

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:)	Chapter 11
)	
FEDERAL-MOGUL GLOBAL INC.,)	Case No. 01-10578 ()
T&N LIMITED, et al., ¹)	(Jointly Administered)
)	
Debtors.)	

**MOTION OF DEBTORS FOR INTERIM AND FINAL ORDERS
APPROVING CROSS-BORDER INSOLVENCY PROTOCOL**

Federal-Mogul Corporation, (“Federal-Mogul”), certain of its wholly-owned U.S.

subsidiaries, including Federal-Mogul Global Inc., a Delaware corporation, each of which is a

¹ The U.S. Debtors (as defined herein) are Carter Automotive Company, Inc., Federal-Mogul Corporation, Federal-Mogul Dutch Holdings Inc., Federal-Mogul FX, Inc., Federal-Mogul Global Inc., Federal-Mogul Global Properties, Inc., Federal-Mogul Ignition Company, Federal-Mogul Mystic, Inc., Federal-Mogul Piston Rings, Inc., Federal-Mogul Powertrain, Inc., Federal-Mogul Products, Inc., Federal-Mogul Puerto Rico, Inc., Federal-Mogul Tri-Way, Inc., Federal-Mogul U.K. Holdings, Inc., Federal-Mogul Venture Corporation, Federal-Mogul World Wide, Inc., Felt Products Manufacturing Co., FM International LLC, Ferodo America, Inc., Gasket Holdings Inc., J.W.J. Holdings, Inc., McCord Sealing, Inc., and T&N Industries Inc.

The Cross-Border Companies (as defined herein) are AE Dayton Services Limited, AE Group Machines Limited, AE Holdings Limited, AE International Limited, AE Limited, AE Piston Products Limited, AE Sales (Africa) Limited, Aeroplane & Motor Aluminium Castings Limited, Amber Supervision Limited, Ashburton Road Services Limited, Associated Engineering Group Limited, Awncast Limited, Bearings (North-Western) Limited, Brake Linings Limited, Colvan Rubber Co. Limited, Contact 100 Limited, Cosmid Limited, Cranhold Limited, Dealings Limited, Dumplington Services Limited, Duron Limited, E W Engineering Limited, Edmunds, Walker & Co. Limited, Engineering Components Limited, Federal-Mogul Acquisition Company Limited, Federal-Mogul Aftermarket UK Limited, Federal-Mogul Bradford Limited, Federal-Mogul Brake Systems Limited, Federal-Mogul Bridgwater Limited, Federal-Mogul Camshaft Castings Limited, Federal-Mogul Camshafts Limited, Federal-Mogul Engineering Limited, Federal-Mogul Eurofriction Limited, Federal-Mogul Export Services Limited, Federal-Mogul Friction Products Limited, Federal-Mogul Global Growth Limited, Federal-Mogul Ignition (U.K.) Limited, Federal-Mogul Powertrain Systems International Limited, Federal-Mogul Sealing Systems (Cardiff) Limited, Federal-Mogul Sealing Systems (Rochdale) Limited, Federal-Mogul Sealing Systems (Slough) Limited, Federal-Mogul Sealing Systems Limited, Federal-Mogul Shoreham Limited, Federal-Mogul Sintered Products Limited, Federal-Mogul Systems Protection Group Limited, Federal-Mogul Technology Limited, Federal-Mogul U.K. Limited, Ferodo Caernarfon Limited, Ferodo Limited, FHE Technology Limited, Fleetside Investments Limited, F-M UK Holding Limited, FP Diesel Limited, Friction Materials Limited, G.B. Tools & Components Exports Limited, Genthope Limited, Greet Limited, Halls Gaskets Limited, Hepworth & Grandage Limited, High Precision Equipment Limited, Inblot Limited, Instantwonder Limited, J.W. Roberts Limited, Kings Park Housing Limited, Lakton Limited, Lanoth Limited, Lanoth Precision Equipment Limited, Leeds Piston Ring & Engineering Co. Limited, M.T.A. (Kettering) Limited, Mantro Engineering Co. Limited, Mobile Distributing (Spares) Limited, Moores Plastic Units Limited, Newalls Insulation Company Limited, Ontall Limited, Payen (Europe) Limited, Pecal Limited, Presswork-Components Limited, Sintration Limited, Sourcelook Limited, Specialloid, Limited, STS (1996) Limited, TAF International Limited, T&N Holdings Limited, T&N International Limited, T&N Investments Limited, T&N Limited, T&N Materials Research Limited, T&N Piston Products Group Limited, T&N Properties Limited, T&N Shelf Eight Limited, T&N Shelf Eighteen Limited, T&N Shelf Fifteen Limited, T&N Shelf Five Limited, T&N Shelf Four Limited, T&N Shelf Fourteen Limited, T&N Shelf Nine Limited, T&N Shelf Nineteen Limited, T&N Shelf One Limited, T&N Shelf Seven Limited, T&N Shelf Six Limited, T&N Shelf Sixteen Limited, T&N Shelf Ten Limited, T&N Shelf Thirteen Limited, T&N Shelf Thirty Limited, T&N Shelf Thirty-One Limited, T&N Shelf Thirty-Three Limited, T&N Shelf Three Limited, T&N Shelf Twenty Limited, T&N Shelf Twenty-Eight Limited, T&N Shelf Twenty-Five Limited, T&N Shelf Twenty-Four Limited, T&N Shelf Twenty-Nine Limited, T&N Shelf Twenty-One Limited, T&N Shelf Twenty-Six Limited, T&N Shelf Twenty-Two Limited, T&N Shelf Two Limited, T&N Trade Marks Limited, T&N Welfare Trust Limited, TBA Belting Limited, TBA Belting (Residual) Limited, TBA Industrial Products Limited, Telford Rubber Processors Limited, Telford Technology Supplies Limited, The British Piston Ring Company Limited, The Washington Chemical Company Limited, Tinblo Limited, Touchdown Adhesive Products Limited, Turner & Newall Limited, Turner Brothers Asbestos Company Limited, Tynoda Limited, Vanwall Cars Limited, Wellworthy Limited, Wellworthy Property Developments Limited, and William C. Jones (Polymers) Limited. Unlike all the other Cross-Border Companies, T&N Investments Limited is a Scottish rather than English company and has not concurrently sought to commence administration proceedings in England.

debtor and debtor in possession herein (collectively with Federal-Mogul, the “US Companies”), T&N Limited, a wholly-owned English subsidiary of Federal-Mogul, and certain other wholly-owned English and U.K. subsidiaries of Federal-Mogul, each of which is a debtor and debtor in possession herein and all but one of which have concurrently sought to commence administrative proceedings in England (the “Cross-Border Companies,”² and, collectively with the US Companies, the “Debtors”), hereby file this motion (the “Motion”) requesting that this Court enter interim and final Orders, pursuant to Section 105(a) of title 11 of the United States Code approving that certain Cross-Border Insolvency Protocol among the Debtors and the Administrators (as defined below) dated as of October 1, 2001 (the “Protocol”). The facts and circumstances supporting this Motion are set forth in the Affidavit of David M. Sherbin, Vice President, Deputy General Counsel and Secretary of Federal-Mogul, in Support of First Day Motions (the “Sherbin Affidavit”). In further support of this Motion, the Debtors respectfully represent as follows:

Status Of The Case And Jurisdiction

1. On October 1, 2001 (the “Petition Date”), the Debtors commenced these cases (collectively, the “US Cases”) by each filing a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code” or the “Code”). On the Petition Date, the Debtors also jointly filed motions or applications seeking certain typical “first day” orders, including an order to have these cases jointly administered.

² In the other “first day” motions filed in these chapter 11 cases, the Cross-Border Companies are referred to as the “English Debtors”.

2. The Debtors include 23 US Companies organized under the laws of various states in the United States, and 134 Cross-Border Companies organized under the laws of England and the United Kingdom.

3. The Debtors, together with the Administrators in the cases of the Cross - Border Companies, have continued in possession of their properties and have continued to operate and manage their businesses as debtors in possession pursuant to §§ 1107(a) and 1108 of the Code.

4. No request has been made for the appointment of a trustee or examiner in these cases, and no official committees have yet been appointed by the Office of the United States Trustee.

5. The Court has jurisdiction over this Motion pursuant to 28 U.S.C. §§ 157 and 1334. Venue is proper in this proceeding and this Motion is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409. The statutory predicate for the relief sought herein is § 105(a) of the Bankruptcy Code.

6. On the Petition Date, all but one of the Cross-Border Companies also petitioned for an order of administration pursuant to Part II of the English Insolvency Act 1986 (“English Insolvency Law”) in the Companies Court of the High Court of Justice, Chancery Division in London, England (the “English Court”) thereby commencing administrative proceedings in accordance with English Insolvency Law (collectively, the “Cross-Border Cases”).³

³A list of the Cross-Border Companies that have sought to commence Cross-Border Cases is set forth in Column 1 of Schedule 1 to the Protocol as well as in footnote 1 above.

7. The Cross-Border Companies have requested that the English Court appoint certain parties affiliated with Kroll Buchler Phillips Limited as administrators of the Cross-Border Companies (collectively, the “Administrators”).⁴ It is anticipated that the English Court will approve the appointment of the Administrators as of the Petition Date.

8. Under English Insolvency Law, administrators must be qualified to act as an insolvency practitioner for the company in administration. Insolvency Act 1986, Part II – Administration Orders, Section 19. Each of the Administrators is of Kroll Buchler Phillips Limited and each is a Chartered Accountant and licenced insolvency practitioner.

Background Of The Debtors

A. Background Concerning The Debtors’ Businesses

9. Federal-Mogul, the ultimate corporate parent of the other Debtors and numerous non-debtor subsidiaries, is a publicly-traded corporation founded in 1899. The Debtors, together with their non-debtor affiliates (collectively, the “Federal-Mogul Entities”), operate their businesses from approximately 295 manufacturing and technical centers, distribution and sales and administrative office facilities, which are located around the globe. The Federal-Mogul Entities have approximately 52,200 full-time employees, of whom roughly 22,200 are employed in the United States, with the majority of the remainder employed throughout Europe.

10. The Debtors are automotive and vehicle parts manufacturers providing solutions and systems to global customers in the automotive, small engine, heavy-duty and

⁴ The proposed Administrators for each of the Cross-Border Companies are the parties listed opposite each Cross Border Company in Column 2 of Schedule 1 to the Protocol.

industrial markets. Among the products manufactured by the Debtors are engine bearings, pistons, rings, sealing systems, wipers, and ignition, brake, friction and chassis products. The Debtors' products are marketed under a variety of brand names, including, among others, Federal-Mogul, Champion, Anco, Moog, Sealed Power and Wagner. The Debtors' principal customers include both (i) a majority of the world's leading original equipment ("OE") manufacturers of vehicles and industrial products and (ii) so-called "aftermarket" customers, which include a variety of distributors, engine rebuilders, and retail parts stores. Approximately fifty-six percent (56%) of the Federal-Mogul Entities' aggregate sales are to OE customers, with the remaining forty-four percent (44%) of the Federal-Mogul Entities' sales going to aftermarket customers.

11. The Debtors are sole-source providers of one or more critical components for virtually every automobile produced in the United States. They also manufacture critical parts for up to eighty percent (80%) of the heavy-duty industrial vehicles produced by their customers, such as *Caterpillar, John Deere, and Navistar*, among others. The vast majority of the Debtors' products are specifically engineered for use by these customers, and the Debtors have undergone rigorous quality certification by their customers as a precondition to the supply of these products. Given both the breadth of the Debtors' customer base and the Debtors' status as the exclusive provider of many of their customers' products, any disruption in the Debtors' manufacturing operations would have catastrophic effects on the automotive and other vehicle-manufacturing industries throughout the world, with devastating consequences to the Debtors' prospects for a successful reorganization.

B. The Global Scope Of Federal-Mogul's Operations

12. A significant portion of the Debtors' business operations, and those of their non-debtor affiliates, is located outside of the United States. More specifically, 133 of the Debtors are corporate entities organized under the laws of England, and have concurrently sought to commence insolvency proceedings in that country.

13. In addition to the Debtors, Federal-Mogul is the direct or indirect corporate parent of approximately 300 additional entities around the globe. These non-debtor entities are located in approximately fifty-three (53) different countries throughout North and South America, Asia, Africa, Europe, and Australia/New Zealand. Approximately one-third of the Federal-Mogul Entities' sales in fiscal 2000 occurred outside of North America, with the majority of those sales (31% of the Federal-Mogul Entities' aggregate sales) occurring in Europe.

C. The Debtors' Financial Structure

14. As of June 30, 2001, the Federal-Mogul Entities had total assets of approximately \$10.15 billion and total liabilities of approximately \$8.86 billion. For the year ending December 31, 2000, the Federal-Mogul Entities had net sales of approximately \$6.01 billion (a decrease of roughly six percent (6%) from the preceding year) upon which a net loss was reported of approximately \$283.5 million. Central to these losses were asbestos liability-related charges taken during 2000 in the amount of \$184.4 million – discussed in greater detail below – and restructuring charges of \$135.7 million.

15. Federal-Mogul is party to a Senior Credit Agreement with a syndicate of lenders (the “Prepetition Lenders”) that provided it with approximately \$2.0 billion in borrowing capacity. As of the Petition Date, Federal-Mogul was essentially fully drawn on this agreement. Federal-Mogul’s obligations under the Senior Credit Agreement are secured by first liens on the assets of the US Companies and the stock of Federal-Mogul’s United States subsidiaries and certain of its subsidiaries located in countries other than the United States up to an amount of \$350 million, and second liens on the same assets up to an amount of \$1.64 billion. Federal-Mogul’s obligations under the Senior Credit Agreement are guaranteed by certain of its U.S. subsidiaries, each of whom is a Debtor herein. In addition, the Debtors have approximately \$225 million in surety bonds outstanding, which are secured by liens *pari passu* with the second liens held by the Prepetition Lenders.

16. In addition to the Senior Credit Agreement, Federal-Mogul has approximately \$2.3 billion outstanding in long-term debt, consisting of \$2.125 billion in Senior Notes of varying maturities, \$84 million in medium-term notes, and miscellaneous other borrowings. A substantial portion of this debt is guaranteed by certain of Federal-Mogul’s subsidiaries that are Debtors herein. In addition, the Senior Notes are secured by a lien *pari passu* with the first liens held by the Prepetition Lenders in the stock of Federal-Mogul’s United States subsidiaries. The Debtors also have approximately \$300 million in trade debt outstanding as of the Petition Date. Additionally, the Debtors have sold approximately \$260 million in accounts receivable to Federal-Mogul Funding Corporation, a wholly-owned securitization facility.

D. Events Precipitating These Chapter 11 Filings

17. The Debtors have been forced to file for chapter 11 protection because of a growing number of asbestos-related lawsuits wherein the plaintiffs claim to have suffered personal injury due to asbestos-containing products for which the Debtors have purportedly become responsible (in most cases) through merger and acquisition. In the United States, those of the Debtors who have the bulk of the asbestos liabilities – Federal-Mogul, T&N Limited, Ferodo America, Inc., Gasket Holdings, Inc., Federal-Mogul Products, Inc. and Felt Products Manufacturing Co. (f/k/a Fel-Pro) – are defendants in over 300,000 pending asbestos-related personal injury claims as of June 30, 2001. During the first six months of 2001, at least 119,800 new claims were filed against these entities. Federal-Mogul is also named in certain of these lawsuits in its capacity as the current corporate parent of the above subsidiaries, and several other Debtors are named in various asbestos-related lawsuits as well. Certain of the Debtors, particularly T&N Limited, are also defendants in a substantial number of asbestos-related actions in the United Kingdom.

18. The increasing amount of such litigation has been due to a number of factors, including the filing of chapter 11 petitions by numerous other parties alleged to be potentially responsible for the injuries suffered by asbestos plaintiffs, many of whom are co-defendants with the Debtors in numerous lawsuits. The resulting stay of litigation against such parties has placed increased financial pressure on the Debtors, in the form of higher settlement demands from plaintiffs as well as efforts to force the Debtors to cover the contributions of now-bankrupt co-defendants in existing settlement agreements.

19. The cost of this litigation to the Debtors is overwhelming. As of June 30, 2001, the Debtors estimated their aggregated asbestos-related liability at \$1.6 billion for claims currently pending and those which can reasonably be expected to be asserted in the future, with \$350 million of such liability to be payable within the following 12 months. The Debtors further estimated that over \$900 million of this amount would not be covered by insurance. The magnitude of this litigation has left the Debtors with no realistic alternative but to seek reorganization under chapter 11 of the Bankruptcy Code.

E. The Debtors' Proposed Debtor In Possession Financing Facility

20. The Debtors have obtained a commitment from J.P. Morgan Chase for a debtor in possession financing facility (the "DIP Facility") in the aggregate amount of \$675 million, for which they have filed a motion seeking interim approval as part of their "first day" motions. The Debtors believe that the DIP Facility will provide them with adequate working capital to fund their postpetition obligations to their employees, vendors and service providers, as well as providing necessary funding (for which Court approval has also been sought) for certain of their subsidiaries. The Debtors have also sought approval, as of the time of the final hearing on the DIP Facility, to wind up the Debtors' securitization facility, which the Debtors believe will provide them with an expanded collateral base and less restrictive overall credit terms.

Relief Requested

21. By this Motion, the Debtors respectfully request entry of an order approving the Protocol on an interim basis as of the Petition Date, subject to the approval of the Protocol by the English Court, in order to ensure the efficient administration of the US Cases and

the Cross-Border Cases (collectively, the “Insolvency Proceedings”). A copy of the Protocol is attached as Exhibit A to the proposed order. On the Petition Date, the Administrators filed an application for approval of the Protocol by the English Court.

22. By this Motion, the Debtors also seek final approval of the Protocol by this Court, pursuant to the following proposed notice and objection procedures (collectively, the “Objection Procedures”):

- (a) Within three (3) business days after this Court’s entry of an order approving the Protocol on an interim basis (the “Interim Order”), the Debtors will serve a copy of the Interim Order (including a copy of the Protocol in approved form) by overnight courier on all of the parties served with a copy of this Motion, the twenty largest unsecured creditors and any party that has filed and served on the Debtors’ counsel a notice of appearance prior to the date such service is made (collectively, the “Notice Parties”).
- (b) Pursuant to the terms of the Interim Order, the Notice Parties will have through and including a date established by the Court (the “Objection Deadline”) to file objections to the Debtors’ request for final approval of the Protocol (an “Objection”). All Objections must be in writing and filed with the Court and served on the Debtors’ counsel identified below so that they are received by the Objection Deadline.
- (c) If any Objections are properly filed and served by the Objection Deadline, a hearing to consider the Debtors’ request for final approval of the Protocol will be conducted at a date and time to be established by the Court (the “Final Hearing Date”).
- (d) If no Objections are properly filed and served by the Objection Deadline, (i) the Debtors shall file a certificate of no objection in accordance with the rules of this Court and a proposed order approving the Protocol on a final basis, and (ii) the Court may enter an order approving the Protocol on a final basis without further notice or a hearing.

Basis For Relief

23. Section 105(a) of the Bankruptcy Code provides that the court may issue any order, process or judgment that is necessary or appropriate to carry out the provisions of title 11. 11 U.S.C. § 105(a). Other courts, both in this district and in others have authorized programs for the purpose of *establishing a protocol for dealing with cross-border insolvency proceedings*. See, e.g., In re Philip Services (Delaware), Inc., et al., 99-02385 (MFW) (Bankr. Del. 1999); In re Loewen Group International, Inc., 99-12244 (PJW) (Bankr. Del. 1999); In re Livent (U.S.) Inc., et al., 98 B 48312 (AJG) (Bankr. S.D.N.Y. 1998); In re Everfresh Beverages, Inc., 95 B 45405 (BRL) (Bankr. S.D.N.Y. 1995); In re AIOC Corp., 96 B 41895 (TLB) (Bankr. S.D.N.Y. 1996); In re Solvex Canada Limited, 11-97-14362-MA (Bankr. N.M. 1997).

24. In addition, the Protocol is consistent with the policies of cooperation and coordination in transnational insolvency proceedings expressed in the Committee J Cross-Border Insolvency Concordat, as approved by the International Bar Association's Section on Business Law on September 17, 1995 (the "Concordat") and reprinted in Anne Nielsen, Mike Sigal and Karen Wagner, The Cross-Border Insolvency Concordat: Principles to Facilitate the Resolution of International Insolvencies, 70 Am. Bankr. L.J. 533 (Fall, 1996). For example, in support of the Concordat's express goal of "harmonizing cross-border insolvency proceedings," Principle 4(A) of the Concordat provides that, where there is more than one plenary forum, "[e]ach forum should coordinate with each other, subject in appropriate cases to a governance protocol." Id. at 548. Accordingly, the policies and provisions of the Concordat directly support the approval of

the Protocol as an appropriate mechanism to coordinate the activities in the Insolvency Proceedings.

25. Given the complex, transnational nature of the Insolvency Proceedings, a protocol is required for the efficient administration of these cases. Such a protocol would govern the resolution of many of the administrative issues anticipated to arise in coordinating the Insolvency Proceedings and is necessary to protect the rights of the Debtors, the Administrators, as well as the rights of thousands of creditors and other interested parties in the United States, England and other jurisdictions.

26. In particular, the terms of the Protocol are designed to achieve four core goals: (a) to promote the orderly and efficient administration of the Insolvency Proceedings, (b) to harmonize and co-ordinate activities undertaken in the Insolvency Proceedings, (c) to implement a framework of general principles to address certain business, administrative and management issues, and (d) to facilitate the fair, open and efficient administration of the Insolvency Proceedings for the benefit of *all of the Debtors, their creditors and other interested parties* wherever located. Protocol ¶ 1.4.

27. The Protocol is designed to accomplish these goals while attempting to harmonize certain potentially conflicting concepts existing under the Bankruptcy Code and English Law such as the differing powers and responsibilities of an administrator versus a chapter 11 debtor in possession. Thus, the Protocol is the result of lengthy discussion and arm's length negotiation between the Debtors and the Administrators to balance the two different insolvency regimes while continuing to respect the independent jurisdiction of each of the

Courts, all with a view toward maximizing the value of the Debtors' estates for the benefit of their creditors and other parties in interest.

The Protocol

28. While the Protocol should be referred to in its entirety, the salient provisions of the Protocol include the following:⁵
- a. The US Management shall have primary responsibility for (i) developing, confirming and implementing a Reorganization Plan; (ii) conducting in consultation with the Administrators all Proceedings Involving Asbestos; (iii) handling and enforcing in consultation with the Administrators any Insurance Claims; and (iv) the general strategy of the Debtors including the Cross-Border Companies. Protocol ¶ 3.2.
 - b. The Administrators consent, pursuant to section 14(4) of the Insolvency Act 1986 (but subject to certain consent requirements as provided in paragraph 3.4 of the Protocol and the Administrators' power to revoke or vary such consent), to the exercise by the Cross-Border Management of all the powers conferred upon them, subject to certain supervision and control requirements as set forth in the Protocol. Protocol ¶ 3.3.
 - c. The Cross-Border Management must consult with the Administrators or must obtain the Administrators' consent before taking certain actions with respect to the Cross-Border Companies. Protocol ¶ 3.4.
 - d. The Cross-Border Management must use reasonable endeavors to ensure that certain actions with respect to any subsidiary of the Cross-Border Companies will not be taken unless the Administrators have been consulted or have consented to such action. Protocol ¶ 3.5.
 - e. The Administrators, in consultation with the Cross-Border Management, shall have primary responsibility for (i) agreeing to the validity, or amount of, or paying or settling pre-petition claims prior to any Reorganization Plan taking effect; (ii) circulating for approval to the creditors of the Cross-Border Companies any proposal for a Reorganization Plan; (iii) the appointment, removal

⁵ Any terms not otherwise defined herein shall have the meanings ascribed to them in the Protocol.

and terms of employment of any director of the Cross-Border Companies; (iv) calling meetings of creditors or shareholders of the Cross-Border Companies; (v) fulfilling certain duties with respect to the pension schemes of the Cross-Border Companies; (vi) issuing certain letters to customers and suppliers of the Cross-Border Companies; and (vii) issuing certain instructions in respect of the banking accounts of the Cross-Border Companies. Protocol ¶ 3.6.

- f. The US Management, Cross-Border Management and the Administrators shall regularly consult with each other on all strategic matters affecting the Debtors, shall comply promptly with all reasonable requests for information made by the other, and shall act reasonably and in good faith towards one another. Protocol ¶ 4.2.
- g. The Cross-Border Management must advise the Administrators of all board meetings of the Cross-Border Companies and regularly provide the Administrators with certain reports and information and access to documents to enable the Administrators to comply with the applicable regulatory regime. Protocol ¶¶ 4.1, 4.3, 4.4, 4.5.
- h. The Administrators acknowledge that they may be receiving certain material non-public information and information subject to various privileges and will keep all such information confidential except under certain limited circumstances. Protocol ¶¶ 4.6, 4.7.
- i. The Parties acknowledge the comity and independence of the Courts by acknowledging that (i) nothing in the Protocol shall divest the US Court's independent jurisdiction over the subject matter of the US Cases and the English Court's independent jurisdiction over the subject matter of the Cross-Border Cases, (ii) to the extent practicable, the US Court shall have sole and exclusive jurisdiction and power over the conduct of the US Cases and the English Court shall have sole and exclusive jurisdiction and power over the conduct of the Cross-Border Cases. Protocol ¶¶ 5.1, 5.2.
- j. The Administrators will support any request by the US Case Representatives that the English Court hear the US Case Representatives in respect of a particular matter and the US Case Representatives will support any request by the Administrators that the US Court hear the Administrators in respect of a particular matter. Protocol ¶¶ 6.1, 6.2.

- k. If necessary, the Parties will ask each of the Courts, to the extent possible under applicable law, to provide recognition and/or judicial assistance in extending and giving effect to the stay available in the other Court's jurisdiction. Protocol ¶ 7.1.
- l. With certain exceptions provided in the Protocol, the US Case Representatives and the US Case Professionals shall be subject to the sole and exclusive jurisdiction of the US Court with respect to all matters, including the US Case Representatives' status as debtors in possession, and any other matters relating to the US Case Representatives, as well as issues of retention, compensation and liability, if any, of the US Case Professionals. Protocol ¶¶ 8.3, 8.4.
- m. With certain exceptions provided in the Protocol, the Administrators and the Cross-Border Professionals shall be subject to the sole and exclusive jurisdiction of the English Court with respect to all matters, including the Administrators' tenure in office and any other matters relating to the Administrators in respect of the Cross-Border Cases, as well as issues of retention, compensation and liability, if any, of the Administrators and Cross-Border Professionals. Protocol ¶¶ 8.1, 8.2.
- n. In the event of any disputes arising between the Parties to the Protocol, they shall make all reasonable attempts to reach agreement and if agreement cannot be reached, such dispute will be referred to the Court with the greatest nexus to the case or if such dispute affects both the US Cases and the Cross-Border Cases, to the Court that appears best suited to determine the issues in dispute. Protocol ¶ 9.1.
- o. The Protocol shall become effective only upon its approval by the US Court and the English Court and, after it becomes effective, may only be amended with the consent of all Parties and approval by both of the Courts (except for certain limited amendments not requiring Court approval such as adding another affiliate of the Debtor who subsequently commences an insolvency proceeding as a party to the Protocol). Protocol ¶¶ 11.1, 11.2.
- p. The Protocol shall terminate if either of the Parties gives written notice to the other Parties that the Protocol is terminated in relation to the Cross-Border Companies specified in such notice, or with respect to any of the Debtors to which a Reorganization Plan relates, upon the date such Reorganization Plan is given effect under US and English law. Protocol ¶ 11.4.

Notice

29. Notice of this Motion has been provided by hand delivery to the Office of the United States Trustee and to local counsel to the agents for the Prepetition and Postpetition Lenders and by overnight courier to (i) counsel to the Agent for the Debtors' proposed debtor in possession lenders, (ii) counsel to the Administrative Agent for the Debtors' prepetition secured lenders, and (iii) counsel to the Administrators in the case of the Cross-Border Companies. Notice of the Interim Order Approving Cross-Border Insolvency Protocol will be as provided in the Interim Order. The Debtors submit that, in light of the nature of the relief requested, no other or further notice need be given.

No Prior Request

30. Other than the application to approve the Protocol which has been filed with the English Court, no prior request for the relief sought in this Motion has been made to this or any other Court.

WHEREFORE, the Debtors respectfully request that this Court (a) enter the Interim Order, substantially in the form attached hereto, (i) approving the Protocol on an interim basis as of the Petition Date, (ii) establishing an Objection Deadline, (iii) setting a Final Hearing Date, if necessary, and (iv) establishing such other procedures for the Protocol to be approved on a final basis, and (b) grant the Debtors such other and further relief as the Court deems just and proper.

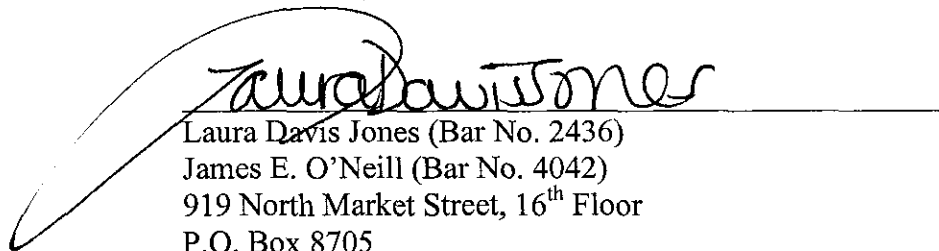
Dated: October 1, 2001

SIDLEY AUSTIN BROWN & WOOD

Larry J. Nyhan
James F. Conlan
Kevin T. Lantry
Kenneth P. Kansa
Bank One Plaza
10 South Dearborn Street
Chicago, Illinois 60603
(312) 853-7000

and

PACHULSKI, STANG, ZIEHL, YOUNG & JONES P.C.

A large, stylized handwritten signature in black ink, appearing to read "Laura Davis Jones", is written over a horizontal line. The signature is fluid and cursive, with a large loop at the beginning.

Laura Davis Jones (Bar No. 2436)
James E. O'Neill (Bar No. 4042)
919 North Market Street, 16th Floor
P.O. Box 8705
Wilmington, Delaware 19899-8705 (Courier 19801)
Telephone: (302) 652-4100
Facsimile: (302) 652-4400

[Proposed] Co-Counsel to the Debtors and
Debtors in Possession