirming SouthEast's First Amended Liquidating Plan, pursuant to which SouthEast will sell substantially all of its assets to SE Acquisitions, LLC (the "Purchaser"), a wholly owned subsidiary of Lightyear Network Solutions, Inc. f/k/a Libra Alliance Corporation ("LNS"). A copy of that Order, without attachments, is appended hereto. The closing of the sale is expected to occur in October. The bankruptcy case itself, however, is expected to remain on the docket of the Bankruptcy Court for approximately six months after the closing.

Also on August 16, 2010, the Bankruptcy Court approved a settlement agreement among SouthEast, AT&T, and the Purchaser. That settlement stipulates that, upon the closing of the sale of SouthEast's assets, AT&T and SouthEast will voluntarily dismiss certain litigation in which they are adverse parties, including this case before the Commission, currently in abeyance.

In accordance with the Parties' agreement and the Bankruptcy Court Order approving it, the Parties believe the Commission should continue to hold this case in abeyance and retain it on the Commission's docket until the Purchaser has completed the necessary steps to purchase substantially all of SouthEast's assets, at which time the closing will occur and the case may be dismissed with the agreement of all Parties.

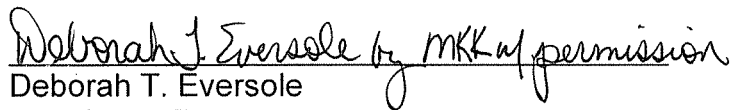
Respectfully submitted,



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Inc. d/b/a AT&T Kentucky*



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*Counsel for SouthEast Telephone, Inc.*

850096

UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF KENTUCKY  
PIKEVILLE DIVISION

IN RE:

SOUTHEAST TELEPHONE, INC.

DEBTOR

CASE NO. 09-70731  
CHAPTER 11

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**ORDER CONFIRMING DEBTOR'S  
FIRST AMENDED LIQUIDATING CHAPTER 11 PLAN AND APPROVING SALE**

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1. The Debtor filed the Debtor's First Amended Liquidating Plan [Doc. No. 296] as amended, the "Plan") on July 16, 2010 and subsequently filed its First Amendment to Plan [Doc. No. 320] on August 11, 2010 (the "First Amendment").
2. The Debtor distributed the Plan to all Holders of Claims against the Debtor that are entitled to vote on the Plan, together with a solicitation of votes to accept or reject the Plan.
3. A Report of Ballots certifying the ballots accepting and rejecting the Plan was filed with the Court on August 10, 2010 [Doc. No. 318].
4. The Court convened a hearing on Confirmation of the Plan on August 12, 2010 (the "Confirmation Hearing") pursuant to Rule 3018 of the Federal Rules of Bankruptcy Procedure.
5. Objections to Confirmation of the Plan were filed by certain parties, and each such objection has been resolved pursuant to the Settlement Agreements.
6. The Court (i) reviewed the Plan, the Disclosure Statement and all filed pleadings, exhibits, statements and comments regarding Confirmation, (ii) considered all proffered testimony, documents and affidavits regarding Confirmation and (iii) heard the arguments of counsel regarding Confirmation.
7. It appearing to this Court that (a) notice of the Confirmation Hearing and the opportunity of any party in interest to object to Confirmation were adequate and appropriate as to all parties to be affected by the Plan and the transactions contemplated thereby including the Settlement Agreements and (b) the legal and factual bases presented at the Confirmation Hearing establish just cause for the relief granted therein.

8. After due deliberation thereon and good cause appearing therefore, this Court hereby makes and issues the following Findings of Fact, Conclusions of Law and Orders (the "Confirmation Order")<sup>1</sup>:

### **I. FINDINGS OF FACT AND CONCLUSIONS OF LAW**

#### **Jurisdiction and Venue**

1. On the Petition Date, the Debtor filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code. The Debtor is a debtor in possession pursuant to 11 U.S.C. §§ 1107(a) and 1108.

2. The Debtor's principal place of business is in Pike County, Kentucky. Accordingly, venue in the Eastern District of Kentucky was proper as of the Petition Date and continues to be proper under 28 U.S.C. § 1408.

#### **Solicitation Order**

3. On July 19, 2010, the Court entered an Order [Docket No. 301] authorizing the service of the Plan and ballots to creditors and other parties in interest, and scheduled a hearing on confirmation of the Plan at 9:00 a.m. on August 12, 2010 (the "Solicitation Order").

#### **Brief Summary of the Plan**

4. The Plan provides for the sale of substantially all of the Assets of the Debtor (the "Sale") to SE Acquisitions, LLC (the "Purchaser") pursuant to the terms and conditions set forth in the Asset Purchase Agreement dated June 30, 2010 (the "APA").

5. To accomplish the Sale and to distribute the proceeds from the Sale to creditors, the Debtor proposed the Plan.

#### **Transmittal and Mailing of Materials: Notice**

6. Due, adequate and sufficient notice of the Disclosure Statement, the Plan (including the Sale) and the Confirmation Hearing, along with all deadlines for voting on or objecting to the Plan, has been given to (i) holders of Claims placed in a Class entitled to vote to accept or reject the Plan, (ii) holders of Claims and Equity Interests placed in a Class that is deemed to accept or reject the Plan and, thus, not entitled to vote on the Plan pursuant to Section 1126 of the Bankruptcy Code, (iii) those parties requesting notice pursuant to Bankruptcy Rule 2002 who are not entitled to vote to accept or reject the Plan and (iv) all other parties in interest who are not entitled to vote to accept or reject the Plan, in compliance with Bankruptcy Rules 2002(b), 3017 and 3020(b), such transmittal and service were adequate and sufficient. Adequate and sufficient notice of the Confirmation Hearing was given in compliance with the Bankruptcy Rules and the Solicitation Order, and no further notice is or shall be required.

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<sup>1</sup> Terms not defined herein shall have the meanings given to them in the Plan. If there is any direct conflict between the terms of the Plan and the terms of this Confirmation Order, the terms of this Order shall control.

**Solicitation**

7. With no allegations made or evidence presented to the contrary, votes for acceptance and rejection of the Plan were solicited in good faith and in compliance with Sections 1125 and 1126 of the Bankruptcy Code, Bankruptcy Rules 3017 and 3018, the Disclosure Statement, the Solicitation Order, all other applicable provisions of the Bankruptcy Code and all other applicable rules, laws and regulations.

8. With no allegations made or evidence presented to the contrary, the Debtor and its directors, officers, agents, affiliates, representatives, attorneys and advisors and Purchaser, as applicable, have solicited votes on the Plan in good faith and in compliance with the applicable provisions of the Bankruptcy Code and the Solicitation Order and are entitled to the protections afforded by Section 1125(e) of the Bankruptcy Code.

**Compliance with 11 U.S.C. § 1129**

**11 U.S.C. § 1129(a)(1) – Compliance of the Plan with Applicable Provisions of the Bankruptcy Code**

9. The Plan complies with all applicable provisions of the Bankruptcy Code as required by Section 1129(a)(1) of the Bankruptcy Code, including, without limitation, Sections 1122 and 1123 of the Bankruptcy Code. Pursuant to Sections 1122(a) and 1123(a)(1) of the Bankruptcy Code, the Plan classifies Classes of Claims and Equity Interests, other than Administrative Claims, Priority Tax Claims and Priority Non-Tax Claims. As required by Section 1122(a) of the Bankruptcy Code, each Class of Claims and Equity Interests contains only Claims or Equity Interests that are substantially similar to other Claims or Equity Interests within that Class. A reasonable basis exists for the classifications in the Plan.

10. Pursuant to Sections 1123(a)(2) and 1123(a)(3) of the Bankruptcy Code, Articles III and IV of the Plan specify all Claims and Equity Interests that are not impaired and specify the treatment of all Claims and Equity Interests that are impaired. Pursuant to Section 1123(a)(4) of the Bankruptcy Code, the Plan provides for the same treatment for each Claim or Equity Interest within a particular Class.

11. The Plan provides adequate means for its implementation in accordance with Section 1123(a)(5) of the Bankruptcy Code, including, among other things, the following which are hereby approved: (i) the Sale; (ii) taking all steps necessary to complete, perform or satisfy the Settlement Agreements and/or the Vendor Claims; (iii) undertaking of such corporate action (which includes the amendment of articles of incorporation and by-laws) as may be required to transfer all Assets of the Debtor to Purchaser pursuant to the APA; and (iv) making Distributions to those Creditors as provided for in the Plan.

12. Section 1123(a)(6) of the Bankruptcy Code, which requires the inclusion of certain provisions in a reorganizing debtor's corporate charter, is inapplicable to this Chapter 11 Case. Section 13.2 of the Plan provides, however, that to the extent necessary, the articles of incorporation and by-laws of the Debtor shall be amended to contain provisions necessary (i) to comply with the requirements of Section 1123(a)(6) of the Bankruptcy Code, subject to further

amendment of such articles of incorporation and by-laws as permitted by applicable law and (ii) to effectuate the provisions of the Plan.

13. The Plan contains only provisions that are consistent with the interests of creditors and equity security holders and with public policy with respect to the manner of selection of the Estate Representative and any officer, director or trustee under the Plan and any successor to such officer, director or trustee, in accordance with Section 1123(a)(7) of the Bankruptcy Code.

11 U.S.C. § 1129(a)(2) – The Debtor Complies with Applicable Provisions of the Bankruptcy Code

14. With no allegations made or evidence presented to the contrary, the Debtor, as a proponent of the Plan, has complied with all applicable provisions of the Bankruptcy Code as required by Section 1129(a)(2) of the Bankruptcy Code, including, without limitation, Sections 1125 and 1126 of the Bankruptcy Code and Bankruptcy Rules 3017, 3018 and 3019.

15. With no allegations made or evidence presented to the contrary, the Debtor, Purchaser, and their respective directors, officers, employees, agents, members, affiliates, attorneys and professionals (acting in such capacity) have acted in “good faith,” within the meaning of Section 1125(e) of the Bankruptcy Code.

11 U.S.C. § 1129(a)(3) – Proposal of the Plan in Good Faith

16. With no allegations made or evidence presented to the contrary, the Debtor proposed the Plan in good faith and not by any means forbidden by law. Consistent with the overriding purpose of Chapter 11 of the Bankruptcy Code, the Plan is designed to distribute assets from the Debtor’s estate in accordance with the Bankruptcy Code. The Plan provides for the Distribution of the proceeds of the Sale to holders of Allowed Claims of Creditors and holders of Equity Interest in accordance with the provisions of the Plan. The Plan itself and the APA, and the formulation process of both, were extensively negotiated between the Debtor and Purchaser and, if applicable, certain Secured Creditors and several holders of Unsecured Claims, and provides independent evidence of the Debtor’s and Purchaser’s good faith. The Plan is the result of careful review and analysis of the Debtor’s business and its reorganization alternatives by the Debtor’s Estate and business affairs as set forth in the Plan, which includes the distribution of the proceeds of the Sale, is in the best interest of creditors and was proposed by the Debtor in good faith. The Plan therefore complies with 11 U.S.C. § 1129(a)(3).

11 U.S.C. § 1129(a)(4) – Bankruptcy Court Approval of Certain Payments as Reasonable

17. Pursuant to Article III, the Plan establishes a mechanism to pay for the services, costs and expenses incurred by the bankruptcy estate by requiring that all requests for allowances of Administrative Claims and Professional Claims be filed with the Court. The Court will then review the requests for allowance of Administrative Claims (including Professional Claims) for reasonableness under 11 U.S.C. §§ 328 and 330. The Plan complies with 11 U.S.C. § 1129(a)(4).



11 U.S.C. § 1129(a)(5) – Disclosure of Identity and Affiliations of Proposed Management

18. Pursuant to Article IX of the Plan, the Estate Representative, Carla J. Reichelderfer, will have full and complete power to act on behalf of the Reorganized Debtor in a manner consistent with the provisions of the Plan upon the Effective Date of the Plan. The Estate Representative's compensation initially shall not exceed a fee of \$150.00 per hour. Such hourly rate may be adjusted, subject to approval by the Bankruptcy Court after notice and a hearing. The Estate Representative will be entitled to reimbursement of any necessary expenses incurred by her in connection with administration of the Plan. On the Effective Date, the officers and directors of the Debtor will resign. The Plan complies with 11 U.S.C. § 1129(a)(5).

11 U.S.C. § 1129(a)(6) – Approval of Rate Changes

19. The provisions of 11 U.S.C. § 1129(a)(6) is not applicable herein because, after the Effective Date, there are no rate changes provided for in the Plan for which a governmental regulatory agency commission will have jurisdiction over the Debtor after confirmation of the Plan.

11 U.S.C. § 1129(a)(7) – Best Interests of Creditors

20. With respect to each Impaired Class of Claims or Interests, each holder of a Claim or Interest has either accepted the Plan or will receive or retain their Claim, through the Plan, in an amount or property that is not less than the amount that the holder of the Claim would receive or retain if the Debtor were liquidated on the Effective Date under Chapter 7 of the Bankruptcy Code. The Plan complies with 11 U.S.C. § 1129(a)(7).

11 U.S.C. § 1129(a)(8) – Acceptance of the Plan by Each Impaired Class

21. As indicated in the Report of Ballots [Doc. No. 318] filed on August 10, 2010, all Impaired Classes have voted to accept the Plan. Class 4 is not Impaired and is deemed to accept the Plan. The Debtor sought confirmation of the Plan under 11 U.S.C. § 1129(a), and the Plan complies with 11 U.S.C. § 1129(a)(8).

11 U.S.C. § 1129(a)(9) – Proper Treatment of Claims Entitled to Priority

22. Pursuant to 11 U.S.C. § 1129(a)(9), as specified in greater detail in Article III of the Plan, the Plan properly provides for the payment of all Claims entitled to priority under 11 U.S.C. § 507, including Tax Claims pursuant to 11 U.S.C. §§ 1129(a)(9)(C) and (D); thus, the Plan complies with 11 U.S.C. § 1129(a)(9).

11 U.S.C. § 1129(a)(10) – Acceptance by at Least One Impaired Class

23. As indicated in the Report of Ballots, all Classes that were Impaired have voted to accept the Plan. Therefore, the Plan complies with 11 U.S.C. § 1129(a)(10).

11 U.S.C. § 1129(a)(11) – Feasibility of the Plan

24. The Plan complies with Section 1129(a)(11) of the Bankruptcy Code. Upon the occurrence of the Effective Date, there will be sufficient funds to satisfy the Debtor's obligations under the Plan and to fund the costs and expenses of the Debtor's estate after Confirmation of the Plan.

11 U.S.C. § 1129(a)(12) – Payment of Bankruptcy Fees

25. In accordance with Section 1129(a)(12) of the Bankruptcy Code, Section 3.5 of the Plan provides for the payment of all fees payable under 28 U.S.C. § 1930 on or before the Confirmation Date of the Plan. The Plan therefore complies with 11 U.S.C. § 1129(a)(12).

11 U.S.C. § 1129(a)(13) – Retiree Benefits

26. 11 U.S.C. § 1129(a)(13) requires that a plan provide for the continued payment of certain retiree benefits "for the duration of the period that the debtor has obligated itself to provide such benefits." Because the Plan contemplates the sale of all of the Debtor's Assets and there are no ongoing retiree benefits, the Plan satisfies the requirements of 11 U.S.C. § 1129(a)(13).

11 U.S.C. § 1129(a)(14) – Domestic Support Obligations

27. The Debtor is not required by a judicial or administrative order or by statute to pay domestic support obligations; therefore, 11 U.S.C. § 1129(a)(14) is not applicable herein.

11 U.S.C. § 1129(a)(15) – Individual Debtor

28. The Debtor is not an individual debtor; therefore, 11 U.S.C. § 1129(a)(15) is not applicable herein.

11 U.S.C. § 1129(a)(16) – Transfers of Property

29. The Debtor is a commercial corporation; therefore, 11 U.S.C. § 1129(a)(16) is not applicable herein.

11 U.S.C. § 1129(c) – Only One Plan is Before This Court

30. In accordance with Section 1129(c) of the Bankruptcy Code, the Plan is the only Chapter 11 plan being confirmed for the Debtor. No other Chapter 11 plans have been filed by any party other than the Debtor in the Debtor's Chapter 11 Case.

11 U.S.C. § 1129(d) – Principal Purpose of Plan

31. The principal purpose of the Plan is not the avoidance of taxes or the avoidance of the application of Section 5 of the Securities Act of 1933 and no governmental unit has alleged otherwise. The principal purpose of the Plan is the orderly liquidation and sale of substantially all of the Debtor's Assets to Purchaser. Thus, the Plan does not violate 11 U.S.C. § 1129(d).

32. As set forth above, the Plan complies in all respects with the applicable requirements of Section 1129 of the Bankruptcy Code and the Debtor met its burden of proving the elements of Section 1129(a) of the Bankruptcy Code by a preponderance of the evidence.

#### **Satisfaction of Conditions to Confirmation**

33. Except as set forth herein, each of the conditions precedent to entry of this Confirmation Order has been satisfied.

#### **Retained Causes Of Action**

34. While the Debtor has made a reasonable effort to identify known, actual or potential causes of action that the Debtor may pursue after the Effective Date, the Debtor has the right to pursue or defend any such causes of action, except as otherwise provided for in the Plan.

35. It is in the best interests of the Debtor's Estate and the holders of Claims that all causes of action not expressly waived, relinquished, released, compromised or settled in the Plan or any Final Order, including this Confirmation Order, be retained by the Reorganized Debtor before and after the Effective Date pursuant to Section 7.11 of the Plan.

#### **Sale**

36. The Debtor has articulated a sound business purpose for, and good and sufficient reasons for this Court to approve, the Sale. The Debtor has demonstrated a sufficient basis for its entry into the APA, the consummation of the Sale (including the assumption and assignment of certain executory contracts) pursuant to 11 U.S.C. §§ 363, 365, 1123, and 1129, and such actions are appropriate exercises of the Debtor's business judgment.

37. The Debtor has obtained fair and reasonable consideration for the Sale. Consummation of the Sale to the Purchaser pursuant to the APA will provide the highest or otherwise best value for the Assets and provide a greater recovery for the Debtor's Creditors than would be provided by any other practical available alternative.

38. The APA and the transactions contemplated therein were negotiated by the Debtor and the Purchaser without collusion, in good faith and at arm's length. The Debtor and Purchaser have not engaged in any conduct that would permit the APA or the Sale to be avoided under 11 U.S.C. § 363 (n).

39. The Purchaser is not an "insider" of the Debtor, as that term is defined in 11 U.S.C. § 101.

40. The Purchaser is a "good faith purchaser" entitled to the benefits and protections of 11 U.S.C. § 363 (m).

41. The transfer of the Assets pursuant to the APA (a) is a legal, valid and effective transfer of the Assets from the Debtor to the Purchaser, (b) vests in the Purchaser all right, title and interest of the Debtor and all other claimants or parties in interest in and to the Assets (except for the CTB Liens and the Family Bank Liens), (c) constitutes a transfer for reasonably

equivalent value and fair consideration under the Bankruptcy Code and all other law applicable to such transfer.

42. The Sale constitutes an element of a Chapter 11 Plan; the Sale has occurred “under” a plan as such term is used in 11 U.S.C. § 1146 (a); the Sale does not circumvent Chapter 11 plan safeguards, such as those set forth in 11 U.S.C. §§ 1125 and 1129.

43. The legal and factual bases set forth herein and at the Confirmation Hearing establish just cause for approval of the Sale and the related transactions provided for in the APA.

44. Consummation of the Sale pursuant to the APA is an exercise of the Debtor’s sound business judgment and is in the best interests of the Debtor, its creditors, the Estate, and other parties in interest.

45. The Sale approved by this Order is not subject to avoidance pursuant to 11 U.S.C. § 363(n) of the Bankruptcy Code.

#### **Exemption from Taxation**

46. Pursuant to Section 1146(c) of the Bankruptcy Code, the issuance, transfer, or exchange of notes, equity securities or other securities under the Plan, the creation of any mortgage, deed of trust, or other security interest, the making or assignment of any lease or sublease, or the making or delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with the Plan, including, without limitation, any merger agreements or agreements of consolidation, deeds, bills of sale, or assignments executed in connection with any of the transactions contemplated under the Plan, shall not be subject to any stamp, real estate transfer, mortgage, recording, or other similar tax. All sale transactions consummated by the Reorganized Debtor and approved by the Bankruptcy Court on and after the Petition Date through and including the Effective Date, or by the Reorganized Debtor after the Effective Date, including, without limitation, the Sale, shall be deemed to have been made under, in furtherance of, or in connection with the Plan and, thus, shall not be subject to any stamp, real estate transfer, mortgage recording, or other similar tax.

#### **Approval of Settlements and Compromises**

47. Pursuant to Bankruptcy Rule 9019 and in consideration for the Settlement Agreements and Distributions and other benefits provided under the Plan, the provisions of the Plan constitute a good faith compromise of all Claims or controversies relating to the contractual, legal and subordination rights that a holder of a Claim may have with respect to any Allowed Claim, or any Distribution to be made on account of such an Allowed Claim. The compromise and settlement of such Claims or controversies embodied in the Plan is in the best interests of the Debtor, its estate and holders of Claims and is fair, equitable and reasonable. The provisions of the Settlement Agreements shall control to the extent that any portion of the Plan conflicts therewith.

## II. ORDER

### Confirmation of the Plan

48. Subject to the provisions hereof, the Plan, including the First Amendment, which is incorporated herein by reference, is hereby approved and confirmed pursuant to 11 U.S.C. § 1129(a). The terms of the Plan and any amendments, exhibits and schedules thereto approved by separate order of this Court, are each incorporated by reference into, and are an integral part of, this Confirmation Order. If there is a conflict between the Plan and this Confirmation Order, then the terms of this Confirmation Order will control to the extent of such conflict. If there is a conflict between the APA and this Confirmation Order, then the terms of the APA shall control to the extent of such conflict.

49. All objections and responses to, and statements and comments regarding the Plan or the Sale of the Assets as contemplated by the Plan, to the extent that they have not been withdrawn prior to the entry of this Confirmation Order or are not cured by the relief granted herein, are hereby expressly overruled and deemed withdrawn with prejudice. The Plan shall have the force and effect of a final judgment entered by this Court.

### Plan Modifications

50. All modifications or amendments to the Plan made since the solicitation, including without limitation the First Amendment, are approved pursuant to Section 1127(a) of the Bankruptcy Code and do not require additional disclosure or resolicitation under Bankruptcy Rule 3019.

51. In order to give effect to the results of the Confirmation Hearing and to resolve all remaining issues with respect to formal and informal objections to Confirmation, the Debtor has agreed to make the following modifications to the Plan<sup>2</sup>:

A. Section 8.3 is hereby replaced in its entirety with the following:

#### 8.3 Injunction.

(a) Generally. Except as otherwise expressly provided in the Plan, all Persons that have held, hold or may hold Claims against the Debtor or the Reorganized Debtor, are permanently enjoined, from and after the Effective Date, from taking any of the following actions against the Debtor and/or Reorganized Debtor, the Estate, or any of its property, on account of any Claims or causes of action arising from events prior to the Effective Date: (i) commencing or continuing in any manner any action or other proceeding of any kind; (ii) enforcing, attaching, collecting or recovering by any manner or in any place or means any judgment, award, decree or order; (iii) creating, perfecting, or enforcing any Lien or encumbrance of any kind; and (iv) asserting any defense or right of setoff, subrogation or

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<sup>2</sup> This amended language replaces the previously filed First Amendment to Plan [Doc. No. 320].

recoupment of any kind against any obligation, debt or liability due to the Debtor and/or Reorganized Debtor. For purposes of clarity, this paragraph shall not enjoin a party from pursuing the receipt of its treatment being granted under the Plan.

(b) **Acceptance of Distributions.** By not voting against this Plan, each holder of an Allowed Claim receiving Distributions pursuant to the Plan will be deemed to have specifically consented to the injunctions set forth herein.

B. Section 8.5 is hereby deleted in its entirety.

C. Section 8.6 is hereby replaced in its entirety with the following:

8.6 **Releases.**

(a) **By the Reorganized Debtor.** As of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, the Reorganized Debtor in its individual capacities and as Debtor in Possession, shall forever release, waive and discharge all claims, obligations, suits, judgments, demands, debts, rights, causes of action and liabilities, whether direct or derivative, liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise, against any party, that are based in whole or in part on any act or omission, transaction, event or other occurrence taking place on or prior to the Effective Date in any way relating to (i) the Debtor; (ii) the parties released pursuant to the Settlement Agreements or the Solicitation Agreements or the solicitation thereof; (iii) any act taken or omitted to be taken on or after the Petition Date; (iv) the Disclosure Statement, the Plan, and the documents necessary to effectuate the Plan; (v) the solicitation of acceptances and rejections of the Plan; (vi) the solicitation of the Settlement Agreements; (vii) the Bankruptcy Case; (viii) the administration of the Plan; (ix) the property to be distributed under the Plan; (x) the Sale or (xi) any contract, instrument, release or other agreement or document created or entered into in connection with the Plan or the Bankruptcy Case, against (a) the current and former directors and officers (in their capacities as such) of the Debtor (other than for money borrowed from or owed to the Debtor by any such directors or officers as set forth in the Debtor's books and records as of the Effective Date); and (b) each holder of a Secured Claim and/or an Unsecured Claim that votes to accept the Plan including without limitation their current and former directors, officers, employees their agents and Professionals (in their capacities as such).

(b) **By Others.** As of the Effective Date, all holders of Secured Claims and Unsecured Claims that vote to accept the Plan, and the current and former directors and officers of the Debtor and Reorganized Debtor (in their capacity as such) shall forever release, waive and discharge all Claims, obligations, suits, judgments, demands, debts, rights, causes of action and liabilities (other than the right to enforce the Debtor's obligations under the Plan and the contracts, instruments, releases, agreements and documents delivered under the Plan), whether direct or derivative, liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise, that are based in whole or in part on any act or omission, transaction, event or other occurrence taking place on or prior to the Effective Date, against any party, including Purchaser, in any way relating to (i) the Debtor; (ii) the parties released pursuant to the Settlement

Agreements or the Settlement Agreements or the solicitation thereof; (iii) any act taken or omitted to be taken on or after the Petition Date; (iv) the Disclosure Statement, the Plan, and the documents necessary to effectuate the Plan; (v) the solicitation of acceptances and rejections of the Plan; (vi) the solicitation of the Settlement Agreements; (vii) the Bankruptcy Case; (viii) the administration of the Plan (excluding, however, remedies for defaults on terms of the Plan); (ix) the property to be distributed under the Plan; (x) the Sale or (xi) any contract, instrument, release or other agreement or document created or entered into in connection with the Plan or the Bankruptcy Case (excluding, however, pursuing remedies for defaults on terms of the Plan or agreements being issued pursuant to the Plan including without limitation the Settlement Treatments), against each of (a) the current and former directors, officers and employees (in their capacities as such) of the Debtor (other than for money borrowed from or owed to the Debtor by any such directors, officers or employees as set forth in the Debtor's books and records as of the Effective Date); and (b) the Debtor's agents and Professionals; (c) each holder of a Secured Claim and/or an Unsecured Claim that votes to accept the Plan including without limitation their current and former directors, officers, employees their agents and Professionals (in their capacities as such); and (d) any co-obligor, guarantor or other responsible party of the Debtor. Notwithstanding the foregoing or any other provision of the Plan, nothing in this Section 8.6 shall release, waive or discharge any Claims, obligations, suits, judgments, demands, debts, rights, causes of action or liabilities that are not related to or in connection with the Debtor, the Plan, the Settlement Agreements or the Bankruptcy Case.

#### Approval of the Sale

52. The APA and the transactions contemplated thereby are hereby approved and the Debtor and Purchaser are authorized, empowered and directed to perform their obligations under the APA and to take such actions as are necessary to effectuate the terms of the APA, including but not limited to, executing or consenting to any documents and making the payments required under this Confirmation Order at or after consummation of the Sale.

53. Pursuant to Sections 105(a) and 363(f) of the Bankruptcy Code, upon the Final Closing, the Sale of the Assets to the Purchaser upon the terms and conditions in the APA will be a legal, valid and an effective sale, assignment and transfer of the Assets to the Purchaser and shall vest the Purchaser with good and marketable title to the Assets free and clear of any (i) mortgage, lien (as such term is defined in Section 101(37) of the Bankruptcy Code including any mechanic's, materialmen's, statutory and any other consensual or non-consensual lien), security interest, charge, hypothecation, deed of trust, pledge, right of use, first offer or refusal, easement, servitude, restrictive covenant, lease, sublease, covenant, right of way, option, restriction (including, without limitation, any restriction on transfer or on the use, voting, receipt of income or other rights or exercise of any attributes of ownership), interest, encroachment or encumbrance of any kind, or claim (as term is defined in Section 101(5) of the Bankruptcy Code and including, without limitation, any claim against the Purchaser and/or any of its affiliates and/or any of the assets or properties of the Purchaser or any of its affiliates (including, without limitation, the Assets) based on a theory of successor liability, alter-ego or any similar theory of liability), (all of the foregoing collectively referred to as "Liens"), and any (ii) debt, liability or obligation (whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, or due or to become due), and all cost and expenses relating thereto (all of the foregoing collectively referred to a "Claims"), except for the Assumed

Liabilities, the CTB Liens and the Family Bank Liens. The Liens and Claims shall attach to the proceeds of the Sale, (the "Sale Proceeds") with the same validity, enforceability, priority, force and effect that they now have as against the Assets, subject to the rights, claims, defenses and objections, if any, of the Debtor and all interested parties with respect to such Liens and Claims.

54. As of the Closing, all persons and entities holding Liens and/or Claims (except for the Assumed Liabilities, the CTB Liens and the Family Bank Liens), and their respective successors and assigns, are hereby forever barred, stopped and permanently enjoined from asserting, prosecuting or otherwise pursuing such Liens and Claims of any kind and nature against the Purchaser, its affiliates, successors or assigns, the Assets or any other assets or properties of the Purchaser or its affiliates.

55. Except with respect to the Assumed Liabilities, neither the Purchaser nor any of its affiliates, will assume, be liable for, have any responsibility for or otherwise become obligated in respect of any liabilities or any other obligations of the Debtor.

56. Each and every federal, state, and local governmental agency or department is hereby directed to accept any and all documents and instruments necessary and appropriate to consummate the transactions contemplated by the APA, including, without limitation, documents and instruments for recording in any governmental agency, or department required to transfer to the Purchaser or an entity so designated by the Purchaser the names necessary for (i) ownership and/or development of the Assets, (ii) the operations that are associated with the Assets, and, where applicable (iii) all licenses and permits for the operation of the Debtor's Assets.

57. Any person or entity that has filed financing statements, mortgages, liens, lis pendens, or other documents evidencing Liens and Claims against the Assets (but excluding the CTB Liens and the Family Bank Liens) shall have delivered to the Debtor prior to the Sale's closing date, in proper form for filing and executed by the appropriate parties, termination statements, instruments of satisfaction, releases of all Liens and Claims that the person or entity has with respect to the Assets or otherwise. The Debtor is hereby authorized and directed to execute and file such statements, instruments, releases and other documents on behalf of the person or entity with respect to the Assets.

58. The issuance of the LNS Shares distributed pursuant to the Plan to holders of Interests shall be authorized under Section 1145 of the Bankruptcy Code as of the Effective Date without further act or action by any Person, unless required by provision of applicable law, regulation, order or rule. Notwithstanding the foregoing, each Recipient shall be obligated to execute and deliver a Recipient Agreement pursuant to which each Recipient shall agree to certain contractual restrictions applicable to the LNS Shares, including without limitation that each Recipient shall agree that no holder of LNS Shares issued pursuant to the APA may transfer such shares during the twelve (12) month period after issuance.

59. Any entities that are presently, or on the Sale closing date may be, in possession of any portion of the Assets are hereby directed to surrender possession of the Assets to the Purchaser on the Final Closing Date, except to the extent necessary to maintain the CTB Liens and the Family Bank Liens.



**Validity and Enforceability**

60. Pursuant to 11 U.S.C. § 363(m), if any or all of the provisions of this Order are hereafter reversed, modified or vacated by a subsequent order of this Court or any other court, such reversal, modification, or vacatur shall not affect the validity and enforceability of any obligation or right granted pursuant to the terms of this Order, and notwithstanding any reversal, modification, or vacatur of this Order, any actions taken by either the Purchaser or the Debtor pursuant to the terms of this Order prior to the effective date of any such reversal, modification, or vacatur shall be governed in all respects by the original provisions of this Order and the APA, as the case may be.

**Effectiveness; Successors and Assigns**

61. Immediately upon the Effective Date, the terms of the Plan and First Amendment, all exhibits and schedules thereto and all other relevant and necessary documents, shall be, and hereby are, deemed effective and binding upon the Debtor, the Reorganized Debtor, any and all holders of Claims or Equity Interests and any other interested parties and all respective heirs, executors, administrators, successors or assigns, if any, of any of the foregoing parties.

**Corporate Authorization**

62. The Debtor and the Reorganized Debtor are authorized to execute, deliver, file, or record such contracts, instruments, releases, indentures, and other agreements or documents and take such actions as may be necessary or appropriate to effect and further evidence the Sale and/or the Plan.

63. On the Effective Date, all matters provided for under the Plan that would otherwise require approval of the shareholders or the directors of the Reorganized Debtor, shall be deemed to have occurred and shall be in effect from and after the Effective Date pursuant to the applicable general corporation law of the state in which the Reorganized Debtor is constituted, without any requirement of further action by the shareholder and/or directors of the Reorganized Debtor. On the Effective Date, or as soon thereafter as is practicable, the Reorganized Debtor shall, if required, file amended articles of incorporation and/or articles of dissolution with the Secretary of State of the state in which each Reorganized Debtor is constituted, in accordance with the applicable general law of each such state.

**Cancellation of Notes, Instruments, Debentures and Common Stock**

64. Except as otherwise provided in the Plan, on the Effective Date and concurrently with the applicable distributions made thereunder, all notes, indentures, instruments, debentures, certificates and other documents evidencing Claims against the Debtor shall be deemed canceled and of no further force and effect (regardless of whether such notes, indentures, instruments, debentures, certificates or other documents are in fact surrendered for cancellation to the appropriate indenture trustee or other such Person).

65. Except as otherwise provided in the Plan, the holders of or parties to such canceled notes and other agreements and instruments shall have no rights arising from or relating

to such notes and other agreements and instruments or the cancellation thereof, except the rights provided pursuant to the Plan.

66. Except as otherwise provided in the Plan, As a condition to receiving any Distribution under the Plan, each holder of a certificated instrument or note must surrender such instrument or note held by it to the Reorganized Debtor or their designee. Any holder of such instrument or note that fails to (i) surrender such instrument or note, or (ii) execute and deliver an affidavit of loss and/or indemnity reasonably satisfactory to the Reorganized Debtor, as the case may be, and furnish a bond in form, substance, and amount reasonably satisfactory to the Reorganized Debtor, as the case may be, before the first (1st) anniversary of the Effective Date shall be deemed to have forfeited all rights and Claims and may not participate in any Distribution under the Plan. Any Distribution so forfeited shall become property of the Reorganized Debtor to be administered by the Reorganized Debtor

#### **Post Confirmation Estate**

67. On the Effective Date, the Debtor shall become the Reorganized Debtor with responsibility for the operations, distributions and accountings required under the Plan and, notwithstanding any prior Order or Final Order of this Court and notwithstanding the APA, the Reorganized Debtor shall have the right to collect and use all revenues and other cash collateral derived from the Reorganized Debtor's business operations consistent with the terms of the Plan. The Reorganized Debtor shall have the ability to merge, consolidate and/or re-constitute themselves as determined to be in the best interest of the Reorganized Debtor by the management of the Reorganized Debtor in the exercise of its business judgment; provided, however

68. Carla J. Reichelderfer shall serve as the Estate Representative of the Reorganized Debtor as of the Effective Date, in accordance with the terms of the Plan.

69. The Reorganized Debtor is hereby required to comply with all provisions of the Plan.

#### **Effect of Confirmation**

70. Except as provided herein, pursuant to section 1141(d) of the Bankruptcy Code, as of the Effective Date, the rights afforded under the Plan and the treatment of Claims and Equity Interests under the Plan shall be in exchange for and in complete satisfaction, settlement, discharge and release of all Claims. On the Effective Date, the Confirmation Order shall discharge the Debtor from all Claims and other debts that arose before the Confirmation Date and all debts of the kind specified in section 502(g), 502(h) or 502(i) of the Bankruptcy Code, whether or not (i) a Claim based on such debt is allowed pursuant to section 502 of the Bankruptcy Code or (ii) the holder of a Claim based on such debt has accepted the Plan. As of the Effective Date, all persons and entities shall be precluded from asserting against the Debtor and/or Reorganized Debtor, the Estate, its successors or property, any other or further Claims, debts, rights, causes of action or liabilities based upon any act, omission, transaction or other activity of any nature that occurred prior to the Confirmation Date. In accordance with the foregoing, the

Confirmation Order shall be a judicial determination of discharge of all such Claims and other debts and liabilities of or in the Debtor, pursuant to sections 524 and 1141 of the Bankruptcy Code, and such discharge shall void any judgment obtained against the Debtor at any time to the extent that such judgment relates to a discharged Claim. For purposes of clarity, this paragraph shall not preclude a party from pursuing the receipt of its treatment being granted under the Plan.

#### Injunction

71. Except as otherwise expressly provided in the Plan, all Persons that have held, hold or may hold Claims against the Debtor or the Reorganized Debtor, are permanently enjoined, from and after the Effective Date, from taking any of the following actions against the Debtor and/or Reorganized Debtor, the Estate, or any of its property, on account of any Claims or causes of action arising from events prior to the Effective Date: (i) commencing or continuing in any manner any action or other proceeding of any kind; (ii) enforcing, attaching, collecting or recovering by any manner or in any place or means any judgment, award, decree or order; (iii) creating, perfecting, or enforcing any Lien or encumbrance of any kind; and (iv) asserting any defense or right of setoff, subrogation or recoupment of any kind against any obligation, debt or liability due to the Debtor and/or Reorganized Debtor. For purposes of clarity, this paragraph shall not enjoin a party from pursuing the receipt of its treatment being granted under the Plan.

72. By not voting against this Plan, each holder of an Allowed Claim receiving Distributions pursuant to the Plan will be deemed to have specifically consented to the injunctions set forth herein.

#### Releases By the Reorganized Debtor

73. As of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, the Reorganized Debtor in its individual capacities and as Debtor in Possession, shall forever release, waive and discharge all claims, obligations, suits, judgments, demands, debts, rights, causes of action and liabilities, whether direct or derivative, liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise, against any party, that are based in whole or in part on any act or omission, transaction, event or other occurrence taking place on or prior to the Effective Date in any way relating to (i) the Debtor; (ii) the parties released pursuant to the Settlement Agreements or the Solicitation Agreements or the solicitation thereof; (iii) any act taken or omitted to be taken on or after the Petition Date; (iv) the Disclosure Statement, the Plan, and the documents necessary to effectuate the Plan; (v) the solicitation of acceptances and rejections of the Plan; (vi) the solicitation of the Settlement Agreements; (vii) the Bankruptcy Case; (viii) the administration of the Plan; (ix) the property to be distributed under the Plan; (x) the Sale or (xi) any contract, instrument, release or other agreement or document created or entered into in connection with the Plan or the Bankruptcy Case, against (a) the current and former directors and officers (in their capacities as such) of the Debtor (other than for money borrowed from or owed to the Debtor by any such directors or officers as set forth in the Debtor's books and records as of the Effective Date); and (b)

each holder of a Secured Claim and/or an Unsecured Claim that votes to accept the Plan including without limitation their current and former directors, officers, employees their agents and Professionals (in their capacities as such).

**Releases by Others**

74. As of the Effective Date, all holders of Secured Claims and Unsecured Claims that vote to accept the Plan, and the current and former directors and officers of the Debtor and Reorganized Debtor (in their capacity as such) shall forever release, waive and discharge all Claims, obligations, suits, judgments, demands, debts, rights, causes of action and liabilities (other than the right to enforce the Debtor's obligations under the Plan and the contracts, instruments, releases, agreements and documents delivered under the Plan), whether direct or derivative, liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise, that are based in whole or in part on any act or omission, transaction, event or other occurrence taking place on or prior to the Effective Date, against any party, including Purchaser, in any way relating to (i) the Debtor; (ii) the parties released pursuant to the Settlement Agreements or the Settlement Agreements or the solicitation thereof; (iii) any act taken or omitted to be taken on or after the Petition Date; (iv) the Disclosure Statement, the Plan, and the documents necessary to effectuate the Plan; (v) the solicitation of acceptances and rejections of the Plan; (vi) the solicitation of the Settlement Agreements; (vii) the Bankruptcy Case; (viii) the administration of the Plan (excluding, however, remedies for defaults on terms of the Plan); (ix) the property to be distributed under the Plan; (x) the Sale or (xi) any contract, instrument, release or other agreement or document created or entered into in connection with the Plan or the Bankruptcy Case (excluding, however, pursuing remedies for defaults on terms of the Plan or agreements being issued pursuant to the Plan including without limitation the Settlement Treatments), against each of (a) the current and former directors, officers and employees (in their capacities as such) of the Debtor (other than for money borrowed from or owed to the Debtor by any such directors, officers or employees as set forth in the Debtor's books and records as of the Effective Date); and (b) the Debtor's agents and Professionals; (c) each holder of a Secured Claim and/or an Unsecured Claim that votes to accept the Plan including without limitation their current and former directors, officers, employees their agents and Professionals (in their capacities as such); and (d) any co-obligor, guarantor or other responsible party of the Debtor. Notwithstanding the foregoing or any other provision of the Plan, nothing in this Section 8.6 shall release, waive or discharge any Claims, obligations, suits, judgments, demands, debts, rights, causes of action or liabilities that are not related to or in connection with the Debtor, the Plan, the Settlement Agreements or the Bankruptcy Case.

**Successors and Assigns**

75. The Plan shall be binding upon and inure to the benefit of the Reorganized Debtor, the holders of Claims and Equity Interests, and their respective successors and assigns.

**Retention of Jurisdiction**

76. Notwithstanding the entry of this Confirmation Order or the occurrence of the Effective Date, this Court will retain such jurisdiction over this case as is legally permissible and as specified in Article XIV of the Plan. The Court shall retain exclusive jurisdiction to enforce the provisions of this Order, the Plan and the APA and to resolve any dispute concerning this Order, the Plan and the APA, or the rights and duties of the parties hereunder or thereunder or any issues relating solely to the APA, the Plan and this Order, including, but not limited to, interpretation of the terms, conditions and provisions thereof, and the status, nature and extent of the Assets, and all issues and disputes arising in connection with the relief authorized herein, inclusive of those concerning the transfer of the Assets.

**Post Confirmation Notices and Reports**

77. Pursuant to Bankruptcy Rule 2002(f)(7), the Debtor is directed to serve, as soon as reasonably practicable after the entry of this Order, a notice substantially in the form (or containing substantially the same information) attached hereto as Exhibit A regarding the entry of this Confirmation Order and occurrence of the Effective Date. No further notice of the entry of this Confirmation Order shall be required.

78. Pursuant to Bankruptcy Rules 6004(h) and 6006(d), this Order shall be effective immediately upon entry.

79. A copy of the confirmed Chapter 11 Plan is attached as Exhibit B.

80. This is a Final Order.

81. The Reorganized Debtor shall, promptly upon the substantial administration of the Chapter 11 Case, file with the Bankruptcy Court all documents required by Rule 3022 of the Bankruptcy Rules and any applicable order of this Court to close the Chapter 11 Case.

**Fee Applications**

82. All final applications by Professionals for compensation or reimbursement of expenses pursuant to Section 330 of the Bankruptcy Code shall be filed with this Court within thirty (30) days after the Effective Date.

83. No applications will be filed for compensation and reimbursement by professional Persons for services rendered or expenses incurred through the Effective Date, and such compensation and reimbursement may be paid by the Debtor and/or the Reorganized Debtor in accordance with the Plan, ordinary business practices and without order of the Court.

IT IS SO ORDERED.

Tendered by:

DELCOTTO LAW GROUP PLLC

/s/ Jamie L. Harris, Esq.  
200 North Upper Street  
Lexington, KY 40507  
Telephone: (859) 231-5800  
Facsimile: (859) 281-1179  
jharris@dlgfirm.com  
COUNSEL FOR DEBTOR AND  
DEBTOR IN POSSESSION

Pursuant to Local Rule 9022-1(c) Jamie L. Harris, Esq. shall cause a copy of this Order to be served on those parties listed on Master Service List No. 6 [Doc. No. 208] and shall file with the Court a certificate of service of the Order upon such parties within fourteen (14) days hereof.

Z:\Clients\SouthEast Telephone, Inc\Pleadings\Plan Confirmation Ord VFN 20100816.DOC

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**The affixing of this Court's electronic seal below is proof this document has been signed by the Judge and electronically entered by the Clerk in the official record of this case.**



**Signed By:**  
**Joseph M. Scott, Jr.**  
**Bankruptcy Judge**  
**Dated: Monday, August 16, 2010**  
**(jms)**