

ShawPittman LLP

A Limited Liability Partnership Including Professional Corporations

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ORIGINAL
ORIGINAL

October 14, 2002

Via Federal Express

Ms. Blanca Bayo
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

**Re: Notice of Transfer of Customer Base and
Request of A.R.C. Networks, Inc. d/b/a InfoHighway
for Waiver of Commission Rule 25-4.118**

Dear Ms. Bayo:

021052-TP

Transmitted herewith for filing are an original and two (2) copies of the Notice of Transfer of Customer Base from Lightyear Communications, Inc. and Lightyear Telecommunications, Inc. ("Lightyear") to A.R.C. Networks, Inc. d/b/a InfoHighway ("InfoHighway") and Request of InfoHighway for waiver of Commission Rule 25-4.118. InfoHighway respectfully requests expedited processing of its requested waiver.

Please date-stamp the receipt copy of this filing and return it in the enclosed self-addressed, stamped envelope. Please direct all questions and correspondence regarding this filing to the undersigned.

Sincerely,

Susan M. Hafeli
Counsel for A.R.C. Networks, Inc. d/b/a
InfoHighway

Enclosures

cc: Ms. Jackie Gilchrist, Florida Public Service Commission

RECEIVED & FILED

FPSC-BUREAU OF RECORDS

DISTRIBUTION CENTER
02 OCT 15 AM 10:42 RECEIVED-FPSC
02 OCT 15 PM 2:53
COMMISSION CLERK

DOCUMENT NUMBER-DATE
11202 OCT 15 02
FPSC-COMMISSION CLERK

October 14, 2002

Via Federal Express

Ms. Blanca Bayo
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

**Re: Notice of Transfer of Customer Base and
Request of A.R.C. Networks, Inc. d/b/a InfoHighway for
Waiver of Commission Rule 25-4.118**

Dear Ms. Bayo:

A.R.C. Networks, Inc. d/b/a InfoHighway (“InfoHighway”) and Lightyear Communications, Inc. and Lightyear Telecommunications LLC (the “Lightyear Companies” or, collectively, “Lightyear”), by their undersigned attorneys, hereby notify the Florida Public Service Commission (the “Commission”) of a transaction in which the Lightyear Companies will transfer to InfoHighway certain of their customers and accounts receivable in numerous jurisdictions, including Florida. This transaction will affect only a small portion of the customer base of Lightyear. The vast majority of current Lightyear customers will remain with Lightyear after the transaction is completed.

The Lightyear Companies intend to retain their certificates to provide telecommunications services in Florida and thus do not request authority to cancel their certificates. InfoHighway, however, respectfully requests a waiver of Commission Rule 25-4.118, pertaining to Local, Local Toll, or Toll Provider Selection. InfoHighway requests expedited approval of this waiver request.

In support thereof, it is respectfully shown as follows:

I. The Parties

A.R.C. Networks, Inc. d/b/a InfoHighway (“InfoHighway”) is a corporation organized under the laws of New York. InfoHighway’s business office location is 1333 Broadway, Suite 1001, New York, New York 10018 and its principal office location is 175 Pinelawn Road,

Ms. Blanca Bayo

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Melville, New York 11747. InfoHighway provides resold and facilities-based telecommunications services on both a national and international basis. InfoHighway is authorized to provide both alternative local exchange service and intrastate interexchange services in Florida and has been assigned Company Codes TX047 and T1520, respectively.

Lightyear Communications, Inc., formerly known as UniDial Communications, Inc. is a corporation organized under the laws of Kentucky whose principal office location is 1901 Eastpoint Parkway, Louisville, Kentucky 40223. Lightyear Communications, Inc. is authorized to provide both alternative local exchange service and intrastate interexchange services in Florida and has been assigned Company Codes TX257 and T1189, respectively.

Lightyear Telecommunications LLC, formerly known as UniDial Telecommunications LLC, is a limited liability corporation organized under the laws of Delaware. Its principal office location is 1901 Eastpoint Parkway, Louisville, Kentucky 40223. Lightyear Telecommunications LLC is authorized to provide intrastate interexchange services in Florida and has been assigned Company Code TI306.

II. Designated Contacts

The designated contacts for questions concerning this filing are counsel for InfoHighway,

Glenn S. Richards
Susan M. Hafeli
Shaw Pittman LLP
2300 N Street, N.W.
Washington, D.C. 20037
Telephone: (202) 663-8215
Facsimile: (202) 663-8007

and counsel for Lightyear,

William B. Wilhelm, Jr.
Douglas D. Orvis II
Swidler Berlin Shereff Friedman, LLP
3000 K St., NW, Suite 300
Washington, D.C. 20007
Telephone: (202) 945-6941
Facsimile: (202) 424-7645

Ms. Blanca Bayo
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Joseph Gregori, Chief Executive Officer
A.R.C. Networks, Inc. d/b/a InfoHighway
175 Pinelawn Road, Suite 408
Melville, NY 11747
Telephone: (631) 249-1616
Facsimile: (631) 249-1801

The designated contact for the continuing operations of the Lightyear Companies is:

John Greive, Esq.
Lightyear Telecommunications, LLC
Lightyear Communications, Inc.
1901 Eastpoint Parkway
Louisville, KY 40223
Telephone: (502) 244-6666
Facsimile: (502) 515-4138

III. Description of the Transaction

On June 14, 2002, the parties entered into Asset Purchase and Management Agreements (the "Agreements"). These Agreements provide for a multi-step transaction in which the Lightyear Companies will transfer to InfoHighway certain of their customers and accounts receivable (as defined in the Agreements and referred to herein as "the Assets") in numerous jurisdictions. This transaction will affect only a small portion of the customer base of Lightyear. The vast majority of current Lightyear customers will remain with Lightyear after the transaction is completed.

Prior to the parties' execution of the Agreements, the Lightyear Companies and their parent, Lightyear Holdings, Inc., had sought bankruptcy protection in the United States Bankruptcy Court for the Western District of Kentucky, Louisville Division (the "Bankruptcy Court"), and had been granted debtor-in-possession status under Chapter 11 of the United States Bankruptcy Code, 11 U.S.C. §§ 101 *et seq.* Lightyear's debtor-in-possession status necessitated approvals of the Agreements by the Bankruptcy Court. On August 23, 2002, the Bankruptcy Court issued its Order approving the Asset Purchase Agreement and sale, finding that approval and consummation of the sale of Lightyear's Assets to InfoHighway was in the best interests of the Lightyear Companies and its parent, their creditors, and estates. *See, Order Pursuant to 11 U.S.C. §§ 105, 363, and 1146(c) and Bankruptcy Rules 2002 and 6004, Case Nos. 02-32257, 02-32723, 02-32725, 02-32726 (August 23, 2002).* A copy of this Order is attached hereto as Attachment A. As noted in Paragraph 8, the Bankruptcy Court had previously approved the parties' Management Agreement.

parties' Management Agreement.

The approved Asset Purchase Agreement provides for two closings, both of which shall be made pursuant to the terms of the debtor-in-possession secured financing facility and the Bankruptcy Court's May 20, 2002 Financing Order.¹ At the first closing, the Lightyear Companies will sell and transfer their accounts receivable (as defined in the Agreements) to an affiliate of InfoHighway, Lightyear Acquisition, Inc. ("Lightyear-AM"). At the second closing, the Lightyear Companies will sell and transfer to Lightyear-AM all rights, title and interest in the Lightyear Customers. In exchange, Lightyear-AM will pay an amount of up to \$1,900,000, less possible adjustments, plus an amount for the Accounts Receivables as calculated in accordance with the Agreements. The Lightyear Companies will then pay all proceeds to its lenders.

The transfer will be consummated upon receipt of all requisite regulatory filings and approvals. Upon Lightyear-AM's acquisition of the Assets, Lightyear-AM will assign all its rights and obligations under the Management and Asset Purchase Agreements to InfoHighway. As a result, InfoHighway will be the entity providing telecommunications services to current Lightyear customers.

Consummation of this transaction will not result in a change in control of the parties, nor will it result in Lightyear's exit from the Florida market.

IV. Customer Notification

The parties have taken steps to ensure that affected Lightyear customers will enjoy a seamless transition to InfoHighway, which has an outstanding record of providing high-quality telecommunications services. However, InfoHighway will ensure that any customer who elects not to make the change from Lightyear to InfoHighway can transfer to another carrier without any interruption of service.

Lightyear customers have been notified of the impending transfer to InfoHighway. On September 27, 2002, Lightyear and InfoHighway sent affected Lightyear customers a Joint Notice, a copy of which is attached hereto as Attachment B. The Joint Notice informs affected Lightyear customers that the parties have agreed to a transfer on or about December 30, 2002. Customers are further informed that InfoHighway intends to continue providing service to affected Lightyear customers at the rates, terms, and conditions applicable to the customers' current arrangements. At such time as InfoHighway proposes to revise the services and rates to

¹ The "Financing Order" refers to the Final Order Authorizing Secured Post-Petition Financing on a Super Priority Administrative Expense Basis Pursuant to Section 364(c) of the Bankruptcy Code.

conform to its own service offerings, InfoHighway will provide written notification to the affected customers. The Joint Notice also informs customers of their right to select another carrier and provides a toll-free customer service telephone number for the purpose of responding to customers' questions.

V. Waiver of Rule 25-4.118

Under federal law, InfoHighway's issuance of this customer notice, in conjunction with a self-certification, allows it to acquire Lightyear's customer base without obtaining each subscriber's individual authorization and verification. Under rules adopted by the Federal Communications Commission ("FCC"), a telecommunications carrier may acquire, through a sale or transfer, either part or all of another telecommunications carrier's subscriber base without obtaining each subscriber's individual authorization and verification, so long as the acquiring carrier complies with the streamlined, self-certification procedures set forth in 47 C.F.R. § 64.1120(e). In October 2002 InfoHighway intends to file with the FCC the self-certification described in 47 C.F.R. § 64.1120(e)(1) and attach thereto the Joint Notice that complies with the requirements set forth in 47 C.F.R. § 64.1120(e)(3). As a result, under federal law the customer transfer from Lightyear to InfoHighway will not constitute an unauthorized change of service provider ("slamming").

The Commission's rule governing local, local toll, or toll provider selection, Section 25-4.118, does not contain a comparable provision under which a carrier may acquire, through a sale or transfer, either part or all of another telecommunications carrier's subscriber base without obtaining each subscriber's individual authorization and verification. InfoHighway therefore respectfully requests a good-cause waiver of this rule. In light of the parties' joint provision of customer notice and InfoHighway's compliance with 47 C.F.R. § 64.1120(e), it is consistent with the public interest and Commission precedent for the Commission to grant this request.

VI. Public Interest Analysis

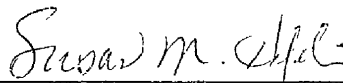
Consummation of the transaction described herein is in the public good and will not harm Florida consumer. Consummation will both avoid the prospect of service disruption to current Lightyear customers and promote competition in the provision of telecommunications services in Florida.

The transaction will be beneficial, not harmful, to ratepayers, who will be fully informed of the impending transfer and will have an adequate opportunity to select an alternate provider if they so choose. Further, acquisition of portions of Lightyear's customer base will enable InfoHighway to expand its Florida operations and customer base, thereby allowing it to compete more effectively in local and interexchange telecommunications markets.

Please direct all questions and correspondence regarding this filing to the undersigned.

Respectfully submitted,

A.R.C. Networks, Inc. d/b/a InfoHighway



Glenn S. Richards
Susan M. Hafeli
Shaw Pittman LLP
2300 N Street, N.W.
Washington, D.C. 20037

Lightyear Communications, Inc.
Lightyear Telecommunications LLC



William B. Wilhelm, Jr.
Douglas D. Orvis II
Swidler Berlin Shereff Friedman, LLP
3000 K St., NW, Suite 300
Washington, D.C. 20007

Attachments

VERIFICATION

I am authorized to represent A.R.C. Networks, Inc. and to make this Verification on its behalf. The statements in the foregoing document are true of my own knowledge, except as to matters which are therein stated on information and belief, and as to those matters, I believe them to be true. I declare under penalty of perjury that the foregoing is true and correct.

By: Joseph A. Gregori, CEO

Name: Joseph Gregori

Title: Chief Executive Officer

A.R.C. Networks, Inc. d/b/a
InfoHighway

Date: 9/24/02

Sworn and subscribed to before me this 24
day of September, 2002.

Lois Ciruolo
Notary Public

LOIS CIRAULO
Notary Public, State of New York
No. 01C15071869
Qualified in Nassau County
Commission Expires January 21, 2003

My Commission expires 1/21/03

VERIFICATION

I am authorized to represent Lightyear Communications, Inc. and Lightyear Telecommunications, LLC and to make this Verification on their behalf. The statements in the foregoing document are true of my own knowledge, except as to matters which are therein stated on information and belief, and as to those matters, I believe them to be true. I declare under penalty of perjury that the foregoing is true and correct.

By: 

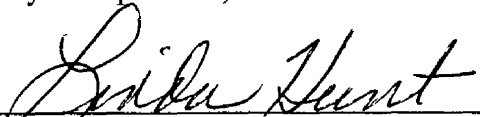
Name: John J. Greive

Title: Secretary

Lightyear Communications, Inc.
Lightyear Telecommunications, LLC

Date: September 26, 2002

Sworn and subscribed to before me this 26th day of September, 2002.


Notary Public

My Commission expires: July 6, 2005

ATTACHMENT A
BANKRUPTCY COURT ORDER

UNITED STATES BANKRUPTCY COURT
THE WESTERN DISTRICT OF KENTUCKY
LOUISVILLE DIVISION

-----x
In re:

Chapter 11

LIGHTYEAR HOLDINGS, INC., *ET AL.*

Case Nos. 02-32257, 02-32723,
02-32725, 02-32726

Debtors.

-----x
Hon. David T. Stosberg

**ORDER PURSUANT TO 11 U.S.C. §§ 105, 363 AND 1146(c) AND
BANKRUPTCY RULES 2002 AND 6004 APPROVING (i) ASSET
PURCHASE AGREEMENT AND, (ii) SALE FREE AND CLEAR OF ALL
LIENS, CLAIMS, ENCUMBRANCES AND INTERESTS, (iii) WAIVER OF
STAY PROVISIONS UNDER BANKRUPTCY RULE
SECTION 6004 AND GRANTING RELATED RELIEF**

Upon the motion (the "Motion") of Lightyear Communications, Inc., Lightyear Telecommunications, LLC and Lightyear Communications of Virginia, Inc.. debtors and debtors-in-possession (the "Debtors") for the entry of an order pursuant to Bankruptcy Code Sections 105, 363 and 1146(c) and Bankruptcy Rules 2002 and 6004: (i) authorizing the sale, transfer and conveyance, subject to higher or better offer, of the Debtors' rights, title and interests in, and to, certain assets of the Debtors (the "Assets"), pursuant to and as more fully described and defined in that certain asset purchase agreement dated as of June 14, 2002 (the "Asset Purchase Agreement"), between the Debtors and Lightyear Acquisition, Inc. ("Purchaser"), substantially in the form annexed hereto as Exhibit "A", free and clear of all liens (including mechanics', materialmen's and other consensual or statutory liens), security interests and claims (including reclamation claims), whether or not allowable (as such terms are defined in the Bankruptcy Code), mortgages, pledges, restrictions, hypothecations, charges, indentures,

loan agreements, instruments, leases, licenses, options, rights of first refusal, contracts, offsets, recoupment, rights of recovery, judgments, orders, and decrees of any court or governmental entity and environmental, tax and other liabilities and claims, whether secured or unsecured, choate or inchoate, filed or unfilled, scheduled or unscheduled, noticed or unnoticed, recorded or unrecorded, contingent or non-contingent, liquidated or unliquidated, matured or unmatured, disputed or undisputed, or known or unknown, whether arising prior to or subsequent to the filing of the chapter 11 petitions in these cases, whether imposed by agreement, understanding, law, equity or otherwise (collectively the "Liens"), with all such Liens to be transferred, affixed and attached solely to the proceeds of sale; and (ii) granting other and further related relief; and due notice of the Motion and relief sought therein having been given to all parties entitled thereto as evidenced by the certificates of service filed with this Court; and upon the record of the hearing held before me on July 22, 2002 (the "Approval Hearing"), and based upon the pleadings, testimony of witnesses, if any, and arguments of counsel; and good and sufficient cause appearing to me therefor;

IT IS HEREBY FOUND, DETERMINED, ORDERED, ADJUDGED AND DECREED THAT:

1. This Court has jurisdiction to hear and determine the Motion pursuant to 28 U.S.C. § 157(b)(2)(A) and (N). The statutory predicates for the relief sought herein are Sections 105, 363 and 1146(c) of the United States Code, 11 U.S.C. §§ 101 *et seq.* as amended (the "Bankruptcy Code") and Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") 2002 and 6004.

2. Proper, timely and adequate notice of the Motion and the Approval Hearing have been provided in accordance with Section 102(1) of the Bankruptcy Code and Bankruptcy Rules

2002 and 6004, and no other or further notice of the Motion, the Approval Hearing or the entry of this Order is required.

3. The Motion be, and hereby is, granted in all respects.

4. All objections, if any, to the Motion or the relief requested therein that have not been withdrawn, waived or settled, are overruled on the merits.

5. The Debtors have full corporate power and authority, to execute the Asset Purchase Agreement and all other documents contemplated thereby and the sale of the Assets by the Debtors have been duly and validly authorized by all necessary corporate actions of the Debtors. No consents or approvals, other than entry of this Approval Order, are required for the Debtors to consummate the transactions provided for under the Asset Purchase Agreement.

6. The sale of the Assets reflects the Debtors' sound business judgment.

7. Approval of the Asset Purchase Agreement as provided for herein and consummation of the sale of the Assets are in the best interests of the Debtors, their creditors and estates. The Debtors have articulated good and sufficient business justification for the sale of Assets pursuant to Section 363(b) of the Bankruptcy Code outside of a plan of reorganization, in that, among other things:

- (a) In the absence of a prompt sale of the Assets, their value will steadily decline;
- (b) A sale pursuant to Section 363(b) is likely to produce a greater return to creditors in the Debtors' cases than if the Assets were sold in connection with a liquidating or reorganization plan, because the unavoidable delay and expense required to confirm such a plan would deprive the Debtors'

estates of the opportunity to realize the maximum value of the Assets available through an immediate sale; and

- (c) A sale of the Assets at this time will result in the highest possible sale price for the Assets and reflects the Debtors' sound business judgment.

8. A full and fair opportunity to submit higher or better offers was provided, and the Court has determined that the highest or best offer for the Assets was submitted by Purchaser, for a purchase price ("the Purchase Price") in the amount of up to \$1,900,000.00, less possible adjustments, plus the amount Purchaser shall pay for the Accounts Receivable more fully described and defined in the Asset Purchase Agreement and in the management agreements between the Debtors and A.R.C. Networks, Inc. and InfoHighway Virginia, Inc. (the "Management Agreements") previously approved by this Court.

9. The terms and conditions of the Asset Purchase Agreement are hereby approved in all respects pursuant to Section 363(b) of the Bankruptcy Code, the Purchase Price is fair and reasonable, and the Debtors and Purchaser are directed and authorized to immediately take such actions as are necessary to consummate and implement the Asset Purchase Agreement including but not limited to the sale of the Accounts Receivable, without further order of this Court.

10. The Debtors are hereby authorized to pay all proceeds received from the sale of the Accounts Receivable at the First Closing and the proceeds received from the sale of the Assets at the Second Closing to the Debtors' lenders pursuant to the terms of the debtor in possession secured financing facility and the Final Order Authorizing Secured Postpetition Financing on a Super Priority Administrative Expense Basis Pursuant to Section 364(c) of the Bankruptcy Code, dated May 20, 2002.

11. The Asset Purchase Agreement was negotiated, proposed and entered into by the parties thereto without collusion, in good faith, and from arm's length bargaining positions. Purchaser (being the entity approved by this Court as having submitted the highest or best bid after an opportunity for competitive bidding) is a good faith purchaser under Section 363(m) of the Bankruptcy Code and, as such, is entitled to the protections afforded thereby.

12. Purchaser will be acting in good faith within the meaning of Section 363(m) of the Bankruptcy Code in closing the transactions contemplated by the Asset Purchase Agreement, including, but not limited to, purchasing the Accounts Receivable, at any time after the entry of this Approval Order, unless a stay pending appeal is in effect at the time of any closing (including a closing on the purchase of the Accounts Receivable), and the ten (10) day stay otherwise in effect under Bankruptcy Rule 6004 is hereby waived and dispensed with with respect to the First Closing and Second Closing, as defined in the Asset Purchase Agreement.

13. The transfer of the Assets, including the Accounts Receivable, pursuant to the Asset Purchase Agreement (a) is or will be a legal, valid and effective transfers of property of the Debtors' estate to Purchaser, and (b) is or will vest Purchaser with all right, title and interest of the Debtors in and to the Assets free and clear of all Liens pursuant to Section 363(f) of the Bankruptcy Code.

14. With reference to Section 363(n) of the Bankruptcy Code, the consideration paid by Purchaser under the Asset Purchase Agreement was not controlled by an agreement among potential bidders at the Approval Hearing.

15. Pursuant to Sections 363(b) of the Bankruptcy Code, the Debtors are hereby authorized, empowered and directed to fully assume, perform under, consummate and implement the Asset Purchase Agreement, together with such additional instruments and

documents that may be reasonably necessary or desirable to implement the Asset Purchase Agreement and to take all further actions as may reasonably be requested by Purchaser for the purpose of assigning, transferring, granting, conveying and conferring to Purchaser, or reducing to Purchaser's possession, any or all of the Assets, or as may be necessary or appropriate to the performance of the obligations contemplated by the Asset Purchase Agreement without further order of this Court.

16. Pursuant to Sections 105(a) and 363(f) of the Bankruptcy Code, the Assets, including but not limited to the Accounts Receivable, shall be transferred to Purchaser and upon the First and Second Closings under the Asset Purchase Agreement, the Assets conveyed shall be free and clear of all Liens, whether arising prior to or subsequent to the commencement of this case, and whether imposed by agreement, understanding, law, equity or otherwise, with all such Liens to attach to the Purchase Price in the order of their priority, with the same validity, force and effect which they now have as against the Assets.

17. Except as expressly permitted in the Asset Purchase Agreement, all persons and entities holding Liens of any kind and nature with respect to any of the Assets, including but not limited to the Accounts Receivable, hereby are barred from asserting such Liens against the Assets, and the Purchaser and its successors or assigns.

18. All persons, landlords, utilities and corporations are hereby prohibited and enjoined from taking any action that would adversely affect or interfere with the ability of the Debtors to sell and transfer all of the Debtors' right, title and interest in the Assets, including but not limited to the Accounts Receivable, to Purchaser as contemplated by the Asset Purchase Agreement.

19. Pursuant to Sections 105(a) and 363 of the Bankruptcy Code, other than as may specifically be provided in the Asset Purchase Agreement and the Management Agreements, all entities are hereby enjoined from taking any action against Purchaser, its designee or any affiliate thereof, to recover any claim which such entity has against the Debtors.

20. Purchaser shall not be liable for any claims against the Debtors except as may specifically be set forth in the Asset Purchase Agreement and the Management Agreements, and the transfers of the Assets by the Debtors to Purchaser pursuant to the Asset Purchase Agreement do not and will not subject Purchaser to any liability as a successor of the Debtors.

21. Except as may specifically be provided for in the Asset Purchase Agreement and the Management Agreements, Purchaser is not assuming nor shall it in any way whatsoever be liable or responsible, as successor or otherwise, for: (a) any liabilities, debts or obligations of the Debtors, or (b) any liabilities, debts or obligations in any way relating to or arising from the Assets or the Debtors' operation or use of the Assets.

22. As to the Asset Purchase Agreement and Assets transferred thereby, including but not limited to the Accounts Receivable, this Approval Order (a) is and shall be effective as a determination that, on the dates the Purchaser purchases the Accounts Receivable on the First Closing and purchases the remainder of the Assets on the Second Closing, all Liens existing as to the Accounts Receivable, as of the First Closing, and the remaining Assets, as of the Second Closing, shall be unconditionally released, discharged and terminated, and (b) is and shall be binding upon and govern the acts of all entities including without imitation, all filing agents, filing officers, title agents, title companies, recorders of mortgages, recorders of deeds, registrars of deeds, registrars of patents, trademarks or other intellectual property, administrative agencies, governmental departments, secretaries of state, federal, state and local officials and all other

persons and entities who may be required by operation of law, the duties of their office or contract, to accept, file, register or otherwise record or release any documents or instruments, or who may be required to report or insure any title or state of title in or to any of the Assets.

23. All entities who are presently, or may be, on the date of Second Closing as to the Assets, or on the First Closing as to the Accounts Receivable, in possession of some or all of the Assets are hereby directed to surrender possession of said Assets to Purchaser on the applicable date.

24. In order to permit for the smooth transfer of the Assets and to insure that Customers do not suffer any disruption in telecommunication services, MCI (WorldCom) shall, for a period of 120 days from the Second Closing continue to provide underlying long distance service to the Customers (as defined in the Management Agreements) at rates in effect as of the date of the earlier of this Court's order of July 23, 2002 (the "Procedures Order"), conditioned on Purchaser's payment for these services in a timely manner, consistent with normal and customary business terms.

25. Each and every federal, state and local governmental agency or department is directed to accept any and all documents and instruments necessary and appropriate to consummate the transactions contemplated by the Asset Purchase Agreement.

26. This Court shall retain jurisdiction (i) to enforce and implement the terms and provisions of the Asset Purchase Agreement, all amendments thereto, any waivers and consents thereunder, and all agreements executed in connection therewith, (ii) to compel delivery of the Assets to Purchaser, (iii) to compel delivery of the Purchase Price, (iv) to compel specific performance of the Debtors and Purchaser's obligations under the Asset Purchase Agreement, (v) to resolve any disputes arising under or related to the Asset Purchase Agreement, (vi) to

interpret, implement and enforce the provisions of this Approval Order, and (vii) determine any disputes relating to or concerning the receipt, use, Motion or retention of the proceeds from the sale of the Assets.

27. Nothing contained in any plan of reorganization or liquidation confirmed in this case or the order of confirmation confirming such plan shall conflict with or derogate from the provisions of the Asset Purchase Agreement or this Approval Order.

28. Nothing in this Approval Order provides for the assumption or assignment to Purchaser of any executory contracts between the Debtors and Verizon Communications, Inc. or any of its affiliates (collectively, "Verizon"), including any tariffs, interconnection agreements, access service requests or other agreements involving the provision of or access to telecommunication services, circuits or facilities.

29. The terms and provisions of the Asset Purchase Agreement, together with terms and provisions of this Approval Order, shall be binding in all respects upon, the Debtors, their estates and creditors, Purchaser, and its affiliates, successors and assigns, and any affected third parties including but not limited to entities asserting a claim against or interest in the Debtors' estates or any of the Assets to be sold to Purchaser pursuant to the Asset Purchase Agreement, notwithstanding any subsequent appointment of any trustee, examiner, responsible officer or similar entity for the Debtors (a "Debtors Successor/Representative") under any chapter of the Bankruptcy Code, as to which Debtors Successor/Representative such terms and provisions likewise shall be binding in all respects.

30. The Asset Purchase Agreement and any related agreements, documents or other instruments may be modified, amended or supplemented by the parties thereto in accordance

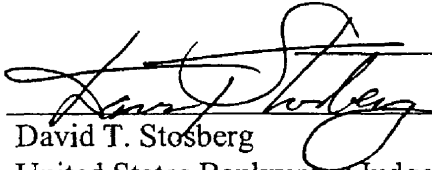
with the terms thereof without further order of this Court, provided that any such modification, amendment or supplement is not material.

31. The provisions of the Fed. R. Bank. P. 6004(g) and 6006(d) staying the effectiveness of this Approval Order for 10 days are hereby waived, and this Approval Order shall be effective immediately upon entry thereof.

32. Capitalized terms not defined in this Approval Order shall be as defined in the Asset Purchase Agreement.

33. The transfers of the Assets and the recordation of any and all instruments necessary to evidence the transfers, sale and assignments hereby authorized shall not be subject to transfer, recordation, stamp or similar tax, and are hereby deemed exempt from state and local transfer taxes pursuant to 11 U.S.C. § 1146(c).

Dated: August 23, 2002



David T. Stosberg
United States Bankruptcy Judge

CINlibrary/1211722.1

ATTACHMENT B

JOINT NOTICE TO AFFECTED CUSTOMERS



NOTICE OF TRANSFER OF TELEPHONE SERVICE

Welcome Valued Customer:

A.R.C. Networks, Inc. d/b/a InfoHighway ("InfoHighway") and Lightyear Communications, Inc. and Lightyear Telecommunications LLC (collectively "Lightyear") are pleased to announce that InfoHighway will become your new telephone service provider on or about December 30, 2002. InfoHighway has provided telecommunications services to small and medium-sized business, residential customers and governmental agencies in over 20 states since 1996. Lightyear is pleased to recommend InfoHighway to be your new telephone service provider.

How will the transition occur?

The information below should address some of the questions you may have regarding the transition process:

- Lightyear and InfoHighway will take all necessary steps to ensure that your telephone service is transitioned without any service interruption, any charge or any inconvenience to you. It is anticipated that you will not experience any changes to your existing service. InfoHighway will assume responsibility for any carrier change charge that may be incurred as a result of this transfer.
- As the acquiring carrier, InfoHighway will handle any complaint or issue you may have prior to, during, or after the transfer of service. Any customer service inquiry, maintenance or provisioning request should be referred to InfoHighway's Customer Service Group at:

1-877-507-4500

- On or about December 30, 2002, Lightyear will transfer your telephone service to InfoHighway and will no longer provide local or long distance telephone service to you. Consequently, if you do not wish to receive service from InfoHighway, we ask that you select another telephone service provider by December 27, 2002. Your selection of an alternate telephone service provider requires that you contact that service provider directly, on or before December 27, 2002, to ensure that your service is properly transferred. If you select an alternate provider after December 27, 2002, there may be a delay in the implementation of your new service provider request until after December 30, 2002. In addition, you may incur connection and/or presubscription fees because of your selection of an alternate provider. **If you take no action your telecommunications service will be automatically transferred to InfoHighway on or about December 30, 2002, and you will not incur any additional fees.**
- The rates, terms and conditions for your service will remain the same and you will continue to be billed monthly for your service. Please use the remittance advice, included in your bill, whenever possible to ensure payments are sent to the proper address. Should there be changes in rate, terms or conditions in the future, InfoHighway will notify you in the manner required by regulatory agencies.
- During the transfer, existing "preferred carrier" freezes on services currently provided by Lightyear will be lifted. If you have a "preferred carrier" freeze on your account and would like to keep that protection after the transfer, please contact our Customer Service organization at Toll Free 877-507-4500. Customer Service will be available to assist you with the reactivation of your "preferred carrier" freeze after December 30, 2002.

InfoHighway extends a warm welcome to Lightyear customers. Our mutual goal is to continue to deliver a wide array of high-quality, affordable products and services that will help your business gain and maintain a competitive edge in your marketplace. You are free to choose any telecommunications provider you wish, and we sincerely appreciate your continued patronage.

Please call InfoHighway's Customer Service number, 1-877-507-4500, if you have any questions or concerns regarding this change in your telephone service provider.

Sincerely yours,

Lightyear Communications, Inc.

A.R.C. Networks, Inc. d/b/a InfoHighway