

ORIGINAL

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

IN RE:)	CASES NO. 07-10324
)	
TRINSIC, INC.,)	(Jointly Administered)
TRINSIC COMMUNICATIONS, INC.,)	070000
TOUCH 1 COMMUNICATIONS, INC.,)	
Z-TEL NETWORK SERVICES, INC., and)	CHAPTER 11
Z-TEL CONSUMER SERVICES, LLC)	
)	
Debtors.)	JUDGE MAHONEY

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CMP _____ **ORDER GRANTING DEBTORS' MOTION APPROVING OVERBID AND AUCTION**
 COM _____ **PROCEDURES, INCLUDING BREAK UP FEE, UNDER SECTION 363**
 CTR _____ **OF THE BANKRUPTCY CODE AND**
 ECR _____ **NOTICE OF SALE HEARING**

GCL _____ Upon the Motion¹ of Trinsic, Inc., Trinsic Communications, Inc., Touch 1
 OPC _____ Communications, Inc., Z-Tel Network Services, Inc. and Z-Tel Consumer Services,
 RCA _____ LLC (collectively, the "Debtors"), as Debtors and Debtors in Possession in the above-
 SCR _____ captioned case, for an Order authorizing (1) the sale of substantially all of Debtors' assets free
 SGA _____ and clear of all liens, claims, interests and encumbrances pursuant to overbid and auction
 SEC _____ procedures, including break up fee, under Section 363 of the Bankruptcy Code; and (2)
 OTH *None* _____ assumption and assignment of certain executory contracts and unexpired leases pursuant to
 Section 365 of the Bankruptcy Code; and the Court having jurisdiction to consider the Motion
 and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334; and pursuant to
 Sections 363, 1107 and 1108 of the Bankruptcy Code; and due notice of the Motion having been
 provided to: (i) the Bankruptcy Administrator for the Southern District of Alabama, (ii) the

¹ Capitalized terms not defined herein shall have the meanings ascribed to them in that certain Motion for Order Authorizing (1) Sale of Substantially All of Debtors' Assets Free and Clear of All Liens, Claims, Interests and Encumbrances Pursuant to Overbid and Auction Procedures, Including Break Up Fee, under Section 363 of the Bankruptcy Code; and (2) Assumption and Assignment of Certain Executory Contracts and Unexpired Leases Pursuant to Section 365 of the Bankruptcy Code, filed with the Court on February 25, 2007.

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Prepetition Lenders; (iii) counsel to the DIP Lender; and (iv) all other parties on the Official Service List, as established in that certain Order Establishing Noticing Requirements With Respect to All Procedures Herein, entered by this Court on February 8, 2007, and it appearing that no other or further notice need be provided; and the Court having determined that the relief sought in the Motion is in the best interests of the Debtors, their creditors, and all parties in interest; and upon the Motion and all the proceedings had before the Court; and after due deliberation and sufficient cause appearing therefore, it is

ORDERED, that the Motion is granted; and it is further

ORDERED, that the Procedures as described in Exhibit "A" attached to this Order, and as more fully described in the Motion, are approved; and it is further

ORDERED, that all parties in interest are formally hereby notified that the Motion has been filed; and it is further

ORDERED, that a copy of the Motion may be obtained by contacting Bankruptcy Services, LLC, by phoning 646-282-2500 (reference a request for the Trinsic Motion); and it is further

ORDERED, that the time and date for filing a bid shall be shall be 12:00 Noon CST, March 7, 2007. Any such bids shall be delivered (facsimile or other electronic means of transmission being expressly permitted) to (i) Debtors' counsel, Christopher S. Strickland, Levine, Block & Strickland LLP, 945 E. Paces Ferry Road, 2270 Resurgens Plaza, Atlanta, Georgia, 30326, (fax: (404) 231-4005, email: cstrickland@lbslaw.net); and (ii) Counsel for the Official Committee of Unsecured Creditors, Aaron L. Hammer, Freeborn & Peters LLP, 311 S. Wacker Drive, Suite 3000, Chicago, IL 60606, (fax: (312) 360-6558, email ahammer@freebornpeters.com); and it is further

ORDERED, that there is no Stalking Horse Party, and consequently, no break up fee shall be paid to any party in connection with this auction; and it is further

ORDERED, that a hearing approving the sale is set for March 14, 2007 at 1:00 p.m., in the United States Bankruptcy Courthouse, 201 St. Louis Street, Mobile, Alabama, to approve the results of the foregoing auction; and it is further

ORDERED, that the Debtors shall electronically file with the Court the most recent version of the proposed assets purchase agreement of the bidder that is deemed highest and best at the auction, not later than 12:00 Noon Central Time on March 12, 2007; and it is further


ORDERED, that objections, if any, to the proposed sale must be filed with the Court and served not later than 5:00 p.m. Central Time on March 13, 2007 (facsimile or other electronic means of transmission being expressly permitted) upon: (i) Debtors' counsel, Christopher S. Strickland, Levine, Block & Strickland LLP, 945 E. Paces Ferry Road, 2270 Resurgens Plaza, Atlanta, Georgia, 30326, (fax: (404) 231-4005, email: cstrickland@lbslaw.net); and (ii) Counsel for the Official Committee of Unsecured Creditors, Aaron L. Hammer, Freeborn & Peters LLP, 311 S. Wacker Drive, Suite 3000, Chicago, IL 60606, (fax: (312) 360-6558, email ahammer@freebornpeters.com); and it is further

ORDERED, that this Order Granting Debtors' Motion Approving Overbid and Auction Procedures, Including Break Up Fee, Under Section 363 of the Bankruptcy Code and Notice of Sale Hearing shall constitute due and proper notice of the Sale Hearing; and it is further

ORDERED, that the Debtors shall serve a copy of this Order and Notice on all parties in interest in this case by first class mail within two (2) days after entry hereof; and it is further

ORDERED that this Court shall retain jurisdiction with respect to all matters arising from or related to the implementation of this Order.

Dated: March 1, 2007


MARGARET A. MAHONEY
U.S. BANKRUPTCY JUDGE

/s/ Christopher S. Strickland
Christopher S. Strickland
GA Bar No. 687277
LEVINE, BLOCK & STRICKLAND LLP
945 E. Paces Ferry Road
2270 Resurgens Plaza
Atlanta, GA 30326
Tel: 404-231-4567
Fax: 404-231-4005
Email: cstrickland@lbslaw.net

Exhibit "A"

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

IN RE:)	CASES NO. 07-10324
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Debtors.)	JUDGE MAHONEY

AUCTION AND BID PROCEDURES

Set forth hereinbelow are the overbid and auction procedures (the "Procedures"), as approved pursuant to that certain Order of the United States Bankruptcy Court for the Southern District of Alabama, Mobile Division, dated March 1, 2007. Capitalized terms not defined herein shall have the meanings ascribed to them in that certain Motion for Order Authorizing (1) Sale of Substantially All of Debtors' Assets Free and Clear of All Liens, Claims, Interests and Encumbrances Pursuant to Overbid and Auction Procedures, Including Break Up Fee, under Section 363 of the Bankruptcy Code; and (2) Assumption and Assignment of Certain Executory Contracts and Unexpired Leases Pursuant to Section 365 of the Bankruptcy Code, filed with the Court on February 25, 2007.

a. The time and date for filing a bid shall be not later than 12:00 p.m. CST, March 7, 2007 (the "Bid Deadline"). Any person or entity intending to submit a bid shall be required to deliver their bid to (facsimile or other electronic means of transmission being expressly permitted): (i) Debtors' counsel, Christopher S. Strickland, Levine, Block & Strickland LLP, 945 E. Paces Ferry Road, 2270 Resurgens Plaza, Atlanta, Georgia, 30326, (fax: (404) 231-4005, email: cstrickland@lbslaw.net); and (ii) Counsel for the Official Committee of Unsecured Creditors, Aaron L. Hammer, Freeborn & Peters LLP, 311 S. Wacker Drive, Suite 3000, Chicago, IL 60606, (fax: (312) 360-6558, email ahammer@freebornpeters.com) no later than the Bid Deadline. As part of the bid, each bidder shall be required to deliver to Debtors a minimum deposit of \$2,100,000 in the form

of a cashier's check or other immediately available funds and made payable to Debtors, and execute a related escrow agreement in form acceptable to the Debtors, Verizon, Qwest and AT&T (each, a "Primary ILEC") and the Creditors' Committee. Such deposit shall be nonrefundable if the bid of such bidder is accepted by the Bankruptcy Court and such bidder fails to consummate the transactions contemplated hereby due to such overbidder's default. The balance of the purchase price shall be paid at the closing of the transaction. Holders of debt secured by the assets to be sold are not required to deliver a deposit and may credit bid their debt.

b. The Purchase Price shall be paid in full at closing.

c. All bids shall be a "firm offer" and shall not contain any contingencies of any nature whatsoever.

d. All written bids must (a) be accompanied by reasonable evidence of committed financing or other ability to perform the bid and evidence adequate assurance of future performance for any executory contracts or leases to be assumed and assigned to the bidder; (b) confirm, as to each of the Debtor's existing contracts with a Primary ILEC, whether such bid contemplates an assumption and assignment of such contract, consistent with that certain Stipulation and Consent Order Establishing Adequate Assurance of Payment to Verizon, Qwest and AT&T Under Bankruptcy Code Section 366; (c) be timely submitted by the Bid Deadline; and (d) include executed versions of all material deal documents including an asset purchase agreement (collectively "Qualified Bids").

e. Debtors will provide reasonable access to their books and records to interested persons for the purpose of conducting due diligence, provided that any such persons provide evidence acceptable to Debtors that such persons have the present ability to consummate the transactions contemplated herein and execute an appropriate confidentiality agreement. All bidders are deemed to acknowledge that they have had an opportunity to inspect the assets being sold and all pertinent documents and related writings prior to making bids, and all bidders are deemed to have relied solely on such review and upon their own investigation and inspection in making their offer(s).

f. All bidding subsequent to submission of initial bids shall be done by open auction to be conducted at the offices of Trinsic, Inc., 100 Brookwood Road, Atmore, Alabama 36502, and shall continue among qualified bidders until the bidding is exhausted. A reasonable amount of time between rounds of bidding shall be allowed.

g. No bids will be accepted from a bidder unless that bidder's lawfully empowered agent actually appears at the auction.

h. Only bidders who have previously submitted a Qualified Bid may bid at the Auction.

i. Incremental overbids shall be in the amount of \$50,000.00 each.

j. The auction shall take place on March 9, 2007, at the offices of Trinsic, Inc., 100 Brookwood Road, Atmore, Alabama 36502, and commence at 9:00 am Central time. At the conclusion of the auction, the Debtors and the Creditors' Committee shall announce the bid which they have determined to be highest and best, and whether said bid contemplates the Debtors' assumption only, or the assumption and assignment of the Utility Contracts of each Primary ILEC.

k. The Debtors and the Creditors' Committee shall request that the Court set a hearing during the week of March 12, 2007, to approve the results of the foregoing auction, following which the Debtors shall request that the Court enter an order (i) approving the agreement representing the highest and best bid, and (ii) authorizing Debtors

to sell substantially all of the Purchased Assets to such winning bidder pursuant to the terms of such agreement; and (iii) authorizing the Debtors' to assume and assign the Primary ILEC's contracts to the winning bidder. In the event that the sale to the winning bidder fails to close, Debtors shall be authorized and directed to sell to the next highest bidder.

l. The Debtors and the Creditors' Committee shall place a monetary value on each bid for purposes of comparing the value of bids and determining overbids.

m. The Debtors and the Creditors' Committee may adjourn or reconvene the auction on notice of parties.

n. No bid shall be a Qualified Bid unless it contains an Enterprise Value of at least \$22 million. As used herein, the term "Enterprise Value" shall mean the amount of a subject bid, plus the value of any excluded assets thereunder (other than causes of action under Chapter 5 of the Bankruptcy Code).