

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

| | | |
|---|---|--------------------------------|
| In re: |) | |
| |) | Chapter 11 |
| AATT011, Inc., et al.,¹ |) | |
| |) | Case No. 09-14406 (CSS) |
| |) | |
| Debtors. |) | Jointly Administered |
| |) | |
| |) | |
| |) | |

**DEBTORS' MOTION TO LIMIT NOTICE OF DEBTORS' MOTION FOR AN ORDER,
PURSUANT TO SECTIONS 105(a) AND 1112(a) OF THE BANKRUPTCY CODE AND
BANKRUPTCY RULE 1017(f), CONVERTING THEIR CHAPTER 11 CASES TO
CASES UNDER CHAPTER 7 AS OF AUGUST 1, 2010**

The above-captioned debtors and debtors-in-possession (the "Debtors") hereby move (the "Motion to Limit") for the entry of an order, pursuant to Rule 2002 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), and Rules 2002-1(b) and 9006-1(c) of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the "Local Rules") authorizing the Debtors to serve notice of the *Debtors' Motion for an Order, Pursuant to Sections 105(a) and 1112(a) of the Bankruptcy Code and Bankruptcy Rule 1017(f), Converting Their Chapter 11 Cases to Cases Under Chapter 7 as of August 1, 2010* (the "Motion") only on those parties listed in the "Notice" section below (the "Limited Notice Parties"). A copy of the Motion is attached hereto as Exhibit B. In support of this Motion to Limit, the Debtors respectfully state as follows:

¹ The Debtors in these cases, along with the last four digits of the federal tax identification number for each of the Debtors, are AATT011, Inc. (f/k/a Ames Holding Corp.) (6130), AATT008, Inc. (f/k/a Axia Incorporated) (5251), AATT009, Inc. (f/k/a TapeTech Tool Co., Inc.) (7106), and AATT001, Inc. (f/k/a Ames Taping Tool Systems, Inc.) (6440).

Jurisdiction

1. The Court has jurisdiction over this Motion to Limit under 28 U.S.C. § 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b). Venue of these proceedings and this Motion to Limit in this district is proper under 28 U.S.C. §§ 1408 and 1409. The statutory bases for the relief requested herein are 11 U.S.C. § 105(a), Bankruptcy Rule 2002 and Local Rules 2002-1(b) and 9006-1(e).

Relief Requested

2. By this Motion to Limit, the Debtors respectfully request that the Court enter an order pursuant to Bankruptcy Rule 2002, waiving the requirement of Bankruptcy Rule 2002(a)(4) that all creditors receive notice of the Motion and authorizing the Debtors to serve notice of the Motion only on the Limited Notice Parties. The Debtors respectfully submit that authorizing them to provide notice only to those parties listed herein is reasonable and appropriate under the circumstances.

Basis for Relief

3. By the Motion, the Debtors have asked the Court to convert the Debtors' chapter 11 cases to chapter 7 cases. Bankruptcy Rule 2002(a)(4) directs that "the trustee, all creditors and indenture trustees" shall receive notice by mail of "the hearing on...the conversion of the case to another chapter." The Debtors respectfully submit that serving notice of the Motion upon all creditors in this case is unnecessary, and respectfully request that the Court use its authority under section 105(a) of the Bankruptcy Code to waive this requirement.

4. The Debtors' claims agent has informed counsel for the Debtors that there are 2,760 creditors in these cases. Counsel for the Debtors inquired and was told that for the Debtors to copy a 15 page motion (inclusive of exhibits and notice) and mail it to 2,760 creditors, the Debtors likely would incur approximately \$8,000 in expenses. Such expenses

would be incurred at a time when the Debtors' estates are critically short of funds.

5. Under Bankruptcy Code § 1112(a), the Debtors have the absolute right to convert their chapter 11 bankruptcy cases to cases under chapter 7. See In re Dieckhaus Stationers of King of Prussia, Inc., 73 B.R. 969, 971 (Bankr. E.D. Pa. 1987) (Section 1112(a) "gives the debtor an absolute right to convert"). Therefore, no prejudice will inure to creditors who are not served with the Motion.

6. Moreover, it is difficult to see what benefit would be gained from the expenditure of estate resources that would be required in order to serve the Motion on all creditors. If any party-in-interest is inclined to object to conversion, presumably it will be a party that already entered an appearance, and all such parties will be served notice of the Motion.

7. Similar relief has been granted in other cases in this district. See, e.g., In re Tweeter OPCO, LLC, et al. Case No. 08-12646 (MFW) (Dec. 2, 2008) (ORDER); In re Linens Holding Co., Case No. 08-10832 (CSS) (Feb. 17, 2010) (ORDER) (attached hereto as Exhibit C). Indeed, the Debtors are seeking less relief than that sought in Tweeter or Linens, because they are not seeking to shorten the notice period, which is 21 days under Rule 2002(a). Rather, the Debtors only seek to limit the number of parties to whom they must serve the Motion. Under the circumstances, the Debtors respectfully submit that it is reasonable and appropriate to limit notice to the Limited Notice Parties.

Notice

8. Notice of this Motion to Limit shall be provided via U.S. first class mail to: (i) the Office of the United States Trustee for the District of Delaware; (ii) counsel to the Committee of Unsecured Creditors; (iii) counsel to the agent for the Debtors' pre-petition loan facilities; (iv) counsel to Axia Acquisition Corporation; and (v) all parties who have filed a request for notice under Bankruptcy Rule 2002.

WHEREFORE, the Debtors respectfully request that the Court enter an order, substantially in the form attached hereto as Exhibit A, waiving the requirement of Bankruptcy Rule 2002(a)(4) that all creditors receive notice of the Motion, limiting notice to the parties listed herein, and granting such other and further relief as may be just and proper.

Dated: July 1, 2010
Wilmington, Delaware

Respectfully submitted,



Mark D. Collins (No. 2981)
Michael J. Merchant (No. 3854)
L. Katherine Good (No. 5101)
Drew G. Sloan (No. 5069)
RICHARDS, LAYTON & FINGER, P.A.
One Rodney Square
920 North King Street
Wilmington, Delaware 19801
Telephone: (302) 651-7700

- and -

C. Edward Dobbs
Rufus T. Dorsey, IV
PARKER, HUDSON, RAINER & DOBBS LLP
1500 Marquis Two Tower
285 Peachtree Center Avenue, N.E.
Atlanta, Georgia 30303
Telephone: (404) 523-5300

Counsel For the Debtors and Debtors-in-Possession

EXHIBIT A

1. The Motion to Limit is GRANTED.
2. The requirements of Bankruptcy Rule 2002(a)(4) are waived to the extent that they require notice of the Motion be provided to all creditors. The Debtors shall serve notice of the Motion on the following parties: (i) the Office of the United States Trustee for the District of Delaware; (ii) counsel to the Committee of Unsecured Creditors; (iii) counsel to the agent for the Debtors' pre-petition loan facilities; (iv) counsel to Axia Acquisition Corporation; and (v) all parties who have filed a request for notice under Bankruptcy Rule 2002.
3. This Order shall be effective and enforceable immediately upon entry.
4. This Court retains jurisdiction to interpret, implement, and enforce the provisions of this Order.

Dated: _____, 2010
Wilmington, Delaware

THE HONORABLE CHRISTOPHER S. SONTCHI
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT B

Jurisdiction

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

2. The statutory predicates for the relief requested herein are set forth in sections 105(a) and 1112(a) of the Bankruptcy Code and Bankruptcy Rule 1017(f).

Background

3. On December 14, 2009 (the "Petition Date"), the Ames Holding Corp. ("Ames Holding"), Axia Incorporated ("Axia"), TapeTech Tool Co. Inc. ("TapeTech"), and Ames Taping Tool Systems, Inc. ("Ames") filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code. The Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No request for the appointment of a trustee or examiner has been made in these Chapter 11 Cases. On December 23, 2009, the United States Trustee for the District of Delaware (the "U.S. Trustee") appointed an official committee of unsecured creditors (the "Committee").

4. Before the commencement of the Chapter 11 Cases, the Debtors were the leading designers, manufacturers, marketers, and distributors of "automatic taping and finishing" ("ATF") tools used to increase productivity in interior drywall finishing. These ATF tools, invented by Ames beginning in 1939, enable interior finishing contractors to finish drywall joints substantially faster than less productive hand finishing methods.

5. Prior to the Petition Date, to obtain the funds necessary to operate their respective businesses, Axia entered into that certain Amended and Restated Credit Agreement (the "Credit Agreement") dated as of April 1, 2008, with a group of lenders party thereto (the "Pre-Petition Lenders"), pursuant to which the Pre-Petition Lenders agreed to extend certain

term loans and a revolving line of credit to Axia. Ames Holding, TapeTech and Ames jointly and severally guaranteed full payment of the indebtedness owing by Axia under the Credit Agreement. To secure this indebtedness, each of the Debtors granted the Pre-Petition Lenders security interests in and liens upon all or substantially all of their personal property. As of the Petition Date, the principal balance of the Debtors' indebtedness under the Credit Agreement totaled approximately \$161,000,000.

6. The financial viability of the Debtors was severely impacted by the dramatic decline in commercial and residential construction in the United States, particularly as a result of declines in construction in late 2007. By late 2007, a widespread and dramatic downturn in the commercial and residential markets in the United States was occurring. Commercial and residential construction levels plummeted as a result. This downturn was followed by a severe economic crisis worldwide. This precipitous fall in the commercial and residential construction in the United States led to a significant decrease in the demand for and use of ATF tools and other products sold and rented by the Debtors and, therefore, materially and adversely impacted the Debtors' revenue streams.

7. Faced with such substantially diminished revenues from sales and rentals of ATF tools throughout the Debtors' regional markets, the Debtors were unable to generate the funds necessary to cover operating and maintenance costs, including amounts needed to service their secured indebtedness. Confronted by this rapid and dramatic decline in commercial and residential construction and the significantly reduced demand for the Debtors' products, beginning in late 2007, the Debtors pursued a number of actions to reduce fixed costs, including (i) reducing significantly the number of employees and the amount of wages and (ii) closing a

number of leased locations and negotiating lower monthly rental payments with the landlords for other locations.

8. Although these efforts enabled the Debtors to reduce their costs significantly, the Debtors were faced with insufficient revenues, quickly decreasing liquidity and no source of additional financing. Confronted with the reality that the value of their assets may diminish significantly in just a short period of time, the Debtors determined that the only way to preserve the value of these assets was to, without delay, commence these bankruptcy cases and sell these assets pursuant to section 363 of the Bankruptcy Code.

9. With this strategy in mind, and given their extremely high debt load, the Debtors entered into discussions with certain of their prepetition secured lenders (the "Lenders") regarding the Debtors' alternatives to reorganize their affairs and to preserve the value of their business operations.

10. The Debtors' discussions with the Lenders culminated in the negotiation and execution of that certain Restructuring Agreement dated as of December 4, 2009 (the "Restructuring Agreement"), among the Debtors and the other parties thereto (collectively, the "Signing Lenders"), pursuant to which the Debtors and the Signing Lenders agreed upon a process for preserving the value of the Debtors' assets through an expeditious section 363 sale.

11. In accordance with the Restructuring Agreement, on December 16, 2009, the Debtors filed a motion (the "Bid Procedures and Sale Motion") to establish bid procedures for a sale of substantially all of their assets in cooperation with the Lenders. By Order entered January 13, 2010 [Docket No. 132], the Court granted the motion and approved bid procedures for the proposed sale, including approval of a stalking horse agreement (the "Stalking Horse

Agreement”) between the Debtors and Axia Acquisition Corporation (together with its designees, the “Purchaser”).

12. No Qualified Bids⁴ were received by the Debtors by the Bid Deadline, and the Debtors sought approval of the Stalking Horse Agreement. On February 17, 2010, the Court entered its *Order (A) Authorizing Sale of Substantially All of the Debtors’ Assets Free and Clear of All Liens, Claims and Interests; (B) Approving Assets Purchase Agreement; (C) Authorizing Assumption and Assignment and Rejection of Certain Executory Contracts and Unexpired Leases; and (D) Granting Other Relief* [Docket No. 192] (the “Sale Order”). Pursuant to the Sale Order, the Court approved the sale of substantially all of the Debtors’ assets to the Purchaser. In connection with the sale, the Purchaser provided consideration of (i) \$9,000,000, payable in the form of a term note issued ratably to the Existing Senior Term Lenders; (ii) \$9,000,000, payable in the form of a term note issued ratably to the Existing Senior Term Lenders; (iii) equity issuable to the holders of Term Note B in an amount equal to 21.5% of the equity of Parent; (iv) the assumption at the Closing by the Stalking Horse Bidder of the Assumed Liabilities; and (v) an amount equal to the Determined Cure Costs payable by the Stalking Horse Bidder under Section 5.1(c) of the Stalking Horse Agreement.

13. Prior to the closing of the sale, the Debtors and the Purchaser entered into that certain Side Agreement dated March 12, 2010, pursuant to which the parties agreed, among other provisions, to amend Section 2.1(a)(i) of the Stalking Horse Agreement to give the Purchaser ninety (90) days after the closing to complete its due diligence on the California Property (as defined below) and to decide whether to purchase the Debtors’ interest in this property. Axia is the owner as tenant in common of fifty percent (50%) of the interest in the real

⁴ Capitalized terms used in paragraph 12 not otherwise defined in this Motion shall have the meanings given to them in the Bid Procedures and Sale Motion.

estate located at 5821 Randolph Street, Commerce, California (the "California Property"). The California Property is currently subject to a lease agreement dated December 4, 1998 (as at any time amended, the "California Lease") among the owners of the property, including Axia, and Main Steel Polishing Company, Inc., as lessee. The California Lease expires September 30, 2010.

14. The Debtors' share of the monthly rent payment under the California Lease is approximately \$6,500 (the "California Rent").

15. In addition to its interest in the California Property, Axia is the sole shareholder of Ames Taping Tools of Canada, Ltd. ("Ames Canada"). Ames Canada is not a debtor in these chapter 11 cases.

16. Based on the Final Order (1) Authorizing Debtors to Use Cash Collateral and (2) Granting Adequate Protection to Prepetition Lenders entered January 13, 2010 [Docket No. 118] (the "Final Cash Collateral Order"), the Prepetition Lenders (as defined in the Final Cash Collateral Order) asserted a replacement lien on the California Property.

17. The sale closed on March 12, 2010 (the "Closing Date"). As a result of the consummation of the going-concern sale transaction, the Debtors no longer have any ongoing business operations.

18. The Purchaser did not acquire Axia's ownership interest in Ames Canada as part of the Debtors' assets purchased through the Court-approved sale. With the closing of the sale, Ames Canada ceased doing business. The Debtors believe that, upon the payment of all creditors of Ames Canada, there will be funds remaining to distribute to Axia as Ames Canada's sole shareholder (the "Ames Canada Distribution"), but the Debtors are not certain at this time the amount of the Ames Canada Distribution.

19. Subsequent to the Closing Date, the Purchaser notified the Debtors that the Purchaser had decided not to acquire Axia's fifty percent (50%) interest in the California Property.

20. In addition, the Prepetition Agent (as defined in the Final Cash Collateral Order) confirmed to the Debtors that the Prepetition Lenders would release any interest in the California Property.

21. In October, 2009, prior to the Petition Date, the California Property was appraised at \$2,600,000. The Debtors are not certain of the current value of Axia's fifty percent (50%) interest in the California Property, but the Debtors believe that the current value of the California Property is less than the value at which the property appraised in October, 2009.

22. The Debtors propose to market and sell their interest in the California Property, but the Debtors believe that the process of marketing and selling this interest will take at least 6-12 months.

23. Pursuant to the terms of the Final Cash Collateral Order, the Debtors' right to use cash collateral terminated on the day following the Closing Date.

24. Prior to the Closing Date, the Debtors estimated that administrative claims against the bankruptcy estates under section 503(b)(9) of the Bankruptcy Code (the "Section 503(b)(9) Claims") totaled approximately \$20,000.

25. Pursuant to the Sale Order, the Purchaser agreed to assume liability for, and to pay, the Section 503(b)(9) Claims but in an amount not to exceed \$20,000.

26. Subsequent to the Closing Date, the Debtors determined that the amount of the Section 503(b)(9) Claims totaled approximately \$107,000.

27. In addition, pursuant to terms of the Final Cash Collateral Order, the amount of funds available through the Carve Out (as defined in the Final Cash Collateral Order) for the Debtors to pay professional fees and expenses incurred after the Closing Date in winding up the Chapter 11 Cases is limited to \$40,000 for the professionals retained by the Debtors and \$10,000 for the professionals retained by the Committee.

28. At the time the terms of the Final Cash Collateral Order were negotiated and that Order was entered by the Court, the Debtors believed that these funds set aside through the Carve Out for the payment of post-closing professional fees would be sufficient to cover the expense of winding up the cases.

29. Since the Closing Date, the Debtors' professionals have been required to provide services substantially in excess of what was anticipated, including (i) assisting the Purchaser in analyzing the Debtors' executory contracts and leases, (ii) reviewing proofs of claim filed against the Debtors, (iii) analyzing damages claims for rejected executory contracts and unexpired leases, (iv) preparing detailed schedules of all general unsecured claims and rejection damages claims against the Debtors, (v) preparing and filing original and amended omnibus motions to reject executory contracts and unexpired leases, (vi) responding to a stay relief motion filed with respect to litigation pending outside of these bankruptcy case, (vii) assisting the Debtors in analyzing their options with respect to the California Property upon the Purchaser's decision not to acquire the Debtors' interest in that property, (viii) assisting the Debtors in addressing legacy workers' compensation claims, (ix) preparing and filing a final fee application for an ordinary course professional, (x) preparing and filing a motion for Court approval of a separation agreement with a former employee, and (xi) addressing issues arising in

connection with discovery served by the parties objecting the fee application of Barrier Advisors, Inc.

30. The post-closing professional fees and expenses necessarily incurred by the Debtors exceed the amount available to the Debtors through the Carve Out to pay these professional fees and expenses.

31. Finally, former employees of the Debtors who are now employees of the Purchaser have been performing the duties required of the Debtors as debtors and debtors-in-possession in these cases, such as preparing the monthly operating reports, responding to inquiries by creditors, and reviewing administrative claims. These former employees do not have sufficient resources to continue to perform these difficult and time consuming tasks for what may be an extended period of time.

32. The Debtors believe that, even with the California Rent and the Ames Canada Distribution, there are or will be insufficient funds in their estates to pay the balance of the Section 503(b)(9) Claims and other administrative claims, to cover any costs or liabilities incurred in connection with maintaining the California Property, and to prepare and obtain confirmation of a chapter 11 liquidating plan.

Relief Requested

33. By this Motion, the Debtors respectfully request the Court to enter an order, pursuant to sections 105(a) and 1112(a) of the Bankruptcy Code and Bankruptcy Rule 1017(f), converting their chapter 11 cases to cases under chapter 7 of the Bankruptcy Code as of the Conversion Date and directing the U.S. Trustee to appoint a chapter 7 trustee for the Debtors.

Basis for Relief Requested

34. Under section 1112(a) of the Bankruptcy Code, the Debtors have the absolute right to convert their chapter 11 bankruptcy cases to cases under chapter 7. See In re Dieckhaus Stationers of King of Prussia, Inc., 73 B.R. 969, 971 (Bankr. E.D. Pa. 1987) (Section 1112(a) “gives the debtor an absolute right to convert”). The Debtors hereby seek to convert their chapter 11 cases to chapter 7 cases.

35. The Debtors request that the conversion be effective as of August 1, 2010, in order to allow the Debtors sufficient time to permit an orderly transition into chapter 7, and thereby avoiding any inefficiencies and disruptions that could be caused by too abrupt a changeover to chapter 7.

36. Because the Debtors will not have sufficient resources with which to pay the balance of the administrative claims, to cover any costs or liabilities incurred in connection with maintaining the California Property, to prepare and obtain confirmation of a chapter 11 liquidating plan, and to continue for what may be an extended period of time performing the Debtors’ duties as debtors and debtors-in-possession, the Debtors respectfully submit that a chapter 7 liquidation is the only practical avenue remaining for the orderly liquidation and distribution of the Debtors’ remaining assets.

37. The Debtors believe that the conversion of their chapter 11 cases to cases under chapter 7 is in the best interests of their estates, creditors, and all parties in interest.

Notice

38. Notice of this Motion shall be provided via U.S. first class mail to: (i) the U.S. Trustee; (ii) counsel to the Committee; (iii) counsel to the agents for the Debtors’ pre-petition loan facilities; (iv) counsel to the Purchaser; and (v) any parties requesting notice in

these cases pursuant to Bankruptcy Rule 2002. In light of the nature of the relief requested, the Debtors respectfully submit that no other or further notice of this Motion is required.

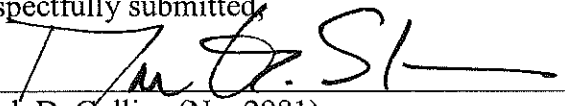
No Prior Request

39. No prior motion for the relief requested herein has been made to this or any other court.

WHEREFORE, the Debtors respectfully request the Court to enter an order, substantially in the form attached hereto as Exhibit A, (i) converting the Debtors' chapter 11 cases to cases under chapter 7 of the Bankruptcy Code as of the Conversion Date, (ii) directing the U.S. Trustee to appoint a chapter 7 trustee for the Debtors, (iii) relieving Delaware Claims Agency LLC of its responsibilities as the Debtors' claims and noticing agent in the Chapter 11 Cases effective as of the Conversion Date, and (iv) granting such other and further relief to the Debtors as this Court deems just and proper.

Dated: July 1, 2010
Wilmington, Delaware

Respectfully submitted,



Mark D. Collins (No. 2981)
Michael J. Merchant (No. 3854)
L. Katherine Good (No. 5101)
Drew G. Sloan (No. 5069)
RICHARDS, LAYTON & FINGER, P.A.
One Rodney Square
920 North King Street
Wilmington, Delaware 19801
Telephone: (302) 651-7700

- and -

C. Edward Dobbs
Rufus T. Dorsey, IV
PARKER, HUDSON, RAINER & DOBBS LLP
1500 Marquis Two Tower
285 Peachtree Center Avenue, N.E.
Atlanta, Georgia 30303
Telephone: (404) 523-5300

Counsel For the Debtors and Debtors in Possession

EXHIBIT A

Proposed Order

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

| | | |
|---|---|-------------------------|
| In re: |) | Chapter 11 |
| |) | |
| AATT011, Inc., <u>et al.</u> , ¹ |) | Case No. 09-14406 (CSS) |
| |) | |
| Debtors. |) | Jointly Administered |
| |) | |
| |) | Re: Docket No. _____ |

**ORDER, PURSUANT TO SECTIONS 105(a) AND 1112(a)
OF THE BANKRUPTCY CODE AND BANKRUPTCY RULE
1017(f), CONVERTING DEBTORS' CHAPTER 11 CASES TO CASES
UNDER CHAPTER 7 OF THE BANKRUPTCY CODE AS OF AUGUST 1, 2010**

Upon consideration of the Motion (the "Motion")² of the debtors and debtors-in-possession in the above-captioned cases (the "Debtors") for entry of an order, pursuant to sections 105(a) and 1112(a) of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the "Bankruptcy Code"), and Rule 1017(f) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), converting their chapter 11 cases to cases under chapter 7 of the Bankruptcy Code and appointing a chapter 7 trustee for the Debtors; and the Court being satisfied that the conversion of these chapter 11 cases to chapter 7 cases is in the best interests of the Debtors, their estates and creditors; and due and proper notice of the Motion having been given under the circumstances; and it appearing that no other or further notice need be given; and it appearing that the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and that this is a core proceeding under 28 U.S.C. § 157(b)(2); and after due deliberation and sufficient cause appearing therefor, it is hereby:

¹ The Debtors in these cases, along with the last four digits of the federal tax identification number for each of the Debtors, are AATT011, Inc. (f/k/a Ames Holding Corp.) (6130), AATT008, Inc. (f/k/a Axia Incorporated) (5251), AATT009, Inc. (f/k/a TapeTech Tool Co., Inc.) (7106), and AATT001, Inc. (f/k/a Ames Taping Tool Systems, Inc.) (6440).

² Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Motion.

ORDERED that the Motion is GRANTED; and it is further

ORDERED that, pursuant to sections 105(a) and 1112(a) of the Bankruptcy Code and Bankruptcy Rule 1017(f), the chapter 11 cases of AATT011, Inc. (f/k/a Ames Holding Corp.) [Case No. 09-144406 (CSS)]; AATT008, Inc. (f/k/a Axia Incorporated). [Case No. 09-14407 (CSS)]; AATT009, Inc. (f/k/a TapeTech Tool Co., Inc.) [Case No. 09-14408 (CSS)]; and AATT001, Inc. (f/k/a Ames Taping Tool Systems, Inc.) [Case No. 09-14409 (CSS)] are hereby converted to cases under chapter 7 of the Bankruptcy Code, effective as of August 1, 2010 (the "Conversion Date"); and it is further

ORDERED that the Office of the United States Trustee shall appoint a chapter 7 trustee to oversee the Debtors' chapter 7 bankruptcy cases; and it is further

ORDERED that the Debtors shall:

- a. Within 5 days of the Conversion Date, turn over to the chapter 7 trustee all records and property of the estate under their custody and control as required by Bankruptcy Rule 1019(4);
- b. Within 30 days of the Conversion Date, file a schedule of unpaid debts incurred after commencement of the chapter 11 cases, including the name and address of each creditor, as required by Bankruptcy Rule 1019(5); and
- c. Within 30 days from the Conversion Date, file and transmit a final report and account as required by Bankruptcy Rule 1019(5)(A) to the U.S. Trustee; and it is further

ORDERED that, all lists, inventories, schedules, and statements of financial affairs filed in the chapter 11 cases shall be deemed to be filed in the cases under chapter 7 of the Bankruptcy Code; and it is further

ORDERED that, to the extent not already done so, all professionals employed by the Debtors and the Committee in these chapter 11 cases shall file, within 45 days of the Conversion Date, a final fee application for approval of all fees and expenses incurred through the Conversion Date; and it is further

ORDERED that effective as of the Conversion Date, the Debtors' claims and noticing agent, Delaware Claims Agency LLC, shall be relieved of its responsibilities as the Debtors' claims and noticing agent in the Chapter 11 Cases; and it is further

ORDERED that the Debtors and their counsel are authorized to take all necessary steps, perform such actions, execute such documents, and expend such funds as may be necessary to carry out or otherwise effectuate the terms and conditions of this Order; 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: _____, 2010
Wilmington, Delaware

THE HONORABLE CHRISTOPHER S. SONTCHI
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT C

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

| | | |
|--|---|--------------------------------|
| In re: |) | Chapter 11 |
| |) | |
| LINENS HOLDING CO., <u>et al.</u>, ¹ |) | Case No. 08-10832 (CSS) |
| |) | |
| Debtors. |) | Jointly Administered |
| |) | |
| |) | Re: Docket No. 5893 |

**ORDER SHORTENING NOTICE, APPROVING THE FORM, AND
LIMITING THE MANNER OF NOTICE FOR DEBTORS' MOTION FOR AN ORDER
CONVERTING THE DEBTORS' CHAPTER 11 BANKRUPTCY CASES TO CASES
UNDER CHAPTER 7 OF THE BANKRUPTCY CODE AS OF FEBRUARY 26,
2010 IN THE ALTERNATIVE TO MODIFICATION OF THE
DEBTORS' THIRD AMENDED JOINT PLAN OF
REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE**

This matter coming before the Court on the Motion (the "Motion") of the above-captioned debtors and debtors-in-possession (collectively, the "Debtors"), for entry of an order shortening the notice period for and approving the form and manner of notice of the *Debtors' Motion for an Order Converting the Debtors' Chapter 11 Bankruptcy Cases to Cases Under Chapter 7 of the Bankruptcy Code as of February 26, 2010 in the Alternative to Modification of the Debtors' Third Amended Joint Plan of Reorganization under chapter 11 of the Bankruptcy Code* (the "Conversion Motion");² the Court having considered the Motion; the Court finding that (a) the Court has jurisdiction over this Motion pursuant to 28 U.S.C. §§ 157 and 1334; (b) this Motion is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A); (c) capitalized terms used but not otherwise defined herein shall be ascribed the same meaning given to them in the

¹ The Debtors in these cases, along with the last four digits of the federal tax identification number for each of the Debtors, are Linens Holding Co. (2917), Linens 'n Things, Inc. (3939), Linens 'n Things Center, Inc. (0138), Bloomington, MN., L.T., Inc. (8498), Vendor Finance, LLC (5543), LNT, Inc. (4668), LNT Services, Inc. (2093), LNT Leasing II, LLC (4182), LNT West, Inc. (1975), LNT Virginia LLC (9453), LNT Merchandising Company LLC (2616), LNT Leasing III, LLC (3599) and Citadel LNT, LLC (2479).

² Capitalized terms used, but not otherwise defined herein, shall have the meanings ascribed to them in the Conversion Motion.

Motion; and the Court having determined that the legal and factual basis set forth in the Motion establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefore,

NOW, THEREFORE, IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED.
2. The requirements of Bankruptcy Rule 2002(a)(4) are waived to the extent that they require notice of the Conversion Motion be provided to all creditors. The Debtors shall serve notice of the Conversion Motion on the following parties: (i) the U.S. Trustee; (ii) the Creditors' Committee; (iii) counsel to the agent for the Debtors' postpetition secured lenders; (iv) counsel to the indenture trustee for the Debtors' outstanding bond issuance; (v) counsel to the Senior Noteholders' Committee; (vi) counsel to the Debtors' equity sponsors; and (vii) all parties entitled to receive notice in these chapter 11 cases pursuant to Bankruptcy Rule 2002.
3. The Conversion Motion and any objections thereto shall be heard at the hearing scheduled on February 19, 2010 at 10:00 a.m. (prevailing Eastern Time).
4. All objections to the Conversion Motion may be raised at the hearing scheduled on February 19, 2010 at 10:00 a.m. (prevailing Eastern Time).

Dated: 2/17, 2010
Wilmington, Delaware



THE HONORABLE CHRISTOPHER S. SONTCHI
UNITED STATES BANKRUPTCY JUDGE