

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

In re: XTERA COMMUNICATIONS, INC., Debtor. Tax Identification No.: 38-3394611	Chapter 11 Case No. 16-12577 (___)
In re: XTERA COMMUNICATIONS LTD., Debtor. Tax Identification No.: 452-66302-19610	Chapter 11 Case No. 16-12578 (___)
In re: XTERA COMMUNICAITONS CANADA, INC., Debtor. Tax Identification No.: 80459 2053	Chapter 11 Case No. 16-12579 (___)
In re: XTERA COMMUNICATIONS HONG KONG LTD., Debtor. Tax Identification No.: 110-7411	Chapter 11 Case No. 16-12580 (___)

<p>In re:</p> <p>XTERA ASIA HOLDINGS LLC,</p> <p style="text-align: right;">Debtor.</p> <p>Tax Identification No.: 38-3394611</p>	<p>Chapter 11</p> <p>Case No. 16-12584 ()</p>
<p>In re:</p> <p>AZEA NETWORKS, INC.,</p> <p style="text-align: right;">Debtor.</p> <p>Tax Identification No.: 45-2207821</p>	<p>Chapter 11</p> <p>Case No. 16-12582 ()</p>
<p>In re:</p> <p>NEOVUS INC.,</p> <p style="text-align: right;">Debtor.</p> <p>Tax Identification No.: 74-3172940</p>	<p>Chapter 11</p> <p>Case No. 16-12583 ()</p>
<p>In re:</p> <p>PMX HOLDINGS, LTD.,</p> <p style="text-align: right;">Debtor.</p> <p>Tax Identification No.: 38-3394611</p>	<p>Chapter 11</p> <p>Case No. 16-12581 ()</p>

**DEBTORS' MOTION FOR AN ORDER DIRECTING JOINT
ADMINISTRATION OF CASES PURSUANT TO FED. R. BANKR. P. 1015(b)**

Xtera Communications, Inc. and certain of its subsidiaries and affiliates, as debtors and debtors in possession in the above-captioned cases (collectively, the “Debtors”), hereby submit this motion (the “Motion”) for entry of an order, substantially in the form attached hereto as Exhibit A (the “Proposed Order”), providing for the joint administration of the Debtors’ separate chapter 11 cases for procedural purposes only. In support of the Motion, the Debtors rely upon, and incorporate by reference, the *Declaration of Joseph R. Chinnici in Support of Chapter 11 Petitions and First Day Pleadings* (the “First Day Declaration”), filed with the Court concurrently herewith. In further support of the Motion, the Debtors respectfully represent as follows:

JURISDICTION AND VENUE

1. This Court has jurisdiction to consider this Motion under 28 U.S.C. §§ 157 and 1334. This is a core proceeding under 28 U.S.C. § 157(b). The Debtors consent, pursuant to Rule 9013-1(f) of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”), to the entry of a final judgment or order with respect to this Motion, if it is determined that the Court would lack Article III jurisdiction to enter such final order or judgment absent consent of the parties.

2. Venue in this district is proper under 28 U.S.C. §§ 1408 and 1409.

3. The statutory bases for the relief requested herein are section 342(c)(1) of the title 11 of the United States Code (the “Bankruptcy Code”), Rules 1005 and 1015 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and Local Rule 1015-1.

BACKGROUND

4. On the date hereof (the “Petition Date”), the Debtors commenced these bankruptcy cases (the “Chapter 11 Cases”) by filing voluntary petitions for relief under chapter 11 of the Bankruptcy Code. The Debtors continue to manage and operate their businesses as debtors in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code.

5. No trustee, examiner, or official committee of unsecured creditors has been appointed in these Chapter 11 Cases.

6. The factual background regarding the Debtors, including their business operations, their capital and debt structures, and the events leading to the filing of these Chapter 11 Cases, is set forth in detail in the First Day Declaration, filed concurrently herewith and fully incorporated herein by reference.¹

RELIEF REQUESTED

7. By this Motion, the Debtors seek entry of an order directing (i) joint administration and consolidation of these Chapter 11 Cases for procedural purposes only, and (ii) parties in interest to use a consolidated caption indicating that any pleading they file relates to the jointly administered bankruptcy cases of “Xtera Communications, Inc., et al.”

BASIS FOR RELIEF

8. Bankruptcy Rule 1015(b) provides that if two or more petitions are pending in the same court by or against a debtor and an affiliate, the court may order joint administration of the estates of the debtor and such affiliates. Xtera Communications, Inc. (“Xtera”) is the ultimate parent company of subsidiaries Azea Networks, Inc. (“Azea”), Neovus, Inc. (“Neovus”), Xtera Communications Canada, Inc. (“Xtera Canada”), Xtera Communications Hong Kong Limited

¹ Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the First Day Declaration.

(“Xtera Hong Kong”), and PMX Holdings, Limited (“PMX”). Azea is the parent company of its subsidiary Xtera Communications Ltd. (“Xtera UK”). Xtera also holds 100% of the membership interests in Xtera Asia Holdings, LLC (“XA Holdings”). As such, they are “subsidiaries” and “affiliates” of Xtera as the terms are defined in section 101(2) of the Bankruptcy Code and as used in Bankruptcy Rule 1015(b). Thus, joint administration of the Debtors’ cases is authorized under Bankruptcy Rule 1015(b). Further, as the proposed order attached to this Motion is an order relating to the routine administration of a case, it may be entered by the Court in its sole discretion on an *ex parte* basis. See Local Rule 1015-1.

9. The joint administration and consolidation of the Debtors’ Chapter 11 Cases for procedural purposes only will permit the Clerk of the Court to use a single general docket for each of the Debtors’ cases and to combine notices to creditors and other parties in interest of the Debtors’ respective estates. Indeed, the Debtors anticipate that numerous notices, applications, motions, other pleadings, hearings, and orders in these cases will affect all of the Debtors.

10. Joint administration will also save time and money and avoid duplicative and potentially confusing filings by permitting counsel for all parties in interest to (a) use a single caption on the numerous documents that will be served and filed herein and (b) file the papers in one case rather than in each of the cases. Joint administration will also protect parties in interest by ensuring that parties in each of the Debtors’ respective Chapter 11 Cases will be apprised of the various matters before the Court in these cases. Finally, joint administration will ease the burden on the Office of the United States Trustee in supervising these bankruptcy cases.

11. The rights of the respective creditors and stakeholders of each of the Debtors will not be adversely affected by joint administration of these cases inasmuch as the relief sought is purely procedural and is in no way intended to affect substantive rights. Each creditor and other

party in interest will maintain whatever rights it has against the particular estate in which it allegedly has a claim or right.

12. Pursuant to section 342(c)(1) of the Bankruptcy Code, “[i]f notice is required to be given by the debtor to a creditor . . . such notice shall contain the name, address, and last four digits of the taxpayer identification number of the debtor.” 11 U.S.C. § 342(c)(1). In furtherance of the foregoing, the Debtors request that the official caption to be used by all parties in all pleadings in the jointly administered cases be as follows:

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

<p>In re:</p> <p>XTERA COMMUNICATIONS, INC., <i>et al.</i>,</p> <p style="text-align: center;">Debtors.¹</p>	<p>Chapter 11</p> <p>Case No. 16-12577 (___)</p> <p>(Jointly Administered)</p>
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13. The Debtors submit that use of this simplified caption will eliminate cumbersome and confusing procedures and ensure a uniformity of pleading identification.

14. It would be far more practical and expedient for the administration of these Chapter 11 Cases if the Court were to authorize their joint administration. The Debtors envision that many of the motions, hearings, and other matters involved in these Chapter 11 Cases will affect all of the Debtors. Consequently, joint administration will reduce costs and facilitate a more efficient administrative process, unencumbered by the procedural problems otherwise attendant to the administration of separate, albeit related, Chapter 11 Cases.

¹ The Debtors in these Chapter 11 cases, together with the last four digits of each Debtor’s federal tax identification number, are as follows: Xtera Communications, Inc. (4611); Xtera Communications, Ltd. (9610); Xtera Communications Canada, Ltd. (2053); Xtera Communications Hong Kong Ltd. (7411); PMX Holdings, Ltd (4611); Azea Networks, Inc. (7821); Neovus, Inc. (2940); and Xtera Asia Holdings, LLC (4611). The mailing address for the Debtors, solely for purposes of notices and communications, is 500 W. Bethany Drive Suite 100 Allen, TX 75013.

15. For these reasons, the Debtors submit that the relief requested herein is in the best interest of the Debtors, their estates, creditors, stakeholders, and other parties in interest and, therefore, should be granted.

NOTICE

16. No trustee, examiner, or official committee of unsecured creditors has been appointed in these Chapter 11 Cases. Notice of this Motion will be provided to: (i) the Office of the United States Trustee for the District of Delaware; (ii) counsel to H.I.G. European Capital Partners LLP and its affiliates, as DIP lenders; (iii) counsel to Pacific Western Bank as successor in interest by merger to Square 1 Bank, as senior lender; (iv) counsel to Horizon Funding Trust 2013-1, LLC as subordinated lender; (v) counsel to Wilmington Trust, National Association, as administrative agent and collateral agent to that certain Debtor-in-Possession Credit Agreement dated as of November 15, 2016 between Xtera Communications, Inc. and Wilmington Trust, National Association; (vi) the parties included on the Debtors' consolidated list of twenty (20) largest unsecured creditors; (vii) the Internal Revenue Service; and (viii) the United States Attorney for the District of Delaware and all other states in which the Debtors operate. As this Motion is seeking first-day relief, notice of this Motion and any order entered hereon will be served on all parties required by Local Rule 9013-1(m). In light of the nature of the relief requested herein, the Debtors respectfully submit that no further notice of this Motion is required.

NO PRIOR REQUEST

17. No previous request for the relief sought in this Motion has been made to this Court or any other court.

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CONCLUSION

WHEREFORE, the Debtors respectfully request that the Court enter an order, substantially in the form annexed hereto, granting the relief requested in the Motion and such other and further relief as may be just and proper.

Dated: November 15, 2016
Wilmington, Delaware

Respectfully submitted,

DLA PIPER LLP (US)

/s/ Stuart Brown

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-- and --

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*Proposed Counsel to Debtors and
Debtors in Possession*

EXHIBIT A

Proposed Order

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

In re:

XTERA COMMUNICATIONS, INC., *et al.*,

Debtors.

Chapter 11

Case No. 16-12577 (___)

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ORDER DIRECTING JOINT ADMINISTRATION OF THE CHAPTER 11 CASES

Upon the motion (the “Motion”)¹ of the Debtors for an order, pursuant to section 342(c)(1) of the Bankruptcy Code, Bankruptcy Rule 1015(b), and Local Rule 1015-1, directing joint administration of these chapter 11 cases and administratively consolidating the respective chapter 11 cases of each Debtor for procedural purposes only, all as further described in the Motion; and the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. § 1334; and consideration of the Motion being a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and venue being proper in this District pursuant to 28 U.S.C. § 1408; and notice of the Motion being adequate and appropriate under the particular circumstances; and a hearing having been held to consider the relief requested in the Motion (the “Hearing”); and upon consideration of the First Day Declaration, the record of the Hearing and all proceedings had before the Court; and the Court having found and determined that the relief sought in the Motion is in the best interests of the Debtors’ estates, their creditors and other parties in interest and that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and any objections to the requested relief having been withdrawn or overruled on the merits; and after due deliberation and sufficient cause appearing therefor,

¹ Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Motion.

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED to the extent set forth herein.
2. Each of the above-captioned Chapter 11 Cases of the Debtors be, and hereby is, jointly administered by the Court.
3. The caption of the jointly administered cases shall read as follows:

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

<p>In re:</p> <p>XTERA COMMUNICATIONS, INC., <i>et al.</i>,</p> <p style="text-align: center;">Debtors.¹</p>	<p>Chapter 11</p> <p>Case No. 16-12577 (___)</p>
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4. Parties in interest are directed to use the proposed caption as indicated in the preceding decretal paragraph when filing pleadings with the Court in these Chapter 11 Cases and all original docket entries shall be made in the case of Xtera Communications, Inc., Case No. 16-12577 (___). The caption set forth in the preceding paragraph satisfies the requirements of section 342(c) of the Bankruptcy Code in all respects.

5. A docket entry shall be made in the cases of Xtera Communications Ltd.; Xtera Communications Canada, Inc.; PMX Holdings, Limited; Xtera Communications Hong Kong Limited; Azea Networks, Inc.; Neovus, Inc. and Xtera Asia Holdings, Inc. substantially as follows:

¹ The Debtors in these Chapter 11 cases, together with the last four digits of each Debtor’s federal tax identification number, are as follows: Xtera Communications, Inc. (4611); Xtera Communications, Ltd. (9610); Xtera Communications Canada, Ltd. (2053); Xtera Communications Hong Kong Ltd. (7411); PMX Holdings, Ltd (4611); Azea Networks, Inc. (7821); Neovus, Inc. (2940); and Xtera Asia Holdings, LLC (4611). The mailing address for the Debtors, solely for purposes of notices and communications, is 500 W. Bethany Drive Suite 100 Allen, TX 750133.

An order has been entered in this case consolidating this case with the case of Xtera Communications, Inc., Case No. 16-12577 (___), for procedural purposes only and providing for its joint administration in accordance with the terms thereof. The docket in Case No. 16-12577 (___) should be consulted for all matters affecting this case.

6. Notwithstanding any Bankruptcy Rule to the contrary, this Order shall be immediately effective and enforceable upon its entry.

7. The Debtors are authorized and empowered to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Motion.

8. This Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, and/or enforcement of this Order.

Dated: _____, 2016
Wilmington, Delaware

UNITED STATES BANKRUPTCY JUDGE