

Hearing Date: October 19, 2000 at 10:00 a.m.
Objection Deadline: October 13, 2000 at 4:00 p.m.

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:) Chapter 11
)
GST TELECOM INC., et al.,)
) Case No. 00-1982 (GMS)
)
Debtors.)
)
) Jointly Administered

NOTICE OF MOTION AND HEARING DATE

PLEASE TAKE NOTICE that on September 11, 2000, the above-captioned debtors and debtors in possession (the "Debtors") filed the attached **Motion for Order Extending Time Within Which the Debtors May Assume or Reject Their Unexpired Leases on Nonresidential Real Property** (the "Motion") with the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court").

PLEASE TAKE FURTHER NOTICE that a hearing on the Motion will be held before the Honorable Gregory M. Sleet in Courtroom 4A at the United States District Court, 844 North King Street, Wilmington, DE 19801 on October 19, 2000 at 10 a.m. at which time the Debtors will seek entry of a order approving the Motion.

PLEASE TAKE FURTHER NOTICE that the Debtors will seek entry of the attached Bridge Order at the hearing currently scheduled in these cases for September 14, 2000 at 2 p.m. (Eastern Time).

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PLEASE TAKE FURTHER NOTICE that any objections to the Motion must be made in writing, filed with the Bankruptcy Court and served upon, so as to actually be received by the undersigned counsel for the Debtor, on or before October 13, 2000 at 4 p.m. (Eastern Time).

DOCUMENT NUMBER-DATE

12140 SEP 26 8

FPSC-RECORDS/REPORTING

ORIGINAL

If no objections are timely filed in accordance with the above procedure, the Bankruptcy Court may enter an Order without further notice or hearing. Only those objections made in writing, timely filed, and served in accordance with the above procedures will be considered at such hearing.

Dated: September 11, 2000
Wilmington, Delaware

THE BAYARD FIRM

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In re:) Chapter 11
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GST TELECOM INC., et al.,) Case No. 00-1982 (GMS)
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Debtors.) Jointly Administered

**MOTION FOR ORDER EXTENDING TIME WITHIN WHICH
THE DEBTORS MAY ASSUME OR REJECT THEIR UNEXPIRED LEASES
OF NONRESIDENTIAL REAL PROPERTY**

GST Telecom Inc. ("GST") and the other debtors and debtors-in-possession in the above-captioned cases (collectively, the "Debtors") hereby move (the "Motion") the Court for the entry of an order granting the Debtors an extension of time to and including January 2, 2000 to assume or reject their unexpired leases between the Debtors, as lessees, and lessors, concerning the lease of nonresidential real property (the "Leases"). In support of this Motion, the Debtors respectfully represent as follows:

Introduction

1. On May 17, 2000 (the "Petition Date"), the Debtors commenced their respective reorganization cases by filing voluntary petitions for relief under Chapter 11 of the Bankruptcy Code, 11 U.S.C. §§ 101-1330 (the "Bankruptcy Code"). On May 25, 2000, the United States Trustee appointed an Official Committee of Unsecured Creditors (the "Creditors Committee") in these cases. The Debtors are continuing in possession of their respective properties and are operating their respective businesses, as debtors-in-possession, pursuant to sections 1107 and 1108 of the Bankruptcy Code.

2. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).

3. The statutory predicates for the relief requested herein are sections 105 and 365(d)(4) of the Bankruptcy Code.

Background

4. Founded in 1994, GST was formed to develop, construct and operate telecommunications networks in the western United States. Today, the Debtors' more than 1,100 employees have expanded the Debtors' network to include approximately 38,000 customers in 49 cities and eight states.

5. The Debtors' revenues grew from \$18,681,000 in fiscal 1995 to \$321,922,000 in fiscal 1999. This rapid expansion, however, was funded primarily through the issuance of debt. Accordingly, as the Debtors' businesses have grown, so has their debt service. Interest expense grew from \$1,347,000 in fiscal 1995 to \$115,481,000 in fiscal 1999, causing the Debtors' net loss to increase from \$11,315,000 in fiscal 1995 to \$182,569,000 in fiscal 1999.

6. The result of the Debtors' heavy debt service and continuing losses has been a decrease in the Debtors' liquidity. Prior to filing these cases, the Debtors pursued a range of options to address their liquidity concerns, including new financing, refinancing and the sale of certain or all of the Debtors' assets or businesses. The above-captioned cases have been instituted to enable the Debtors to obtain debtor-in-possession financing and stabilize the Debtors' businesses while they seek a long-term strategic solution to take advantage of their growth opportunities and address the corresponding liquidity issues or to otherwise maximize the value of their assets.

Request for Extension of Time Within Which To Assume or Reject Leases

7. The Debtors, pursuant to section 365(d)(4) of the Bankruptcy Code, seek an extension of the time within which they may assume or reject their Leases from October 2, 2000 to and including January 2, 2001 (a period of 90 days). Section 365(d)(4) of the Bankruptcy Code provides in part:

[I]f the trustee does not assume or reject an unexpired lease of nonresidential real property under which the debtor is the lessee within 60 days after the date of the order for relief, or within such additional time as the court, for cause, within such 60-day period, fixes, then such lease is deemed rejected, and the trustee shall immediately surrender such nonresidential real property to the lessor.

11 U.S.C. § 365(d)(4).

8. Currently, the 75-day extension granted by the Court of the original 60-day period under section 365(d)(4) of the Bankruptcy Code would expire on or about October 2, 2000 (the "Expiration Date"). Because this Motion is not scheduled for a hearing until October 19, 2000, the Debtors have included herewith a Bridge Order which, if entered, will extend the Expiration Date until a further order is entered.

9. On May 23, 2000, shortly after the commencement of these cases, the Debtors filed a Motion for approval of bidding procedures with respect to a sale of substantially all of the Debtors' assets to Time Warner Telecom Inc., the so-called "stalking horse", or the highest or best bidder at auction. Thereafter on June 12, 2000, with the support of the Creditors' Committee, the Debtors chose to proceed with an open auction process without a stalking horse. A revised set of bidding procedures was approved on June 12, 2000. On July 14, 2000, with the support of the Creditors' Committee, the Debtors filed the Sale Motion¹ requesting that the Court authorize the transaction set forth therein in accordance with the bidding procedures approved by the Court on June 12, 2000.

10. Pursuant to the bidding procedures and those set forth in the Sale Motion, the Debtors conducted an auction from August 22, 2000 through August 25, 2000. At the sale hearing conducted by the Court on August 25, 2000, Time Warner Telecom Inc. was declared the winner of the auction with a bid of \$690 million for substantially all of the Debtors' assets, excluding the Debtors' Hawaiian operations. A final sale hearing is scheduled for September 14, 2000 at 2:00 p.m. prevailing Eastern time.

11. For these reasons, the Debtors require It is presently anticipated that Time Warner Telecom Inc. will submit schedules of the Debtors' executory contracts and unexpired leases that it wishes the Debtors to assume and assign appurtenant to the sale. Because, as of filing of this Motion, such schedules have not been finalized, the Debtors have not been able to analyze those contracts not wanted by Time Warner Telecom Inc. (the "Excluded Contracts") to determine whether they are of value to the Debtors' estates. Moreover, because the possibility exists that the Debtors may also sell their Hawaiian operations, it is presently unclear which Excluded Contracts must be assumed and assigned as part of such a sale of Hawaiian assets.

12. additional time to effectuate this process and submit that the premature assumption or rejection of Leases may have a chilling effect on the Debtors' ability to maximize their value to creditors in the sale process. Because the actual closing date of the sale to Time Warner Telecom Inc. may occur as much as 60 days after the final sale hearing and a closing date for a sale of the Hawaiian assets is difficult to predict, the Debtors' are requesting an additional 90-day extension, to January 2, 2001, to cover this period.

13. It is clear therefore that the Debtors' decision to assume or reject the Leases will, in part, depend on: (1) the results of the Debtors' proposed sale to Time Warner Telecom Inc.; (2) the results of any further sale of Hawaiian assets to another buyer; (3) the results of negotiations between individual lessors and the Debtors; and (4) the subsequent events in these bankruptcy cases. To prematurely force the Debtors to decide whether to assume or reject the Leases would substantially prejudice their ability to maximize the benefit of their estates for the benefit of their creditors. Moreover, the Debtors believe that they have fulfilled their obligations under the Leases since the Petition Date and intend to do so until the Leases are assumed or rejected, as required by section 365(d)(3) of the Bankruptcy Code.

¹ Motion for Order Authorizing (A) Proposed Sale of Substantially all of the Debtors' Assets Free and Clear of Liens, Claims and Encumbrances and (B) Assumption and Assignment of all or Substantially all of the Debtors' Executory Contracts and Unexpired Leases, filed with the Court on July 14, 2000 [Docket No. 319] (the "Sale Motion").

14. Accordingly, the Debtors respectfully request that the Court grant an extension of the time within which the Debtors must elect to assume or reject their leases to and including January 2, 2001.

15. No prior application for the relief requested herein has been made by the Debtors to this or any other Court.

Notice

16. No trustee or examiner has been appointed in the Debtors' Chapter 11 cases. Notice of this Motion has been provided to the United States Trustee, counsel to the Creditors' Committee and each of the other parties on the Limited Service List established by the Court. The Debtors submit that under the circumstances no further notice is necessary.

WHEREFORE, the Debtors respectfully request that the Court enter an order substantially in the form of the proposed order accompanying this Motion: (i) extending the time within which the Debtors may assume or reject the Leases to and including January 2, 2001; and (ii) granting such other relief as the Court deems just and proper.

Dated: September 11, 2000
Wilmington, Delaware

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Debtors-in-Possession

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In re:) Chapter 11
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GST TELECOM INC., et al.,) Case No. 00-1982 (GMS)
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Debtors.) Jointly Administered

**ORDER EXTENDING TIME WITHIN WHICH THE DEBTORS
MAY ASSUME OR REJECT THEIR UNEXPIRED LEASES
OF NONRESIDENTIAL REAL PROPERTY**

This matter coming on to be heard on the Debtors' Motion for an Order Extending the Time Within Which the Debtors May Assume or Reject Their Unexpired Leases of Nonresidential Real Property (the "Motion"),² filed by the above-captioned debtors and debtors-in-possession (the "Debtors"); the Court having reviewed the Motion; it appearing to the Court that (a) it has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334, and (b) that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); the Court finding that notice of the Motion and the Hearing was sufficient under the circumstances; and the Court finding that due cause exists;

IT IS HEREBY ORDERED that:

1. Pursuant to section 105 and section 365(d)(4) of the Bankruptcy Code, the time period during which the Debtors shall have the right to assume or reject the Leases (as defined in the Motion) is hereby extended until January 2, 2001.
2. This Order is without prejudice to the right of any party in interest, including the Debtors, to assert that the Leases are not unexpired leases of nonresidential real property.
3. This Order is without prejudice to the right of the Debtors to request additional extensions of time within which to assume or reject the Leases.

Dated: Wilmington, Delaware
September ____, 2000

UNITED STATES DISTRICT JUDGE

² Unless otherwise defined in this Order, capitalized terms used herein shall have the meanings ascribed to them in the Motion.