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UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF FLORIDA
ORLANDO DIVISION

FILED APR 26 AM 10:32
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COMMISSION CLERK
Clerk U. S. Bankruptcy Court Orlando, FL

In re:

CASE NO. 6:03-bk-00299-ABB

ADVANCED TELECOMMUNICATION NETWORK, INC.,

CHAPTER 11

undocketed

Debtor.

ORDER APPROVING SECOND AMENDED DISCLOSURE STATEMENT, SCHEDULING CONFIRMATION HEARING, ESTABLISHING CONFIRMATION, COMPENSATION, AND ADMINISTRATIVE CLAIMS HEARING PROCEDURES, AND FIXING TIME FOR FILING ACCEPTANCES OR REJECTIONS OF PLAN

THIS CASE came on for hearing on ^{April}~~May~~ 13, 2004 (the "Hearing") to consider approval of the second amended disclosure statement filed by the Debtor on March 11, 2004 (Doc No. 152) ("Second Amended Disclosure Statement").

The Court, having reviewed the Second Amended Disclosure Statement and having heard the arguments of counsel for Debtor, and all other interested parties present at the Hearing, including the limited objection of Daniel Allen, determined the Second Amended Disclosure contains adequate information within the meaning of § 1125 of the Bankruptcy Code. It is, therefore,

ORDERED and NOTICE is hereby given that:

- Approval of Disclosure Statement. The Second Amended Disclosure Statement filed on March 11, 2004 (Doc No. 152), as may be amended and modified to incorporate immaterial modifications and fill in blanks is approved as containing adequate information within the meaning of § 1125 of the Bankruptcy Code.

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2. Confirmation Hearing. The court will conduct a confirmation hearing, including hearing objections to confirmation, § 1129(b) motions, applications of professionals for compensation, and applications for allowance of administrative claims, on May 25, 2004 at 9:30 a.m., in Courtroom A, 5th Floor, 135 W. Central Boulevard, Orlando, Florida 32801 (the "Confirmation Hearing"). The Confirmation Hearing may be adjourned from time to time by announcement made in open court without further notice. If the Amended Plan of Reorganization is not confirmed, the court will also consider dismissal or conversion of the case.

3. Date for Accepting or Rejecting Plan. In order to be counted as a vote to accept or reject the plan, creditors and other parties-in-interest shall file with the Clerk at 135 W. Central Blvd., Ste. 950, Orlando, FL 32801 their written acceptances or rejections of the plan (ballots) so they are actually received no later than seven days before the date of the Confirmation Hearing.

4. Objections to Confirmation. Any party desiring to object to confirmation shall file its objection no later than seven days before the date of the Confirmation Hearing. Such an objecting party shall serve a copy of the objection at the same time it is filed by hand delivery or overnight courier on the Debtor, counsel for the Debtor, and the United States Trustee.

5. Ballot Tabulation. In accordance with Local Rule 3018-1(a), the Debtor shall file a ballot tabulation no later than four days before the date of the Confirmation Hearing.

6. Service of Solicitation Package. No later than ten (10) days after entry of this order, the Debtor shall, at its expense, cause the Second Amended Disclosure Statement and all documents referred to in this paragraph to be served by first class mail to (i) all of the scheduled

holders of a claim under the Amended Plan of Reorganization and to those entities that have filed proofs of claim to which an objection to claim has not been sustained; (ii) any entity that has filed with the Court a Notice of transfer of a claim under Bankruptcy Rule 3001(e); and (iii) the Securities Exchange Commission and Internal Revenue Service: (a) a copy of the Amended Plan of Reorganization; (b) a copy of the approved Second Amended Disclosure Statement; (c) a copy of this Order; and (d) a ballot for accepting or rejecting the Plan. Ballots substantially the same as those attached hereto shall be good and sufficient. Any and all persons or entities asserting claims against or interests in the estate of the Debtor that do not receive the materials referred to in this order may obtain same by contacting the office of the attorney for the Debtor.

7. Administrative Claim Bar Date. All creditors and parties-in-interest that assert a claim against the Debtor, which arose after the filing of this case, including all attorneys, accountants, auctioneers, appraisers, and other professionals for compensation from the estate of the Debtor pursuant to 11 U.S.C. § 330, must file applications for the allowance of such claims with the court no later than 15 days after the date of service of this order (the "Administrative Claims Bar Date"). The requirement to file applications for administrative claims shall not apply to claims that arise after the Administrative Claims Bar Date. Any applications filed may be heard at the Confirmation Hearing if properly scheduled and noticed by the Debtor. Any application not heard at the Confirmation Hearing will be scheduled for hearing in the normal course.

8. Confirmation Affidavit. Four days prior to the Confirmation Hearing scheduled in paragraph 2 above, the Debtor shall file a confirmation affidavit which shall contain the

factual basis upon which the Debtor relies in establishing that each of the requirements of § 1129 of the Bankruptcy Code are met. The confirmation affidavit should be prepared so that by reading it the court can easily gain an understanding of the significant terms of the Amended Plan of Reorganization and facts of the case.

9. The Debtor is authorized and empowered to take such steps and perform such acts as may be necessary to implement and effectuate this Order.

DONE and ORDERED at Orlando, Florida, this 13th day of April 2004.



ARTHUR B. BRISKMAN
United States Bankruptcy Judge

Service to:

Debtor: Advanced Telecommunication Network, Inc., c/o Damian Freeman, President, 2502 N. Rocky Point Dr., Suite 860, Tampa, FL 33607;

Debtor's Counsel: R. Scott Shuker, Esq., Gronek & Latham, LLP, P. O. Box 3353, Orlando, FL 32802-3353;

Counsel to Daniel Allen: Json B. Burnett, Esq., Becker & Poliakoff, P.A., 50 North Laura Street, Suite 1675, Jacksonville, Florida 32202;

Counsel to Daniel Allen: Gary Rosen, Esq., Becker & Poliakoff, P.A., P.O. Box 9057, Ft. Lauderdale, Florida 33310-9057;

Office of the United States Trustee, 135 West Central Boulevard, Suite 620, Orlando, Florida 32801; and

All Creditors & Interested Parties

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UNITED STATES BANKRUPTCY COURT CLERK U.S. BANKRUPTCY
MIDDLE DISTRICT OF FLORIDA ORLANDO, FL
ORLANDO DIVISION

In re: CASE NO. 6:03-bk-00299-ABB

ADVANCED TELECOMMUNICATION CHAPTER 11
NETWORK, INC.,

Debtor.

SECOND AMENDED DISCLOSURE STATEMENT PURSUANT TO 11 U.S.C. §1125
FOR ADVANCED TELECOMMUNICATION NETWORK, INC.

COUNSEL FOR DEBTOR

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ORLANDO, FLORIDA, 32801

March 11, 2004

UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF FLORIDA
ORLANDO DIVISION

In re:

CASE NO. 6:03-bk-00299-ABB

ADVANCED TELECOMMUNICATION
NETWORK, INC.,

CHAPTER 11

Debtor.

**SECOND AMENDED DISCLOSURE STATEMENT PURSUANT TO 11 U.S.C. §1125
FOR ADVANCED TELECOMMUNICATION NETWORK, INC.**

I. INTRODUCTION AND SUMMARY

This Second Amended Disclosure Statement ("Disclosure Statement") is filed pursuant to the requirements of §1125 of Title 11 of the United States Code (the "Code"). This Disclosure Statement is intended to provide adequate information to enable holders of claims in the above-captioned bankruptcy case ("Bankruptcy Case") to make informed judgments about the Plan of Reorganization (the "Plan") submitted by Advanced Telecommunication Network, Inc. ("ATN" or "Debtor"). The overall purpose of the Plan is to restructure the Debtor's liabilities in a manner designed to maximize recoveries to all stakeholders. Debtor believes the Plan is reasonably calculated to lead to the best possible outcome for all creditors in the shortest amount of time and preferable to all other alternatives.

THIS DISCLOSURE STATEMENT AND ITS RELATED DOCUMENTS ARE THE ONLY DOCUMENTS AUTHORIZED BY THE BANKRUPTCY COURT TO BE USED IN CONNECTION WITH THE SOLICITATION OF VOTES TO ACCEPT THE PLAN. THIS INTRODUCTION AND SUMMARY IS QUALIFIED IN ITS ENTIRETY BY THE REMAINING PORTIONS OF THIS DISCLOSURE STATEMENT, AND THIS DISCLOSURE STATEMENT IN TURN IS QUALIFIED, IN ITS ENTIRETY, BY THE PLAN. THE PLAN IS AN INTEGRAL PART OF THIS DISCLOSURE STATEMENT, AND ANY HOLDER OF ANY CLAIM OR INTEREST SHOULD READ AND CONSIDER THE PLAN CAREFULLY IN LIGHT OF THIS DISCLOSURE STATEMENT IN MAKING AN INFORMED JUDGMENT ABOUT THE PLAN. IN THE EVENT OF ANY INCONSISTENCY BETWEEN THIS DISCLOSURE STATEMENT AND THE PLAN, THE PLAN CONTROLS. ALL CAPITALIZED TERMS USED IN THIS DISCLOSURE STATEMENT SHALL HAVE THE DEFINITIONS ASCRIBED TO THEM IN THE PLAN UNLESS OTHERWISE DEFINED HEREIN.

NO REPRESENTATION CONCERNING THE DEBTOR IS AUTHORIZED OTHER THAN AS SET FORTH HEREIN. ANY REPRESENTATIONS OR INDUCEMENTS MADE WHICH ARE OTHER THAN AS CONTAINED HEREIN SHOULD NOT BE RELIED UPON IN ARRIVING AT A DECISION ABOUT THE PLAN.

THE INFORMATION CONTAINED HEREIN HAS NOT BEEN SUBJECT TO AUDIT. FOR THAT REASON, AS WELL AS THE COMPLEXITY OF THE DEBTOR'S BUSINESS AND FINANCIAL AFFAIRS, AND THE IMPOSSIBILITY OF MAKING ASSUMPTIONS, ESTIMATES, AND PROJECTIONS WITH COMPLETE ACCURACY, THE DEBTOR IS UNABLE TO WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN IS WITHOUT INACCURACY, ALTHOUGH EVERY REASONABLE EFFORT HAS BEEN MADE TO ENSURE THAT SUCH INFORMATION IS ACCURATE. THIS DISCLOSURE STATEMENT INCLUDES FORWARD LOOKING STATEMENTS BASED LARGELY ON THE DEBTOR'S CURRENT EXPECTATIONS AND PROJECTIONS ABOUT FUTURE EVENTS AND FINANCIAL TRENDS AND ARE SUBJECT TO A NUMBER OF RISKS, UNCERTAINTIES AND ASSUMPTIONS.

AS TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS, CAUSES OF ACTION, AND OTHER ACTIONS, THE DISCLOSURE STATEMENT SHALL NOT CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY OR WAIVER, BUT RATHER AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS.

ATN is a debtor under Chapter 11 of the Code in a bankruptcy case pending in the United States Bankruptcy Court for the Middle District of Florida, Orlando Division (the "Bankruptcy Court").

As prescribed by the Code and the Rules, Claims asserted against, and Equity Interests in, the Debtor are placed into "Classes." The Plan contains one (1) Class of Unsecured Claims. The classification of Claims and the treatment of each Class is discussed in detail below.

To the extent the legal, contractual, or equitable rights with respect to any Claim or Interest asserted against the Debtor are altered, modified or changed by treatment proposed under the Plan, such Claim or Interest is considered "Impaired," and the holder of such Claim or Interest is entitled to vote in favor of or against the Plan. A Ballot for voting in favor of or against the Plan ("Ballot") will be mailed along with the order approving this Disclosure Statement.

**THE VOTE OF EACH CREDITOR OR INTEREST HOLDER
WITH AN IMPAIRED CLAIM OR INTEREST IS
IMPORTANT. TO BE COUNTED, YOUR BALLOT MUST
BE RECEIVED AT THE ADDRESS AND BY THE DATE
SET FORTH IN THE BALLOT.**

VOTING Deadline

The last day to vote to accept or reject the Plan is _____, 2004. All votes must be received by the Clerk of the United States Bankruptcy Court for the Middle District of Florida, 135 West Central Boulevard, Suite 950, Orlando, Florida 32801 by 5:00 p.m. (EST) on that day.

Upon receipt, the Ballots will be tabulated, and the results of the voting will be presented to the Court for its consideration. As described in greater detail in Section IV of this Disclosure Statement, the Code prescribes certain requirements for confirmation of a plan. The Court will schedule a hearing (the "Confirmation Hearing") to consider whether Debtor has complied with those requirements.

The Code permits a court to confirm a plan even if all Impaired Classes have not voted in favor of a plan. Confirmation of a plan over the objection of a Class is sometimes called "cramdown." As described in greater detail in Section IV of this Disclosure Statement, Debtor has expressly reserved the right to seek "cramdown" in the event all Impaired Classes do not vote in favor of the Plan.

II. DESCRIPTION OF DEBTOR'S BUSINESS

A. In General.

ATN, a New Jersey corporation incorporated in 1991, is a reseller of long distance telephone services. ATN entered the telecommunications industry by purchasing a small bulk long distance reseller and subsequently obtaining other customer bases. ATN provides telecommunication services at substantial savings for its customers through bulk purchase contracts with common telecommunication carriers. ATN purchases switching and long-haul transmission services for its customers' long-distance traffic under bulk contracts. ATN is billed by these carriers at contractually agreed-upon rates for utilization of the networks. ATN's customers are billed at a rate, which is lower than the carrier's direct customers' rates and at the same time is profitable to ATN.

ATN has almost no internal marketing capability. Rather, ATN historically outsourced the marketing effort to a telemarketer and used independent agents and other wholesalers to generate new customers. ATN experienced a 7% compound annual decrease in revenues from 1994 to 1998, primarily due to intense competition from long distance carriers, decreased rates, and the lack of an adequate marketing program. These same factors have caused a

further decline in ATN's customer base and revenue since 1999. The Debtor's major financial commitment going forward is to its present long distance carrier, Global Crossing.

ATN does not own or directly lease any real property. Instead, ATN is a party to a certain Space Sharing Agreement pursuant to which it pays 1/3 of the rent for commercial space located at 2502 N. Rocky Pt. Drive, Suite 860, Tampa, Florida 33607. A copy of the Space Sharing Agreement is available upon request. Additionally, the Debtor presently has no direct employees. ATN is a party to a certain Employee Sharing Agreement pursuant to which it pays a percentage of the salaries of approximately 5 employees it shares with other businesses controlled by ATN's owners. A copy of the Employee Sharing Agreement is available upon request.

While ATN shares space and employees with other businesses owned and operated by current management ("Space Sharing Entities"), none of the Space Sharing Entities are creditors of ATN's bankruptcy estate. One creditor of the estate, WATS/800 Holdings, Inc. ("WATS Holdings"), a secured creditor, receives mail and uses minimal space in the same office as ATN and the Space

Sharing Entities, however, WATS Holdings is not a party to the Space Sharing Agreement or Employee Sharing Agreement.

B. Relationship with Creditors of the Estate. As mentioned above, ATN shares common ownership with its secured creditor, WATS Holdings. Specifically, Damian Freeman, president of and beneficial owner of ATN, is also president of and beneficial owner of WATS Holdings. James Becker, Chief Financial Officer of ATN, is also Chief Financial Officer of WATS Holdings. WATS Holdings has no other employees or officers.

Moreover, ATN shares common ownership with YPD Corporation ("YPD"), an unsecured creditor holding a claim in the amount of \$27,000. Specifically, Damian Freeman is president and beneficial owner of YPD and James Becker is Treasurer of YPD. YPD has no other employees or officers. Aside from the relationships, mentioned *supra*, between the Debtor and WATS Holdings and the Debtor and YPD, the Debtor does not share common management or ownership with any other creditor in this case.

C. Background of Certain Creditors' Claims.

The secured claim of WATS Holdings and the secured claim of Investment Partners, LLP ("IP") emanate from litigation with ATN, which concluded in the Fall of 2000. The litigation in both

lawsuits relate to a transfer of a customer base (the "Customer Base") from WATS/800, Inc. ("WATS/800") to ATN. WATS/800 transferred the Customer Base to ATN in exchange for \$800,000 plus continued commissions pursuant to a comprehensive agency and marketing agreement ("Agency Agreement"). After transfer of the Customer Base to ATN, a dispute arose regarding the validity of the Agency Agreement. ATN claimed that the Agency Agreement was separate from the sale of the Customer Base and that it had no obligation to pay any continuing commissions to WATS/800. WATS/800 argued that the Agency Agreement was an essential part of the sale of the Customer Base and ATN was required to pay the required commissions or return the Customer Base. Thus, the litigation between ATN and WATS/800, predecessor-in-interest to WATS Holding, dealt with primarily breach of contract issues over the validity and effect of the sale of the Customer Base and the Agency Agreement.

As described below, the individuals who make up IP, loaned WATS/800 approximately \$2,000,000 between 1992 and 1994 ("IP Loan"). The IP Loan was secured through the execution of a security agreement between IP and WATS/800 giving IP a lien on WATS/800's contract rights, accounts and general intangibles,

including the Customer Base. After ATN disputed that WATS/800 was entitled to continuing commissions from the sale of the Customer Base, IP also filed a lawsuit against ATN primarily for wrongful conversion of its collateral.

Aside from the debtor/creditor relationship between IP and WATS/800, no other relationship exists between IP and WATS/800 or WATS Holdings.

1. WATS Holdings. The secured claim of WATS Holdings began with the previously mentioned lawsuit filed by WATS/800 in 1995 in the United States District Court for the District of New Jersey in civil action no. 95-5822 (the "WATS Lawsuit"). During the pendency of the WATS Lawsuit, WATS Inc. filed a Chapter 7 Bankruptcy. During the Chapter 7 Bankruptcy, the WATS Inc. Chapter 7 Trustee assigned his rights in the WATS Lawsuit to WATS Holdings as part of a global compromise with WATS Holdings, an entity related to WATS Holdings, ITS Billing, Inc. ("ITS Billing"), and other individual secured creditors related to Investment Partners. In return for assigning the WATS Lawsuit to WATS Holdings, ITS Billing agreed to waive a \$200,000 administrative claim against the estate of WATS Inc. and the

individual secured creditors agreed not to pursue any secured claim in the WATS Inc. Chapter 7 Bankruptcy.

WATS Holdings ultimately settled the matter with ATN ("WATS Settlement"). The WATS Settlement resulted in WATS Holdings getting a judgment in the amount of \$6,000,000 ("WATS Judgment"). After entry of the WATS Judgment, ATN and WATS Holdings executed a security agreement ("ATN/WATS Security Agreement"), which gave WATS Holdings a blanket lien over all of the assets of ATN. Concurrently with the execution of the ATN/WATS Security Agreement, ATN gave a blanket lien to IP. While IP's lien was recorded prior in time to the lien of WATS Holdings, WATS Holdings and IP executed a subordination agreement ("Subordination Agreement"), which gave WATS Holdings priority over IP's lien. Copies of the WATS Settlement, the WATS Judgment, the ATN/WATS Security Agreement and the Subordination Agreement are available upon request.

2. Investment Partners, LLP. The secured claim of IP began with a lawsuit filed in 1998 in the United States District Court for the District of New Jersey in civil action no. 98-cv-5058 by Max H. Ahlers, Donna Ahlers, Dr. R. Michael Stevens, John S. Staser, Jon C. Perkins, Ralph Elsner, the Trustee of the Mary H.

Elsner Trust, David Elsner, and David Prechtel (collectively, the "Secured Creditors") against ATN for conversion of the Secured Creditors' collateral transferred from Watts Inc. to ATN. The Secured Creditors ultimately settled the matter with ATN ("IP Settlement"). The IP Settlement resulted in the Secured Creditors getting a judgment in the amount of \$4,500,000 (the "IP Judgment").

On or about the same date the IP Judgment was entered, the Secured Creditors assigned all of their rights with respect to the Judgment to IP, a partnership owned by the Secured Creditors. After entry of the IP Judgment and assignment of the IP Judgment to IP, ATN and IP executed a security agreement giving IP a blanket lien over all of the assets of ATN ("IP Security Agreement"). Copies of the IP Settlement, IP Judgment and IP Security Agreement are available upon request.

D. Significant Developments.

In addition to the execution of the WATS Settlement and the IP Settlement which resolved the claims of WATS and IP, ATN, Gary Carpenter, Robert Carpenter, Telecom Holdings, LLC ("Telecom") and RBW Holdings, LLC ("RBW") executed a stock purchase agreement dated October 20, 2000 (the "Ownership Agreement"), which transferred ownership of ATN to the current owners, Telecom and

RBW. Telecom and RBW were able to acquire ATN because of the resources to purchase and infuse capital into ATN. A copy of the Ownership Agreement is available upon request.

Within days of this ownership transfer, new management was faced with immediate disconnect orders from its two major carriers, AT&T and MCI. After obtaining injunctions against the disconnection of service, ATN spent the majority of its resources, both financial and managerial efforts, in complex litigation against AT&T and MCI. Both of these cases were settled in the Spring of 2002.

While engaged in protracted litigation, management embarked on a campaign to drastically reduce ATN's expenses. Personnel was reduced from 25 to approximately 5. Additionally, ATN moved its headquarters from New Jersey to Florida, where new ownership could consolidate some of ATN's operations with some of new ownership's other businesses. During this time, ATN was largely able to remain in business by not paying its debts as they became due. Consequently, ATN was also involved in litigation with several of its creditors.

E. The Carpenter Loans. Between 1991 and October of 2000, ATN made several shareholder loans ("Carpenter Loans") to former

shareholder Gary Carpenter ("Carpenter"). The Carpenter Loans totaled at least \$8,976,460. Shortly after current management of ATN assumed control of the company on October 20, 2000, management analyzed the value of all loans receivable, including the collectibility of the Carpenter Loans. Carpenter provided ATN with a sworn financial affidavit ("Financial Affidavit") showing his insolvency and almost no liquid assets. Based on the Financial Affidavit, ATN and Gary Carpenter executed a Debt Cancellation and Release Agreement ("Debt Cancellation Agreement") on October 23, 2000. Pursuant to the terms of the Debt Cancellation Agreement, Carpenter paid ATN the sum of \$5,000 and ATN cancelled the Carpenter Loans and released Carpenter from any further liability with respect to Carpenter Loans.¹ A copy of the Debt Cancellation Agreement is available upon request.

F. Events Leading to Chapter 11 Filing.

The settlement of the AT&T and MCI litigations proved to be somewhat of a dubious victory for ATN. While ATN was able to avert the disconnection of service that would have essentially

¹ Between 1999 and 2001 ATN's assets decreased dramatically. One cause of this reduction was the cancellation of the Carpenter Loans. The other cause of the reduction was the payment of more than \$9,500,000 to Daniel Allen and David Allen, two former shareholders of ATN. As discussed in more detail in Section II(G) below, ATN has filed an adversary proceeding seeking the return of the transfers to Daniel Allen and David Allen.

closed its doors, the financial toll exacted by these cases left ATN with very limited resources. Since management had to expend the majority of its efforts in litigation strategy, this left little time and resources to try to grow the customer base via marketing or other methods. Instead, ATN was left with a small, attriting customer base.

Having emerged from its costly litigations, ATN sought to restructure its operations, however, its outstanding trade debt and inability to immediately increase revenue proved to be an insurmountable task. Finally, in the summer of 2002, WorldCom, Inc., one of ATN's largest customers, filed for bankruptcy protection, thereby depriving ATN of over \$500,000 in pre-petition and post-petition revenue. This event precipitated ATN's own bankruptcy filing on January 10, 2003 (the "Petition Date").

G. Events Subsequent to Chapter 11 Filing.

Since the Petition Date, the Debtor has been continuing to operate its business as debtor-in-possession under Sections 1101(a) and 1108 of the Code.

Pursuant to various provisions of the Code, Debtor has sought and obtained several orders from the Bankruptcy Court intended to facilitate the operations of Debtor. Those orders

authorized Debtor to, among other things: (i) use cash collateral subject to secured liens; (ii) pay the salaries of certain officers; and (iii) pay certain professional expenses in connection with an adversary proceeding against former shareholders of the Debtor.

H. Adversary Proceeding.

On April 28, 2003 ATN filed an adversary proceeding against two of its former shareholders, Daniel W. Allen and David D. Allen (the "Allens"), seeking the return of approximately \$9.5 million dollars (the "Assets") transferred to the Allens and their agents during the period from January 12, 1999 to April 12, 2000. ATN alleges, among other things, that the transfer of the Assets constituted fraudulent transfers, pursuant to the New Jersey Uniform Fraudulent Transfer Act made applicable to this bankruptcy proceeding by Section 544 of the Code.

In connection with this adversary proceeding ATN sought and was denied a temporary restraining order. Thereafter, however, on October 15, 2003 the Bankruptcy Court entered an Order Granting, In Part, Verified Motion For Ex Parte Temporary Restraining Order and Preliminary Injunction (the "Preliminary Injunction"). The Preliminary Injunction ordered the Allens, to the extent they still

had or controlled the Assets, not to transfer, dispose or otherwise take any actions affecting the Assets.

In the Memorandum Opinion accompanying the Preliminary Injunction, the Bankruptcy Court issued findings of fact stating, among other things, that (i) the Assets were transferred to the Allens and their agents, (ii) the Assets were transferred when ATN was insolvent, and (iii) ATN received no real value for the transfer of the Assets. Further, the Bankruptcy Court concluded as a matter of law that ATN had established, among other things, a substantial likelihood that it would prevail on its fraudulent transfer claims against the Allens. Therefore, the Debtor is confident that it will succeed on the merits of its claims against the Allens and thereby make a significant recovery for the benefit of the Estate.

ATN is currently engaged in discovery in aid of the Preliminary Injunction and the adversary proceeding, and hopes to move for an expedited trial in this matter.

I. Confirmation Issues.

While the Debtor believes it can emerge from bankruptcy as a viable entity without necessitating any recovery from the adversary proceeding against the Allens, said recovery is

critical to the reorganization efforts insofar as it would allow the Debtor to have funds to market its services thereby ensuring its future prosperity. Additionally, the absence of a significant recovery in the Allens adversary proceeding would result in only a *de minimus* distribution to the Debtor's general unsecured creditors.

III. THE PLAN

THE FOLLOWING SUMMARY IS INTENDED ONLY TO PROVIDE AN OVERVIEW OF DEBTOR'S PLAN. ANY PARTY IN INTEREST CONSIDERING A VOTE ON THE PLAN SHOULD CAREFULLY READ THE PLAN IN ITS ENTIRETY BEFORE MAKING A DETERMINATION TO VOTE IN FAVOR OF OR AGAINST THE PLAN. THIS SUMMARY IS QUALIFIED IN ITS ENTIRETY BY THE PLAN.

A. Overview.

On the Effective Date, all of the prepetition equity in ATN shall be canceled and new equity distributed as set forth in the Plan and herein. In summary, the Plan contemplates emergence of the Reorganized Debtor with sufficient capital for marketing and thereby growing its customer base.

All Claims against the Reorganized Debtor shall be classified and treated pursuant to the terms of the Plan. As noted more fully below, the Plan contains five (5) Classes of Claims and Interests. There are three Classes of Secured Claims, one Class of Unsecured Claims, and one Class of Interests.

Overall, the Plan provides that Holders of Allowed Administrative Claims will be paid in full on the Effective Date. Holders of Allowed Priority Claims will be paid by the Reorganized Debtor over time, with interest, over a period of six years from date of assessment.

The Holders of the Allowed Class 1, 2, and 3 Claims will be paid monthly interest and principal to the extent of their Allowed Secured Claim. To the extent any portion of the Allowed Class 1, 2, and 3 Claims are unsecured in whole or part, such unsecured portion will be treated as an Allowed Unsecured Class 4 Claim.

Holders of Allowed Unsecured Class 4 Claims shall receive, in full satisfaction of their Allowed Unsecured Claims, a Pro Rata share of the Guaranteed Dividend and the Extraordinary Income.

In addition to any payment on account of such Claims, Holders of Allowed Class 1, 2, 3 and 4 Claims will receive a Pro Rata share of equity interest in Reorganized Debtor.

The Class 5 Interests will be cancelled upon the Effective Date. Accordingly, all Classes are Impaired under the Plan.

B. Classification and Treatment of Claims.

1. Priority Claims.

a. Administrative Expense Claims.

Holdings of all Allowed Administrative Expense Claims of the Debtor shall be paid in full on the Effective Date or in accordance with existing credit or repayment terms. ATN's cash-on-hand as of the Effective Date shall be used to pay Allowed Administrative Expense Claims.

b. Priority Tax Claims.

Except to the extent that the Holder and the Reorganized Debtor have agreed or may agree to a different treatment, each Holder of an Allowed Priority Tax Claim shall receive from the Reorganized Debtor, in full satisfaction of such Claim, payments equal to the Allowed Amount of such Claim. Allowed Priority Tax Claims will be paid based on a six (6) year amortization and maturity with interest at six percent (6%); the payments will be made quarterly. Payments will commence on the later of the Effective Date, or on such date as a respective Priority Claim becomes Allowed. Debtor estimates that the filed amount of Priority Tax Claims will not exceed \$1,865,208.87; however, Debtor believes that the total amount of Allowed

Priority Tax Claims will be reduced because many of the Claims are jeopardy assessments that are not based upon actual taxes owed.

2. Secured Claims.

a. Class 1 - WATS Holdings.

Class 1 consists of the Allowed Secured Claim of WATS Holdings. The Claim is secured by a first priority Lien on all the assets of Debtor. In full satisfaction of this Allowed Secured Claim, WATS Holdings shall retain its Lien against the Reorganized Debtor; however the Allowed Secured Claim shall be in the amount of \$380,000.00. The balance of the WATS Holdings Allowed Claim, \$4,386,978.00, will be included in, and treated under, Class 4. As to the Allowed Secured Claim, it will be paid over 5 years with quarterly payments based on a 5 year amortization with interest at six percent (6%). Reorganized Debtor shall be responsible for distributions to WATS Holdings.

b. Class 2 - Investment Partners.

Class 2 consists of the Allowed Secured Claim of Investment Partners, LLP. The Claim is secured by a second priority Lien on all the assets of Debtor; however, based on the asset value of the Debtor, Debtor contends the Class 2 Claim is

wholly unsecured. Accordingly, the entire amount of the Class 2 Claim shall be included in, and treated according to, the Class 4 Claims.

c. Class 3 - Commerce Bank.

Class 3 consists of the Secured Claim of Commerce Bank. The Claim is currently secured by a third priority Lien on the assets and collateral of Debtor; however, based on the asset value of the Debtor, Debtor contends the Class 3 Claim is wholly unsecured. Accordingly, the entire amount of the Class 3 Claim shall be included in, and treated according to, the Class 4 Claims.

d. Class 4 - General Unsecured Claims.

Class 4 consists of the Allowed Claims of the Unsecured Creditors. Holders of Allowed Unsecured Class 4 Claims shall receive, in full satisfaction of their Allowed Unsecured Claims, a Pro Rata Share of the Guaranteed Dividend and a Pro Rata Share of Extraordinary Income.

The Reorganized Debtor shall be responsible for all distributions to Holders of Allowed Class 4 Claims required under the Plan. The Reorganized Debtor shall make Pro Rata distributions of the Guaranteed Dividend no later than the

15th day of the month following the close of the quarter in which payment is due. The Reorganized Debtor shall make Pro Rata distributions of the Extraordinary Income to Holders of Allowed Class 4 Claims when all claims objections have been resolved and the sum of Extraordinary Income exceeds One Million Dollars (\$1,000,000.00) and thereafter upon regular intervals when Extraordinary Income exceeds One Million (\$1,000,000.00) until final disposition from all Causes of Action and distribution of all Extraordinary Income.

The Reorganized Debtor will have the power and authority to pursue the Causes of Action. The Reorganized Debtor will attempt to obtain funds to distribute to Class 4 Creditors from Extraordinary Income, but it is difficult to provide an estimate of the timing or amount of such recoveries or the prospects of any distribution at all. Any distributions to Class 4 Creditors from Extraordinary Income are speculative in nature, and depend upon such contingencies as the success in litigation by the Reorganized Debtor.

Debtor estimates the total amount of Class 4 Claims, including deficiencies from the Classes, is approximately \$8,000,000.00.

e. Class 5 - All Equity Interests.

Class 5 consists of any and all common stock, stock options and warrants currently issued or authorized (collectively, "Equity Interests") in the Debtor. Upon the Effective Date, all currently issued or authorized Equity Interests in the Debtor shall be cancelled and have no further force or effect. Accordingly, except as otherwise provided under the Plan and herein, the Holders of the Class 5 Interests shall not have an ownership interest in the Reorganized Debtor. As provided in Article III, Section D. *Infra*, upon the Effective Date, Reorganized Debtor shall issue new equity shares in Reorganized Debtor to Holders of Allowed Class 1, 2, 3, and 4 Claims.

C. Means of Implementation.

1. Business Operations and Cash flow.

The Plan contemplates that the Reorganized Debtor will continue to maintain a centralized corporate administrative office which shall operate the Reorganized Debtor's business. Debtor believes cash flow from the continued operation of its business will be sufficient to meet all required Plan Payments.

2. Funds Generated During Chapter 11.

Funds generated from operations until the Effective Date will be used for Plan Payments. In addition, as discussed above, Debtor believes that it is highly likely that it will recover a significant amount of funds in the adversary proceeding filed against two of its former shareholders, Daniel W. Allen and David D. Allen, and that recovery will be used to supplement all required Plan payments.

3. Management and Control of Reorganized Debtor.

a. Directors. The operations of Reorganized Debtor shall be overseen by its Board of Directors. The Board of Directors shall have the power to request and obtain all financial data and operational information regarding the Reorganized Debtor at any time. The Board of Directors shall have all corporate authority vested in boards of directors under the applicable laws of the State of New Jersey including the power to appoint and terminate officers and to liquidate the Reorganized Debtor and to wind up its affairs, with all such powers to be exercised by a majority vote.

The initial Director shall be Damian Freeman and he shall continue to serve until either (i) Reorganized Debtor ceases to do business, or (ii) a Director resigns or is replaced by the shareholders in accordance with New Jersey law.

b. Officers. No officer of Reorganized Debtor shall have the authority to sell substantially all of the assets of Reorganized Debtor or to liquidate Reorganized Debtor unless a majority of the Directors of Reorganized Debtor approves such actions. Should a majority of the Directors of Reorganized Debtor instruct the officers of Reorganized Debtor to take such actions, the officers of Reorganized Debtor shall follow such instructions to the best of their abilities.

The initial officers of the Reorganized Debtor shall be Damian Freeman as President and CEO, and James Becker as CFO. Damian Freeman, as President and CEO of ATN, receives a salary from ATN of \$460.09 per week, plus reimbursement for business-related travel and customer entertainment expenses. James Becker, as CFO of ATN, receives a salary from ATN of \$452.30 per week, plus reimbursement for business-related travel and customer entertainment expenses. Initially, Damian Freeman and James Becker will continue to

receive their current salary and reimbursement for business-related travel and customer entertainment expenses post confirmation.

D. Stock in Reorganized Debtor.

After Confirmation, but prior to the Effective Date, Reorganized Debtor shall take the necessary action to vest ownership to 100% of the common stock of Reorganized Debtor as set forth herein and in the Plan. All Holders of Allowed Class 1, 2, 3, and 4 Claims shall receive, on a Pro Rata basis, shares of new common stock in Reorganized Debtor. The New Equity Interest shall be issued on the Effective Date.

THE FOREGOING SUMMARY DISCUSSION IS GENERAL IN NATURE AND HAS BEEN INCLUDED IN THE PLAN SOLELY FOR INFORMATIONAL PURPOSES. THE DEBTOR MAKES NO REPRESENTATIONS CONCERNING, AND DOES NOT HEREBY PROVIDE ANY OPINION OR ADVICE WITH RESPECT TO THE SECURITIES LAWS AND BANKRUPTCY LAW MATTERS DESCRIBED ABOVE.

E. Other Provisions.

1. Leases and Executory Contracts.

The Plan provides that ATN shall have through and including the hearing on Confirmation within which to assume or reject any unexpired lease or executory contract; and, further, that in the event any such unexpired lease or executory contract

is not rejected by such date, then such unexpired lease or executory contract shall be deemed rejected. The Plan also provides for the Court to retain jurisdiction as to certain matters as stated in the Plan, including, without limitation, prosecution of all Causes of Action and objection to Claims.

2. Procedures For Resolving Disputed Claims.

a. Prosecution of Objections to Claims.

Unless otherwise ordered by the Bankruptcy Court after notice and a hearing, and except as otherwise provided in the Plan, Debtor, Reorganized Debtor, and any party in interest shall have the right to make and File objections to all Claims.

Pursuant to the Plan, unless another time is set by order of the Bankruptcy Court, all objections to Claims and Equity Interests shall be Filed with the Court and served upon the Holders of each of the Claims and Equity Interests to which objections are made within 90 days after the Confirmation Date.

Except as may be specifically set forth in the Plan, nothing in the Plan, the Disclosure Statement, the Confirmation Order or any order in aid of Confirmation, shall

constitute, or be deemed to constitute, a waiver or release of any claim, cause of action, right of setoff, or other legal or equitable defense that, Debtor had immediately prior to the commencement of the Bankruptcy Case, against or with respect to any Claim or Equity Interest. Except as set forth in the Plan, upon Confirmation, the Debtor shall have, retain, reserve and be entitled to assert all such claims, causes of action, rights of setoff and other legal or equitable defenses that any Debtor had immediately prior to the commencement of the Bankruptcy Case as if the Bankruptcy Case had not been commenced.

b. Estimation of Claims.

Pursuant to the Plan, Debtor may, at any time, request that the Bankruptcy Court estimate any contingent, disputed or unliquidated Claim pursuant to Section 502(c) of the Bankruptcy Code regardless of whether any party in interest has previously objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court will retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including during the pendency of any appeal relating to any such objection.

In the event that the Bankruptcy Court estimates any contingent,

disputed or unliquidated Claim, that estimated amount will constitute either the Allowed Amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on such Claim, Debtor may elect to pursue any supplemental proceedings to object to any ultimate payment on such Claim.

c. Cumulative Remedies.

In accordance with the Plan, all of the aforementioned Claims objection, estimation and resolution procedures are cumulative and not necessarily exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn or resolved by any mechanism approved by the Bankruptcy Court. Until such time as an Administrative Claim, Claim or Equity Interest becomes, or is otherwise deemed in this Plan to be, an Allowed Claim, such Claim shall be treated as a Disputed Administrative Claim, Disputed Claim or Disputed Equity Interest for purposes related to allocations, Distributions, and voting under the Plan.

d. Disallowance of Certain Claims and Interests.

According to the Plan, all Claims held by Entities against whom Debtor has obtained a Final Order

establishing liability for a cause of action under Sections 542, 543, 522(f), 522(h), 544, 545, 547, 548, 549, or 550 of the Bankruptcy Code shall be deemed disallowed pursuant to Section 502(d) of the Bankruptcy Code, and Holders of such Claims may not vote to accept or reject the Plan, both consequences to be in effect until such time as such causes of action against that Entity have been settled or resolved by a Final Order and all sums due Debtor by that Entity are turned over to Debtor.

e. Controversy Concerning Impairment.

If a controversy arises as to whether any Claims or Equity Interests or any Class of Claims or Equity Interests are Impaired under the Plan, the Bankruptcy Court, after notice and a hearing, shall determine such controversy before the Confirmation Date. If such controversy is not resolved prior to the Effective Date, the Debtor's interpretation of the Plan shall govern.

3. Preservation, Prosecution and Defense of Causes of Action.

The Reorganized Debtor shall have the right to pursue any and all Causes of Action, including all pending adversary proceedings, and contested matters whether or not such

causes of action have been commenced as of the Effective Date. The Reorganized Debtor shall prosecute or defend, as appropriate, such actions through final judgment, any appeals deemed necessary and appropriate by the Reorganized Debtor and collection; provided, however, that the Reorganized Debtor shall be authorized at any point in any litigation (a) to enter into such settlements as the Reorganized Debtor deems to be in the best interest of creditors, subject to Bankruptcy Court approval after notice and a hearing in accordance with Bankruptcy Rule 9019; or (b) to abandon, dismiss and/or decide not to prosecute any such litigation if the Reorganized Debtor deems such action to be in the best interest of creditors without approval of the Bankruptcy Court.²

4. Retention of Professionals. Reorganized Debtor may retain professionals on such terms as the Reorganized Debtor deems reasonable, without Bankruptcy Court approval. Persons who served as professionals to Debtor prior to the Effective Date may also continue to serve the Reorganized Debtor.

² ATN intends to analyze and pursue all preference claims, which would benefit the estate, including any such preference claims against "insider" entities described in the Statement of Financial Affairs. However, ATN's initial analysis shows payments made to Forced matrix.com, Inc., Grace Alexandria Holding, ITS Billing, Inc., WATS/800 Holdings, Inc. and YPD Corporation were either prepayments for services and are therefore not antecedent debt or were payments made in the ordinary course of business

IV. CONFIRMATION

A. Confirmation Hearing.

Section 1128 of the Code requires the Court, after notice, to hold a Confirmation Hearing on the Plan at which time any party in interest may be heard in support of or in opposition to Confirmation. The Confirmation Hearing may be adjourned from time to time without further notice except for an announcement to be made at the Confirmation Hearing. Any objection to Confirmation must be made in writing and filed with the Clerk, and delivered to the following persons, at least seven (7) days prior to Confirmation Hearing:

Counsel for ATN:

R. Scott Shuker, Esquire
Gronek & Latham, LLP
390 N. Orange Avenue, Suite 600
Orlando, Florida 32801

ATN/Debtor:

Advanced Telecommunication Network, Inc.
Richard Rodriguez, General Counsel
2502 N. Rocky Point Drive, Suite 860
Tampa, Florida 33606

and as such would not be recoverable preferences.

United States Trustee:

135 West Central Blvd.
Suite 620
Orlando, Florida 32801

B. Financial Information Relevant to Confirmation.

Attached as Exhibits, and incorporated herein, are the following:

(i) Exhibit "A" is a copy of Debtor's financial projections for the first five years of Plan Payments. The projections indicate that the Reorganized Debtor's operational cash flow will be sufficient to service the required Plan Payments at a debt level as described herein using an anticipated Effective Date of January 1, 2004.

(ii) Exhibit "B" is a copy of Debtor's Chapter 7 liquidation analysis ("Liquidation Analysis") establishing that Creditors of Debtor will fair materially poorer in the event the Debtor is forced into Chapter 7 as compared to the Plan; and

(iii) Exhibit "C" is a copy of Debtor's historical financials which served as a basis for Debtor's financial projections referenced in Section IV.B. (i), *Supra*.

C. Confirmation Standards.

For a plan of reorganization to be confirmed, the Code requires, among other things, that a plan be proposed in good faith and comply with the applicable provisions of Chapter 11 of the Code. Section 1129 of the Code also imposes requirements that at least one class of Impaired Claims accept a plan, that confirmation of a plan is not likely to be followed by the need for further financial reorganization, that a plan be in the best interests of creditors, and that a plan be fair and equitable with respect to each class of Claims or Interests which is Impaired under the plan.

The Court shall confirm a plan only if it finds that all of the requirements enumerated in Section 1129 of the Code have been met. Debtors believe that the Plan satisfies all of the requirements for Confirmation.

1. Best Interests Test.

Before the Plan may be confirmed, the Court must find (with certain exceptions) that the Plan provides, with respect to each Class, that each holder of an Allowed Claim or Interest of such Class either (a) has accepted the Plan or (b) will receive or retain under the Plan on account of such Claim or

Interest, property of a value, as of the Effective Date, that is not less than the amount that such holder would receive or retain if Debtors were, on the Effective Date, liquidated under Chapter 7 of the Code. Debtor believes that satisfaction of this test is established by the Liquidation Analysis.

To determine what holders of Claims and Equity Interests would receive if Debtor was liquidated, the Court must determine how the assets and properties of Debtor would be liquidated and distributed in the context of a Chapter 7 liquidation case.

Debtor's costs of liquidation under Chapter 7 would include the fees payable to a trustee in bankruptcy and to any additional attorneys and other professionals engaged by such trustee and any unpaid expenses incurred by Debtor during the Chapter 11 Case, including compensation of attorneys and accountants. The additional costs and expenses incurred by a trustee in a Chapter 7 liquidation could be substantial and would decrease the possibility that Unsecured Creditors and holders of Equity Interests would receive meaningful distributions. The foregoing types of Claims arising from Chapter 7 administration and such other Claims as may arise in Chapter 7 or result from

the pending Chapter 11 Case would be paid in full from the liquidation proceeds before the balance of those proceeds would be made available to pay the Claims of Unsecured Creditors. Liquidation in Chapter 7 might substantially delay the date at which Creditors would receive any Payment.

Debtor has carefully considered the probable effects of liquidation under Chapter 7 on the ultimate proceeds available for distribution to Creditors and holders of Equity Interests, including the following:

- a. the possible costs and expenses of the Chapter 7 trustee or trustees;
- b. the possible adverse effect on recoveries by Creditors under Chapter 7 due to reduced sale prices for Debtors' assets caused by the forced Chapter 7 liquidation; and
- c. the possible substantial increase in Claims which would rank prior to or on a parity with those of Unsecured Creditors.

2. Financial Feasibility.

The Code requires, as a condition to Confirmation, that Confirmation of a plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of

Debtor unless the liquidation is proposed in the Plan. As reflected in Exhibit "A", Debtor believes that core operations will generate sufficient cash flow to make all Plan Payments as noted herein. Based upon the financial projections, Debtor asserts that the Plan is feasible and Confirmation is not likely to be followed by further financial reorganization.

3. Acceptance by Impaired Classes.

The Code requires as a condition to Confirmation that each Class of Claims or Interests that is Impaired under the Plan accept such plan, with the exception described in the following section. A Class of Claims has accepted the Plan if the Plan has been accepted by Creditors that hold at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of the Allowed Claims of such Class who vote to accept or to reject the Plan.

A Class of Interests has accepted the Plan if the Plan has been accepted by holders of Interests that hold at least two-thirds (2/3) in amount of the Allowed Interests of such Class that vote to accept or reject the Plan. Holders of Claims or Interests who fail to vote are not counted as either accepting or rejecting the Plan.

A Class that is not Impaired under a Plan is deemed to have accepted such Plan; solicitation of acceptances with respect to such Class is not required. A Class is Impaired unless (i) the legal, equitable and contractual rights to which the Claim or Interest entitles the holder of such Claim or Interest are not modified; (ii) with respect to Secured Claims, the effect of any default is cured and the original terms of the obligation are reinstated; or (iii) the Plan provides that on the Effective Date the holder of the Claim or Interest receives on account of such claim or interest, Cash equal to the Allowed Amount of such Claim or, with respect to any Interest, any fixed liquidation preference to which the holder is entitled.

4. Confirmation Without Acceptance by all Impaired Classes; "Cramdown."

The Code contains provisions that enable the Court to confirm the Plan, even though the Plan has not been accepted by all Impaired Classes, provided that the Plan has been accepted by at least one Impaired Class of Claims. Section 1129(b)(1) of the Code states:

"Notwithstanding section 510(a) of this title, if all of the applicable requirements of subsection (a) of this section other than paragraph (8) are met with respect to a plan, the court, on request of the propo-

ment of the plan, shall confirm the plan notwithstanding the requirements of such paragraph if the plan does not discriminate unfairly, and is fair and equitable, with respect to each class of claims or interests that is impaired under, and has not accepted, the plan."

This section makes clear that the Plan may be confirmed, notwithstanding the failure of an Impaired Class to accept the Plan, so long as the Plan does not discriminate unfairly, and it is fair and equitable with respect to each Class of Claims that is Impaired under, and has not accepted, the Plan. **DEBTOR BELIEVES THAT, IF NECESSARY, IT WILL BE ABLE TO MEET THE STATUTORY STANDARDS SET FORTH IN THE CODE WITH RESPECT TO THE NONCONSENSUAL CONFIRMATION OF THE PLAN AND WILL SEEK SUCH RELIEF.**

D. Consummation.

The Plan will be consummated and Payments made if the Plan is Confirmed pursuant to a Final Order of the Court and Plan distributions commence. It will not be necessary for the Reorganized Debtor to await any required regulatory approvals from agencies or departments of the United States to consummate the Plan. The Plan will be implemented pursuant to its provisions and the Code.

E. Effect of Confirmation.

1. Authority to Effectuate the Plan

Upon the entry of the Confirmation Order by the Bankruptcy Court, the Plan provides all matters provided under the Plan will be deemed to be authorized and approved without further approval from the Bankruptcy Court. The Confirmation Order will act as an order modifying ATN's by-laws such that the provisions of this Plan can be effectuated. The Reorganized Debtor shall be authorized, without further application to or order of the Bankruptcy Court, to take whatever action is necessary to achieve consummation and carry out the Plan in accordance with this Plan and the Code.

2. Binding Effect of Confirmation.

Confirmation of the Plan will legally bind Debtor, all Creditors, Interest Holders and other Parties in Interest to the provisions of the Plan whether or not the Claim or Interest Holder is impaired under the Plan and whether or not such Creditor or Interest Holder voted to accept the Plan.

3. Discharge of Claims.

The rights afforded under the Plan and the treatment of Claims under the Plan will be in exchange for and in complete satisfaction, discharge, and release of all Claims. Confirmation of the Plan shall discharge Debtor from all Claims that arose before the Confirmation Date and all Claims of all kinds specified in Sections 502(g), (h) and (i) of the Bankruptcy Code, whether or not a proof of Claim is filed or deemed filed, and whether or not a Creditor has accepted the Plan.

4. Judicial Determination of Discharge.

As of the Confirmation Date, except as provided in the Plan, all Persons shall be precluded from asserting against Debtor any other or further Claims, debts, rights, causes of action, liabilities, or equity interests based on any act, omission, transaction or other activity of any kind or nature that occurred before the Confirmation Date, and the Confirmation Order shall be a judicial determination of discharge of all Claims against Debtor pursuant to Sections 524 and 1141 of the Bankruptcy Code, and shall void any judgment obtained or entered against Debtor at any time, to the extent the judgment relates to discharged Claims.

5. Injunction.

Unless otherwise provided in the Plan or the Confirmation Order, all injunctions and stays provided for in the Case pursuant to Sections 105 and 362 of the Bankruptcy Code or otherwise in effect on the Confirmation date, shall remain in full force and effect until the Effective Date. From and after the Effective Date, all Persons are permanently enjoined from and restrained against, commencing or continuing in any court any suit, action or other proceeding, or otherwise asserting any claim or interest, seeking to hold the Debtor, Reorganized Debtor, or property of the Debtor liable for any claim, obligation, right, interests, debt or liability that has been discharged or released pursuant to Article VIII Section H. of the Plan.

6. Post-Confirmation Status Report.

Pursuant to the Plan, within 120 days of the entry of the Confirmation Order, the Reorganized Debtor will file status reports with the Court explaining what progress has been made toward consummation of the confirmed Plan. The status report will be served on the United States Trustee, and those

parties who have requested special notice post-confirmation. The Bankruptcy Court may schedule subsequent status conferences in its discretion.

V. ALTERNATIVE TO THE PLAN.

If the Plan is not confirmed and consummated, Debtor believes that the most likely alternative is a sale of the Debtor or a liquidation of the Debtor under Chapter 7 or 11 of the Code.

Debtor believes that any liquidation is a much less attractive alternative to Creditors. However, whether a sale or a Chapter 7 or 11 liquidation, the Creditors holding Allowed Class 4 Claims would be greatly diluted. Debtor believes that liquidation of all real and personal property in a Chapter 7 scenario would dramatically reduce the total amount available to Creditors. In a case under Chapter 7 of the Code, a trustee would be elected or appointed to liquidate the assets of Debtor for distribution to Creditors in accordance with the priorities established by the Code. Debtor's analysis of the probable recovery to Creditors and holders of equity Interest is set forth in the Liquidation Analysis.

VI. CONCLUSION.

Debtor recommends that holders of Claims vote to accept the Plan.

DATED this 11 day of March, 2004, in Orlando, Florida.

ADVANCED TELECOMMUNICATION NETWORK,
INC.

By: James R. Becker
James Becker
Chief Financial Officer

R. Scott Shuker
R. Scott Shuker, Esq.
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TELECOMMUNICATION NETWORK, INC.

Advanced Telecommunication Network, Inc.
Five Year Projected Income Statement and Cash Flow

	YEAR ENDING 12/31/04	% OF REVENUE	YEAR ENDING 12/31/05	% OF REVENUE	YEAR ENDING 12/31/06	% OF REVENUE	YEAR ENDING 12/31/07	% OF REVENUE	YEAR ENDING 12/31/08	% OF REVENUE
REVENUE	\$ 613,905	100.0%	\$ 667,782	100.0%	\$ 836,468	100.0%	\$ 931,859	100.0%	\$ 953,515	100.0%
COST OF REVENUE	\$ 185,861	30.3%	\$ 241,871	34.7%	\$ 324,422	38.7%	\$ 391,483	40.9%	\$ 401,265	42.1%
PAYROLL, TAXES & BENEFITS	\$ 118,586	19.3%	\$ 113,186	18.2%	\$ 113,186	13.8%	\$ 113,186	12.1%	\$ 113,186	11.8%
OPERATING EXPENSES	\$ 26,400	4.3%	\$ 26,400	3.8%	\$ 26,400	3.1%	\$ 26,400	2.8%	\$ 26,400	2.8%
MARKETING EXPENSE	\$ 20,000	3.3%	\$ 30,000	4.3%	\$ 40,000	4.8%	\$ 20,000	2.1%	\$ 20,000	2.1%
GENERAL & ADMINISTRATIVE	\$ 116,200	18.8%	\$ 67,200	9.8%	\$ 87,200	9.9%	\$ 67,200	7.2%	\$ 87,200	7.0%
TOTAL EXPENSES	\$ 466,046	75.8%	\$ 478,757	68.8%	\$ 871,208	88.1%	\$ 908,278	85.3%	\$ 828,050	85.9%
OPERATING INCOME	\$ 147,859	24.1%	\$ 219,006	31.4%	\$ 367,260	31.8%	\$ 323,581	34.7%	\$ 325,465	34.1%
OTHER INCOME	\$ 90,000	14.7%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
INTEREST EXPENSE	\$ (42,120)	-6.8%	\$ (32,780)	-4.7%	\$ (23,400)	-2.8%	\$ (14,840)	-1.6%	\$ (4,880)	-0.5%
TOTAL INCOME	\$ 195,739	31.8%	\$ 186,246	28.7%	\$ 243,860	28.1%	\$ 308,641	33.2%	\$ 320,785	33.6%
INCOME TAXES	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
NET INCOME(LOSS)	\$ 195,739	31.8%	\$ 186,246	28.7%	\$ 243,860	29.1%	\$ 308,641	33.2%	\$ 320,785	33.6%
ADD BACK INTEREST EXPENSE	\$ 42,120		\$ 32,780		\$ 23,400		\$ 14,840		\$ 4,880	
CASH FLOW FROM OPERATIONS	\$ 237,859		\$ 219,006		\$ 267,260		\$ 323,581		\$ 325,465	
DISTRIBUTIONS:										
PRIORITY CLAIMS-										
PRINCIPAL	\$ 80,000		\$ 80,000		\$ 80,000		\$ 80,000		\$ 80,000	
INTEREST	\$ 21,800		\$ 18,880		\$ 12,000		\$ 7,200		\$ 2,400	
TOTAL	\$ 101,800		\$ 98,880		\$ 92,000		\$ 87,200		\$ 82,400	
SECURED CREDITORS-										
PRINCIPAL	\$ 78,000		\$ 78,000		\$ 78,000		\$ 78,000		\$ 78,000	
INTEREST	\$ 20,520		\$ 18,880		\$ 11,400		\$ 8,840		\$ 2,280	
TOTAL	\$ 98,520		\$ 96,880		\$ 87,400		\$ 82,840		\$ 78,280	
UNSECURED CREDITORS-										
PRINCIPAL	\$ 39,739		\$ 30,246		\$ 87,860		\$ 153,541		\$ 184,785	
INTEREST	\$ -		\$ -		\$ -		\$ -		\$ -	
TOTAL	\$ 39,739		\$ 30,246		\$ 87,860		\$ 153,541		\$ 184,785	
TOTAL DISTRIBUTIONS	\$ 237,859		\$ 219,006		\$ 267,260		\$ 323,581		\$ 325,465	
				CLAIMS	DISTRIBUCTIONS	% PAID				
FIVE YEAR TOTAL-				\$ 400,000	\$ 400,000	100%				
PRIORITY				\$ 380,000	\$ 380,000	100%				
SECURED				\$ 8,189,582	\$ 478,170	6%				
UNSECURED										
PRIORITY CLAIMS-										
BALANCE BEGINNING OF YEAR	\$ 400,000		\$ 320,000		\$ 240,000		\$ 180,000		\$ 80,000	
PRINCIPAL PAYMENTS	\$ 80,000		\$ 80,000		\$ 80,000		\$ 80,000		\$ 80,000	
BALANCE END OF YEAR	\$ 320,000		\$ 240,000		\$ 180,000		\$ 80,000		\$ -	
	8%	\$ 21,800	\$ 18,880	\$ 12,000	\$ 7,200	\$ 2,400				
SECURED CLAIMS-										
BALANCE BEGINNING OF YEAR	\$ 380,000		\$ 304,000		\$ 228,000		\$ 152,000		\$ 78,000	
PRINCIPAL PAYMENTS	\$ 78,000		\$ 78,000		\$ 78,000		\$ 78,000		\$ 78,000	
BALANCE END OF YEAR	\$ 304,000		\$ 228,000		\$ 152,000		\$ 78,000		\$ -	
UNSECURED CLAIMS-										
BALANCE BEGINNING OF YEAR	\$ 8,189,582		\$ 8,189,582		\$ 8,189,582		\$ 8,375,357		\$ 8,375,357	
PRINCIPAL PAYMENTS	\$ -		\$ -		\$ (185,775)		\$ -		\$ -	
BALANCE END OF YEAR	\$ 8,189,582		\$ 8,189,582		\$ 8,375,357		\$ 8,375,357		\$ 8,375,357	

ADVANCED TELECOMMUNICATION NETWORK, INC.
Hypothetical Liquidation Analysis
as of December 31, 2003

	Estimated Net Book Value at 12/31/03	Estimated Recovery %	Estimated Market Value
Cash	\$ 55,000	100%	\$ 55,000
Accounts Receivable-Retail Customers	\$ 110,000	50%	\$ 55,000
Accounts Receivable-Worldcom	\$ 540,000		\$ 90,000
Other Assets	\$ 1,000	0%	\$ -
Customer Base	\$ -		\$ 180,000
Total Assets	<u>\$ 706,000</u>		<u>\$ 380,000</u>
Less Secured Claims			<u>\$ 7,879,411</u>
Deficit on Secured Creditors			<u>\$ (7,499,411)</u>
Less-			
Trustee Fees	\$ 1,250		
Professional Fees	\$ 10,000		
Post Petition Taxes Payable	\$ 4,500		
Priority Tax Claims	<u>\$ 400,000</u>		
Total Administrative and Priority Expenses			<u>\$ 415,750</u>
Deficit on Secured, Administrative and Priority Claims			<u>\$ (7,915,161)</u>
Proceeds Available to Unsecured Creditors			<u>\$ -</u>
Total Unsecured Claims			<u>\$ 8,189,582</u>
Estimated Recovery for Unsecured Claims Assuming Liquidation			<u>0%</u>

Major Assumptions:

1. Company will be able to sell claims submitted in Worldcom bankruptcy for approximately 16% of face value.
2. Company will be able to sell retail long distance customer base for four times monthly billing, which is estimated at \$45,000/month at December 31, 2003.
3. Priority tax claims have been reduced by about \$1.4 million based on adjusting jeopardy assessments to actual billed taxes and correcting invalid/unsupported audit assessments.

Note: The company cancelled all amounts due from Gary Carpenter on October 23, 2000 as part of a Debt Cancellation and Release Agreement entered into on that date. Accordingly, no proceeds from Mr. Carpenter are included in this analysis.

ADVANCED TELECOMMUNICATION NETWORK, INC.
NOTES TO PROJECTED INCOME STATEMENT AND CASH FLOW

MAJOR ASSUMPTIONS:

1. ATTRITION (% OF CUSTOMERS SWITCHING THEIR LONG DISTANCE SERVICE TO ANOTHER CARRIER) IS ASSUMED TO BE 7.5% PER YEAR ON EXISTING ACCOUNTS AND 12% PER YEAR ON NEW ACCOUNTS.
2. PAYROLL, OPERATING EXPENSES AND G & A ARE PROJECTED TO CONTINUE AT 2003 LEVELS WITH THE EXCEPTION OF A \$48,000/YEAR DECREASE IN LEGAL FEES UPON SETTLEMENT OR COMPLETION OF THE ADVERSARY LAWSUIT IN 2004 AND MINOR INCREASES IN CUSTOMER SERVICE, POSTAGE, ETC.
3. ANY SETTLEMENT RECEIVED IN CONJUNCTION WITH THE ADVERSARY LAWSUIT WILL BE DISTRIBUTED PRO-RATA TO THE UNSECURED CREDITORS (INCLUDING THE PORTION OF SECURED CLAIMS NOT COVERED BY COLLATERAL VALUE).
4. LONG DISTANCE COST IS ASSUMED TO CONTINUE AT 33% OF LONG DISTANCE REVENUE FOR EXISTING CUSTOMERS. COST WILL BE 50% OF REVENUE ON NEW ACCOUNTS AS THE PRICE TO THE CONSUMER WILL BE REDUCED TO ATTRACT NEW CUSTOMERS.
5. INTEREST AT 6% PER ANNUM OF THE AVERAGE UNPAID BALANCE IS PAID ON THE SECURED AND PRIORITY CLAIMS.

U.S. Corporation Income Tax Return

For calendar year 2001 or tax year

2001

beginning _____, ending _____

A Check if a:

- 1 Consolidated return (attach Form 851)
- 2 Personal holding co. (attach Sch. PH)
- 3 Personal service corp. (as defined in Temp. Regs. sec. 1.441-4T)

Use IRS label. Otherwise, print or type.

Name
ADVANCED TELECOMMUNICATION NETWORK INC.
Number, street, and room or suite no. (If a P.O. box, see page 7 of instructions.)
2502 NORTH ROCKY POINT DRIVE SUITE 860
City or town, state, and ZIP code
TAMPA, FL 33607

B Employer identification number
22-3111344
C Date incorporated
01/16/1991
D Total assets (see page 8 of instructions)

E Check applicable boxes: (1) Initial return (2) Final return (3) Name change (4) Address change **\$ 573,645.**

Income	1	Gross receipts or sales	4,754,047.	b	Loss returns and allowances		c	Bal	▶	1c	4,754,047.
	2	Cost of goods sold (Schedule A, line 8)		2			2			2	2,801,783.
	3	Gross profit. Subtract line 2 from line 1c		3			3			3	1,952,264.
	4	Dividends (Schedule C, line 19)		4			4			4	
	5	Interest	SEE STATEMENT 1	5			5			5	5,280.
	6	Gross rents		6			6			6	
	7	Gross royalties		7			7			7	
	8	Capital gain net income (attach Schedule D (Form 1120))		8			8			8	
	9	Net gain or (loss) from Form 4797, Part II, line 18 (attach Form 4797)		9			9			9	
	10	Other income (attach schedule)	SEE STATEMENT 2	10			10			10	3.
	11	Total income. Add lines 3 through 10		▶	11			▶	11		1,957,547.
Deductions	12	Compensation of officers (Schedule E, line 4)		12			12			12	
	13	Salaries and wages (less employment credits)		13			13			13	590,236.
	14	Repairs and maintenance		14			14			14	1,924.
	15	Bad debts		15			15			15	
	16	Rents		16			16			16	81,312.
	17	Taxes and licenses	SEE STATEMENT 3	17			17			17	57,433.
	18	Interest		18			18			18	1,073,369.
	19	Charitable contributions		19			19			19	
	20	Depreciation (attach Form 4562)		20	30,499.		20			20	
	21	Less depreciation claimed on Schedule A and elsewhere on return		21a			21b			21b	30,499.
	22	Depletion		22			22			22	
23	Advertising		23			23			23	329.	
24	Pension, profit-sharing, etc., plans		24			24			24		
25	Employee benefit programs		25			25			25		
26	Other deductions (attach schedule)	SEE STATEMENT 4	26			26			26	4,531,067.	
27	Total deductions. Add lines 12 through 26		▶	27			▶	27		6,366,169.	
28	Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11		28			28			28	<4,408,622.>	
29	Less: a - Net operating loss (NOL) deduction		29a			29c			29c		
	b - Special deductions (Schedule C, line 20)		29b			29c			29c		
30	Taxable income. Subtract line 29c from line 28		30			30			30	<4,408,622.>	
Tax and Payments	31	Total tax. (Schedule J, line 11)		31			31			31	0.
	32	Payments: a 2000 overpayment credited to 2001	32a								
		b 2001 estimated tax payments	32b								
		Less 2001 refund applied for on Form 4466	32c								
		d Bal	▶	32d							
		e Tax deposited with Form 7004	32e								
		f Credit for tax paid on undistributed capital gains (attach Form 2439)	32f								
		g Credit for Federal tax on fuels (attach Form 4136)	32g								
	33	Estimated tax penalty. Check if Form 2220 is attached		▶	33					33	
	34	Tax due. If line 32h is smaller than the total of lines 31 and 33, enter amount owed		34			34			34	0.
35	Overpayment. If line 32h is larger than the total of lines 31 and 33, enter amount overpaid		35			35			35		
36	Enter amount of line 35 you want Credited to 2002 estimated tax		▶	36			▶	36			

Sign Here
Under penalties of perjury, I declare that I have prepared this return and accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on information of which preparer has any knowledge.

Signature of officer: _____ Date: _____ Title: _____

Preparer's signature: _____ Date: _____ Check if self-employed:

Paid Preparer's Use Only
Firm's name (or yours if self-employed), address, and ZIP code: **AVERETT, WARMUS, ET AL, CPAS**
1417 E. CONCORD STREET
ORLANDO, FL 32803
EIN: **59 3214308**
Phone no.: **(407) 849-1569**

Schedule L Balance Sheets per Books	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
Assets				
1 Cash		2,114,729.		
2a Trade notes and accounts receivable	600,000.		600,000.	
b Less allowance for bad debts	(140,000.)	460,000.	(140,000.)	460,000.
3 Inventories				
4 U.S. government obligations				
5 Tax-exempt securities				
6 Other current assets (Att. Sch.) STMT 7		45,000.		100,030.
7 Loans to shareholders				
8 Mortgage and real estate loans				
9 Other investments (Att. Sch.)				
10a Buildings and other depreciable assets	926,533.		98,306.	
b Less accumulated depreciation	(831,480.)	95,053.	(92,347.)	5,959.
11a Depletable assets				
b Less accumulated depletion	()		()	
12 Land (net of any amortization)				
13a Intangible assets (amortizable only)	90,000.		90,000.	
b Less accumulated amortization	(90,000.)		(90,000.)	
14 Other assets (Att. Sch.) STMT 8				7,656.
15 Total assets		2,714,782.		573,645.
Liabilities and Shareholders' Equity				
16 Accounts payable		3,035,077.		5,386,770.
17 Mortgages, notes, bonds payable in less than 1 year				
18 Other current liabilities (Att. Sch.) STMT 9		279,889.		634,830.
19 Loans from shareholders				
20 Mortgages, notes, bonds payable in 1 year or more		10,312,210.		6,805,958.
21 Other liabilities (Att. Sch.)				
22 Capital stock: a Preferred stock				
b Common stock	10,000.	10,000.	10,000.	10,000.
23 Additional paid-in capital		20,000.		20,000.
24 Retained earnings - Appropriated (attach schedule)				
25 Retained earnings - Unappropriated		<10942394.>		<12283913.>
26 Adjustments to shareholders' equity (attach schedule)				
27 Less cost of treasury stock		()		()
28 Total liabilities and shareholders' equity		2,714,782.		573,645.

Note: The corporation is not required to complete Schedules M-1 and M-2 if the total assets on line 15, column (d) of Schedule L are less than \$25,000.

Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return			
1 Net income (loss) per books	<1,341,519.>	7	Income recorded on books this year not included on this return (itemize):
2 Federal income tax per books			Tax-exempt interest \$ _____
3 Excess of capital losses over capital gains			
4 Income subject to tax not recorded on books this year (itemize):			
5 Expenses recorded on books this year not deducted on this return (itemize):			8 Deductions on this return not charged against book income this year (itemize):
a Depreciation \$ _____			a Depreciation \$ _____
b Charitable contributions \$ _____			b Charitable contributions \$ _____
c Travel and entertainment \$ 2,642.			STMT 11 3,268,931.
STMT 10 199,186.	201,828.	9	Add lines 7 and 8
6 Add lines 1 through 5	<1,139,691.>	10	Income (line 28, page 1) - line 6 less line 9
			<4,408,622.>

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)			
1 Balance at beginning of year	<10942394.>	5	Distributions: a Cash
2 Net income (loss) per books	<1,341,519.>		b Stock
3 Other increases (itemize):			c Property
		6	Other decreases (itemize):
		7	Add lines 5 and 6
4 Add lines 1, 2, and 3	<12283913.>	8	Balance at end of year (line 4 less line 7)
			<12283913.>

U.S. Corporation Income Tax Return
For calendar year 2002 or tax year

OMB No. 1545-0123

2002

beginning _____, ending _____

A Check if a: 1 Consolidated return (attach Form 851) <input type="checkbox"/> 2 Personal holding co. (attach Sch. PH) <input type="checkbox"/> 3 Personal service corp. (as defined in Regs. sec. 1.441-3(c)) <input type="checkbox"/>	Use IRS label. Otherwise, print or type.	Name ADVANCED TELECOMMUNICATION NETWORK, INC.	B Employer identification number 22-3111344
		Number, street, and room or suite no. (If a P.O. box, see page 7 of instructions.) 2502 NORTH ROCKY POINT DRIVE SUITE 860	C Date incorporated 01/16/1991
		City or town, state, and ZIP code TAMPA, FL 33607	D Total assets (see page 8 of instructions)

E Check applicable boxes: (1) Initial return (2) Final return (3) Name change (4) Address change \$ **690,613.**

Income	1 & Gross receipts or sales	1,577,015.	b Less returns and allowances		c Bal	1c	1,577,015.
	2 Cost of goods sold (Schedule A, line 8)					2	711,634.
	3 Gross profit. Subtract line 2 from line 1c					3	865,381.
	4 Dividends (Schedule C, line 19)					4	
	5 Interest	SEE STATEMENT 1				5	1,176.
	6 Gross rents					6	
	7 Gross royalties					7	
	8 Capital gain net income (attach Schedule D (Form 1120))					8	
	9 Net gain or (loss) from Form 4797, Part II, line 18 (attach Form 4797)					9	
	10 Other income (attach schedule)	SEE STATEMENT 2				10	14,076.
	11 Total income. Add lines 3 through 10					11	880,633.

Deductions	12 Compensation of officers (Schedule E, line 4)					12	
	13 Salaries and wages (less employment credits)					13	314,363.
	14 Repairs and maintenance					14	
	15 Bad debts					15	25,000.
	16 Rents					16	160,368.
	17 Taxes and licenses	SEE STATEMENT 3				17	32,594.
	18 Interest					18	355,695.
	19 Charitable contributions					19	
	20 Depreciation (attach Form 4562)		20	2,383.			
	21 Less depreciation claimed on Schedule A and elsewhere on return		21a			21b	2,383.
	22 Depletion					22	
	23 Advertising					23	1,681.
	24 Pension, profit-sharing, etc., plans					24	
	25 Employee benefit programs					25	
26 Other deductions (attach schedule)	SEE STATEMENT 4				26	329,314.	
27 Total deductions. Add lines 12 through 26					27	1,221,398.	
28 Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11					28	<340,765.>	
29 Less: a Net operating loss (NOL) deduction		29a					
b Special deductions (Schedule C, line 20)		29b			29c		

Tax and Payments	30 Taxable income. Subtract line 29c from line 28					30	<340,765.>
	31 Total tax (Schedule J, line 11)					31	0.
	32 Payments: a 2001 overpayment credited to 2002	32a					
	b 2002 estimated tax payments. Less 2002 refund applied for	32b					
	c on Form 4466	32c					
	d Bal		32d				
	e Tax deposited with Form 7004		32e				
	f Credit for tax paid on undistributed capital gains (attach Form 2439)		32f				
	g Credit for Federal tax on fuels (attach Form 4136). See instructions		32g			32h	
	33 Estimated tax penalty (see page 14 of instructions). Check if Form 2220 is attached					33	
34 Tax due. If line 32h is smaller than the total of lines 31 and 33, enter amount owed					34	0.	
35 Overpayment. If line 32h is larger than the total of lines 31 and 33, enter amount overpaid					35		
36 Enter amount of line 35 you want: Credited to 2003 estimated tax					36		

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer: *Tom Dukes* Date: *6/13/03* Title: _____

Preparer's signature: *Tom Dukes CPA* Date: *6/13/03* Check if self-employed (Preparer's SSN or PTIN: _____)

Paid Preparer's Use Only

Firm's name (or yours if self-employed), address, and ZIP code: **AVERETT, WARMUS, ET AL, CPAS**
1417 E. CONCORD STREET
ORLANDO, FL 32803

EIN: **59 3214308**
 Phone no.: **(407) 849-1569**

Note: The corporation is not required to complete Schedules L, M-1, and M-2 if Question 13 on Schedule K is answered "Yes."

Schedule L	Balance Sheets per Books	Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
Assets					
1	Cash				104,056.
2a	Trade notes and accounts receivable	600,000.		600,000.	
b	Less allowance for bad debts	(140,000.)	460,000.	(140,000.)	460,000.
3	Inventories				
4	U.S. government obligations				
5	Tax-exempt securities				
6	Other current assets (att. sch.) STMT 6		100,030.		115,298.
7	Loans to shareholders				
8	Mortgage and real estate loans				
9	Other investments (att. sch.)				
10a	Buildings and other depreciable assets	98,306.		98,306.	
b	Less accumulated depreciation	(92,347.)	5,959.	(94,730.)	3,576.
11a	Depletable assets				
b	Less accumulated depletion	()		()	
12	Land (net of any amortization)				
13a	Intangible assets (amortizable only)	90,000.		90,000.	
b	Less accumulated amortization	(90,000.)		(90,000.)	
14	Other assets (att. sch.) STMT 7		7,656.		7,683.
15	Total assets		573,645.		690,613.
Liabilities and Shareholders' Equity					
16	Accounts payable		5,386,770.		5,687,450.
17	Mortgages, notes, bonds payable in less than 1 year				
18	Other current liabilities (att. sch.) STMT 8		634,830.		1,485,901.
19	Loans from shareholders				
20	Mortgages, notes, bonds payable in 1 year or more		6,805,958.		6,845,958.
21	Other liabilities (att. sch.)				
22	Capital stock: a Preferred stock				
b	Common stock	10,000.	10,000.	10,000.	10,000.
23	Additional paid-in capital		20,000.		20,000.
24	Retained earnings - Appropriated (attach schedule)				
25	Retained earnings - Unappropriated		<12,283,913.>		<13,358,696.>
26	Adjustments to shareholders' equity (attach schedule)				
27	Less cost of treasury stock		()		()
28	Total liabilities and shareholders' equity		573,645.		690,613.

Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return (see page 20 of instructions)

1	Net income (loss) per books	<1,074,783.>	7	Income recorded on books this year not included on this return (itemize):	
2	Federal income tax per books			Tax-exempt interest \$	
3	Excess of capital losses over capital gains				
4	Income subject to tax not recorded on books this year (itemize):				
5	Expenses recorded on books this year not deducted on this return (itemize):		8	Deductions on this return not charged against book income this year (itemize):	
a	Depreciation \$		a	Depreciation \$	
b	Charitable contributions \$		b	Charitable contributions \$	
c	Travel and entertainment \$	812.		STMT 10	62,666.
STMT 9	795,872.	796,684.	9	Add lines 7 and 8	62,666.
6	Add lines 1 through 5	<278,099.>	10	Income (line 28, page 1) - line 6 less line 9	<340,765.>

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)

1	Balance at beginning of year	<12,283,913.>	5	Distributions: a Cash	
2	Net income (loss) per books	<1,074,783.>		b Stock	
3	Other increases (itemize):			c Property	
			6	Other decreases (itemize):	
			7	Add lines 5 and 6	
4	Add lines 1, 2, and 3	<13,358,696.>	8	Balance at end of year (line 4 less line 7)	<13,358,696.>

UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF FLORIDA
ORLANDO DIVISION

RECEIVED

MAR 11 2004

CLERK U.S. BANKRUPTCY
ORLANDO, FL

In re:

CASE NO. 6:03-bk-00299-ABB

ADVANCED TELECOMMUNICATION
NETWORK, INC.,

CHAPTER 11

Debtor.

AMENDED PLAN OF REORGANIZATION SUBMITTED BY
ADVANCED TELECOMMUNICATION NETWORK, INC.

COUNSEL FOR DEBTOR

R. SCOTT SHUKER, ESQ.
JIMMY D. PARRISH, ESQ.
GRONEK & LATHAM, LLP
390 N. ORANGE AVENUE, SUITE 600
ORLANDO, FLORIDA, 32801

March 11, 2004

UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF FLORIDA
ORLANDO DIVISION

In re:

CASE NO. 6:03-bk-00299-ABB

ADVANCED TELECOMMUNICATION
NETWORK, INC.,

CHAPTER 11

Debtor.

**AMENDED PLAN OF REORGANIZATION SUBMITTED BY
ADVANCED TELECOMMUNICATION NETWORK, INC.**

Advanced Telecommunication Network, Inc. ("ATN" or "Debtor"), hereby proposes the following amended plan of reorganization ("Plan"), pursuant to Chapter 11 of the Code, 11 U.S.C. §101, et seq.

ARTICLE I. - DEFINITIONS.

For the purpose of the Plan, the following terms will have the meanings set forth below:

Administrative Claim shall mean a Claim for payment of an administrative expense of a kind specified in §503(b) of the Code, and of a kind referred to in §507(a)(1) of the Code, including, without limitation, the actual, necessary costs and expenses incurred after the commencement of the Bankruptcy Case of preserving Debtor's estate and operating the business of Debtor, including, wages, salaries, or commissions for services, compensation for legal and other services and reimbursement of

expenses awarded under Sections 330(a) or 331 of the Code, and all fees and charges assessed against the Estate under Chapter 123 of Title 28, United States Code.

Administrative Claims Bar Date shall mean the date by which all Administrative Claims must be filed with the Bankruptcy Court to be allowed. The Administrative Claims Bar Date will be established by the Bankruptcy Court as a specific date prior to the Confirmation Date.

Allowed Administrative Claim shall mean all or that portion of any Administrative Claim which has been or becomes allowed by Order of the Bankruptcy Court.

Allowed Amount shall mean the amount of an Allowed Claim.

Allowed Claim shall mean a Claim (a) with respect to which a proof of Claim has been filed with the Bankruptcy Court in accordance with the provisions of §501 of the Code and Rule 3001 and within any applicable period of limitation fixed by Rule 3003 or any notice or Order of the Bankruptcy Court; (b) deemed filed pursuant to §1111(a) of the Code by virtue of such Claim having been scheduled in the list of Creditors prepared and filed by Debtor with the Bankruptcy Court pursuant to §521(1) and Rule 1007(b) and not listed as disputed, contingent or unliquidated; or (c) deemed an Allowed Claim (including Allowed Secured Claims and Allowed Unsecured Claims) pursuant to the provisions of the

Plan or any Order of the Bankruptcy Court. Unless otherwise provided in the Plan or unless deemed or adjudicated an Allowed Claim pursuant to the provisions of the Plan or any Order of the Bankruptcy Court, an Allowed Claim shall not include any Claim as to which an objection to or proceeding challenging the allowance thereof has been interposed by Debtor, within any applicable period of limitation fixed pursuant to the Plan, by Rule 3003, or any Order of the Bankruptcy Court, until such objection or proceeding has been overruled, dismissed or settled by entry of a Final Order. Notwithstanding the filing of any such objection or the commencement of any such proceeding, a Claim may be temporarily allowed for voting purposes pursuant to the provisions of Rule 3018(a). Unless otherwise specified in the Plan or any Order of the Bankruptcy Court, an Allowed Claim shall not include or accrue interest on the amount of such Claim maturing, incurred otherwise or arising subsequent to the Petition Date.

Allowed Interest shall mean an Interest (a) with respect to which a proof of Interest has been filed with the Bankruptcy Court within the applicable period of limitation fixed by Rule 3001 or a Final Order; and as to which no objection to the allowance thereof has been interposed within any applicable

period of limitation fixed by Rule 3001 or any Order of the Bankruptcy Court.

Allowed Priority Tax Claim shall mean a Priority Claim pursuant to Code section 507(a)(8), to the extent such Priority Claim is or becomes an Allowed Claim.

Allowed Secured Claim shall mean a Secured Claim to the extent provided under Section 506 of the Bankruptcy Code and to the extent that neither the Lien underlying the Claim is challenged nor the amount of the Claim is challenged as provided for herein. The full Claim of each of WATS/800 and Investment Partners, described herein is hereby deemed to be an Allowed Secured Claim as provided in the Plan.

Allowed Unsecured Claim shall mean an Unsecured Claim to the extent such Unsecured Claim is or becomes an Allowed Claim.

Ballot shall mean the form(s) distributed to each Creditor holding a Claim in an impaired Class, on which is to be indicated the acceptance or rejection of the Plan.

Ballot Date shall mean the date set by the Bankruptcy Court by which all votes for acceptance or rejection of the Plan must be received by the Bankruptcy Court or the balloting agent, as the case may be.

Bankruptcy Case shall mean this bankruptcy case of ATN, which is pending before the United States Bankruptcy Court for

the Middle District of Florida, Orlando Division, pursuant to Chapter 11 of the Code.

Bankruptcy Court shall mean the United States Bankruptcy Court for the Middle District of Florida, Orlando Division, in which Debtor's Bankruptcy Case is pending, and any Bankruptcy Court having jurisdiction to hear appeals or certiorari proceedings therefrom.

Bankruptcy Estate shall mean the estate created pursuant to §541 of the Code by the commencement of Debtor's Bankruptcy case and shall include all property of the Estate as defined in such Section.

Bar Date shall mean the date fixed by Order of the Bankruptcy Court as the last date for the filing of Claims in this Bankruptcy Case.

Business Day shall mean a day other than a Saturday or a Sunday or any other day on which the majority of commercial banks located in Orlando, Florida, are required or authorized to close.

Cash shall mean cash or cash equivalents, including, but not limited to, checks, bank deposits or other similar items.

Causes of Action shall mean the following actions and causes of action (and the proceeds thereof), whether or not commenced as of the date hereof: (a) all proceedings, commenced or to be commenced pursuant to Bankruptcy Code §502 and §§544-554 (or

equivalent provisions of applicable non-bankruptcy laws), including Adversary Proceeding No. 03-122 brought against Daniel Allen and David Allen; and (b) all claims against Creditors or Holders of Interests, parties having dealings, relationships or transactions with or related to the Debtor, any party named or identified in the Debtor's schedules or statement of financial affairs, any pleadings filed in this Chapter 11 case, and (c) the Debtor's rights of setoff, recoupment, contribution, reimbursement, subrogations, or indemnity and any other indirect claim of any kind whatsoever.

Claim shall mean any right to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured; or any right to an equitable remedy for breach of performance, if such breach gives rise to a right to payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured, or unsecured.

Class shall mean any Class into which Claims or Interests are classified pursuant to the Plan.

Class 1 Claim, Class 2 Claim, Class 3 Claim, etc., shall mean the specific Class into which Claims or Interest are classified pursuant to Article II of the Plan.

Code shall mean the United States Bankruptcy Code, 11 U.S.C. §101, *et seq.*, and any amendments thereof.

Confirmation shall mean the process leading to and including the entry of the Confirmation Order pursuant to §1129 of the Code.

Confirmation Date shall mean the date of entry of the Confirmation Order by the Bankruptcy Court.

Confirmation Order shall mean the Order entered by the Bankruptcy Court confirming the Plan in accordance with the provisions of the Code, and which is in form and content acceptable to the Debtor.

Creditor shall have the same meaning as set forth in §101(1) of the Code.

Debtor shall mean Advanced Telecommunication Network, Inc.

Disclosure Statement shall mean the Disclosure Statement approved for distribution by the Bankruptcy Court pursuant to §1125 of the Code together with any amendments or modifications thereto.

Disputed Claim shall mean a Claim against Debtor which is not an Allowed Claim and which has not been disallowed by a Final Order of the Bankruptcy Court.

Disputed Unsecured Claim shall mean any Unsecured Claim, which is not an Allowed Unsecured Claim.

Distribution shall mean the Distribution to the holders of Allowed Claims.

Effective Date shall mean a date within thirty (30) days after the Bankruptcy Court has entered the Confirmation Order and provided that no appeal of the Confirmation Order is pending; provided, however, that the Effective Date shall not occur until all the preconditions to the occurrence of the Effective Date set forth in the Plan have been met. In the event that an appeal of the Confirmation Order is pending, the Effective Date may still occur on the 30th day after the entry of the Confirmation Order provided that the notice has been filed and Debtor stipulates in writing that the Effective Date shall occur on such date.

Equity Interests shall mean any and all issued or authorized common stock, stock options and warrants in the Debtor.

Estate Assets shall mean all the assets, property and cash of the Debtor, as defined in section 541 of the Code (excluding assets previously distributed, expended or otherwise disposed of by the Debtor prior to the Confirmation Date not otherwise subject to recovery), wherever located or of whatever type or nature, existing as of the Confirmation Date, including, without limitation, the Causes of Action.

Extraordinary Income shall mean the net funds received from the Causes of Action after payment of: (i) all Administrative

fees; (ii) all costs of the litigation, including attorneys' fees and costs; and (iii) after a distribution to Reorganized Debtor equal to 20% of any recovery for marketing and operations.

Final Order shall mean an Order or judgment of the Bankruptcy Court which is no longer subject to appeal or certiorari proceedings and as to which no appeal or certiorari proceeding is pending.

Fiscal Year shall mean the fiscal year of Debtor, which commences on the first day of January and concludes on the final day of December in the following calendar year.

Guaranteed Dividend shall mean \$5,000.00 per quarter paid Pro Rata to Holders of Allowed Class 4 claims, including those portions of Allowed Class 1, 2 and 3 Claims, which are treated as Allowed Class 4 Claims.

Impaired Class shall mean any Class whose members are holders of Claims or Interests, which are impaired within the meaning of §1124 of the Code.

Insider shall have the same meaning as set forth in §101(31) of the Code.

Interest shall mean an issued or authorized outstanding share or shares of common stock, a warrant or warrants for the issuance of such share or shares, other stock, stock equivalents,

limited partnership interest, or other equity instruments in the Debtor.

Investment Partners shall mean Investment Partners, LLP

Lien shall mean any mortgage, lien, charge, security interest, encumbrance, or other security device of any kind affecting any asset or property of Debtor but only to the extent that such interest is recognized as valid by a court of competent jurisdiction if the validity or scope of such interest is challenged by Debtor, Reorganized Debtor, or any other party with standing to bring such a challenge.

Nonordinary Course Administrative Claim shall mean an Administrative Claim other than an Ordinary Course Administrative Claim.

Operations Base shall mean the revenue collected as of the date of this Plan from the operation of the Debtor's business.

Order shall mean a determination, decree, adjudication or judgment issued or entered by the Bankruptcy Court.

Ordinary Course Administrative Claim shall mean an Administrative Claim incurred in the ordinary course of business of the Debtor; *provided, however,* that any due and unpaid, post-petition payment in respect of rejected, or to be rejected, executory contracts or unexpired leases shall not be an Ordinary Course Administrative Claim.

Payment shall mean the Cash to be paid under the Plan to the holders of Allowed Claims.

Person shall mean an individual, corporation, partnership, joint venture, trust, estate, unincorporated organization, or a government or any agency or political subdivision thereof.

Petition Date shall mean January 10, 2003, the date on which Debtor filed a voluntary petition for relief under Chapter 11 of the Code.

Plan shall mean this Chapter 11 plan of reorganization, as amended or modified in accordance with the terms hereof or in accordance with the Code.

Plan Payments shall mean payments made by the Reorganized Debtor pursuant to the terms of the Plan, including the payment of Nonordinary Course Administrative Claims.

Prepetition shall mean the period of time preceding the Petition Date and concluding on the Petition Date.

Prime Rate shall be the prime rate of interest as published in the *WALL STREET JOURNAL* on the date the Confirmation Order is entered by the Bankruptcy Court.

Priority Claim shall mean a Claim other than an Administrative Claim to the extent such Claim is entitled to priority in payment under §507 of the Code.

Pro Rata Share means as to any Allowed Class 4 Claims as of the Effective Date, including any portion of Class 1, 2 or 3 Claims which are treated as Class 4 Claims, or such later date on which such claim becomes Allowed, a fraction of (i) the numerator of which is the amount of such Allowed Claim and (ii) the denominator of which is the sum of (x) all Allowed Class 4 Claims, including any portion of Class 1, 2 or 3 Claims which are treated as Class 4 Claims, as of such date plus (y) all Disputed Class 4 Claims, including any portion of Class 1, 2 or 3 claims which are treated as Class 4 Claims, as of such date.

Professional shall mean: (i) any professional retained in the Bankruptcy Case pursuant to an order of the Bankruptcy Court in accordance with Section 327 or 1103 of the Bankruptcy Code; (ii) any attorney or accountant seeking compensation or reimbursement of expenses pursuant to Section 503(b) of the Bankruptcy Code; and (iii) any entity whose fees and expenses are subject to approval by the Bankruptcy Court as reasonable pursuant to Section 1129(a)(4) of the Bankruptcy Code.

Property shall have the same meaning as the term "property of the estate" delineated in Section 541 of the Code.

Pro Rata shall mean with respect to an Allowed Claim in a given class, that same proportion that the Allowed Claims bears to the aggregate of all Allowed Claims in such class.

Reorganized Debtor shall mean the corporate entity emerging from this Chapter 11 and created on the Effective Date.

Rule or Rules shall mean the Federal Rules of Bankruptcy Procedure, as supplemented by the Local Bankruptcy Rules as adopted by the Bankruptcy Court.

Secured Claim shall mean a Claim secured by a Lien which is perfected and enforceable under applicable law, and which is not subject to avoidance under the Code or other applicable non-bankruptcy laws. A Secured Claim which is challenged by the Debtor or Reorganized Debtor shall only be an Allowed Secured Claim to the extent that such Claim is deemed to be an Allowed Secured Claim in the Plan or the underlying security interest is recognized as valid by the Bankruptcy Court and the difference in amount between such a Creditor's Allowed Claim and its Allowed Secured Claim shall be an Allowed Unsecured Claim.

Security Interest shall mean "security interest" as defined in 11 U.S.C. §101(51).

Tax Claim shall mean an unsecured Claim for taxes entitled to priority under §507(a)(8) of the Code.

Unclaimed Property shall mean any cash, or any other Property of the Debtor or Reorganized Debtor unclaimed for a period of six (6) months after any Distribution.

Unimpaired Class shall mean any Class the members of which are the holders of Claims or Interests, which are not impaired within the meaning of §1124 of the Code.

Unsecured Claim shall mean a Claim that arose or is deemed to have arisen prior to the Petition Date and is not a Secured Claim, or an Administrative Claim.

United States Trustee shall have the same meaning ascribed to it in 28 U.S.C. §581, et seq. and, as used in the Plan, refers to the office of the United States Trustee for Region 21 located in the Middle District of Florida, Orlando, Florida.

WATS/800 shall mean WATS/800 Holdings, Inc.

ARTICLE II. - CLASSIFICATION OF CLAIMS AND INTERESTS.

All Claims and Interests treated under Articles III-V of the Plan are divided into the following classes, which shall be mutually exclusive:

A. **Class 1 - WATS/800.**

Class 1 consists of the Allowed Secured Claim of WATS/800 which arises from its prepetition judgment. The Claim is secured by a first priority Lien on all of the assets and collateral of ATN.

B. **Class 2 - Investment Partners.**

Class 2 consists of the Allowed Secured Claim of Investment Partners, which arises from its prepetition judgment.

The Claim is currently secured by a second priority Lien on all of the assets and collateral of ATN.

C. Class 3 - Commerce Bank.

Class 3 consists of the Secured Claim of Commerce Bank, which arises from its prepetition loan. The Claim is secured by a third priority Lien on all of the assets and collateral of ATN.

D. Class 4 - General Unsecured Claims.

Class 4 consists of the Allowed Unsecured Claims of all Unsecured Creditors of the Debtor.

E. Class 5 - All Equity Interests.

Class 5 consists of any and all Equity Interests in the Debtor.

ARTICLE III - ADMINISTRATIVE EXPENSES.

A. Administrative Claims.

1. Nonordinary Course Administrative Claims.

Any person, including any professional who has rendered services to Debtor during the course of the Cases, that asserts an Administrative Claim arising before the Confirmation Date, including Claims under §503(b) of the Code, but excluding Ordinary Course Administrative Claims as discussed below, shall, on or before the Administrative Claims Bar Date or other date as set by Bankruptcy Court order, file an application, motion, or request, as called for by the Rules, with the Bankruptcy Court

for allowance of such Claim as an Administrative Claim specifying the amount of and basis for such Claim; *provided, however,* that applicants or movants who have previously filed applications, motions, or requests with the Bankruptcy Court need not file another such paper for the same Claim. Failure to file a timely application, motion, or request for allowance pursuant to this Section by any holder of a Nonordinary Course Administrative Expense Claim, other than such a holder engaged or employed by the Reorganized Debtor shall bar such a claimant from seeking recovery on such Claim.

Each holder of a Nonordinary Course Administrative Claim of Debtor shall be paid by Debtor one hundred percent (100%) of its Allowed Claim in Cash, unless otherwise ordered by the Bankruptcy Court or agreed to by such Holder, on or before the Effective Date or such later date as may be agreed to by such holder, or, if the Claim does not become Allowed prior to the Effective Date, on the date the Allowed Amount of such claim is determined by Final Order of the Bankruptcy Court. As provided for in Article VIII of the Plan, ATN's cash-on-hand as of the Effective Date shall be first used to pay Nonordinary Course Administrative Claims. However, nothing in this provision of the Plan shall preclude Debtor from paying any holder of a Nonordinary Course Administrative Claim less than one hundred

percent (100%) of its Allowed Claim in Cash on the Effective Date provided that such Claim holder consents to different payment terms.

2. Ordinary Course Administrative Claims. Ordinary Course Administrative Claims will be resolved through the performance of the obligation by Debtor in accordance with the terms and conditions of the agreement or applicable law giving rise thereto. An applicant for such Claim need not file an application, motion, or request to protect its rights with respect to Ordinary Course Administrative Claims.

B. Tax Claims.

Except to the extent that the Holder and Reorganized Debtor have agreed or may agree to a different treatment, each Holder of an Allowed Priority Tax Claim shall receive from the Reorganized Debtor, in full satisfaction of such Claim, payments equal to the Allowed Amount of such Claim. Allowed Priority Tax Claims will be paid based on a six (6) year amortization and maturity with interest at six percent (6%) per annum; the payments will be made quarterly. Payments will commence on the later of the Effective Date, or on such date as a respective Priority Tax Claim becomes Allowed. Debtor estimates that the filed amount of Priority Tax Claims will not exceed \$1,865,208.87; however, Debtor believes that the total amount of

Allowed Priority Tax Claims will be reduced because many of the Claims are jeopardy assessments that are not based upon actual taxes owed.

ARTICLE IV - TREATMENT OF UNIMPAIRED CLASSES.

There are no Class of Claims and Interests which are Unimpaired.

ARTICLE V - TREATMENT OF IMPAIRED CLASSES OF CLAIMS.

A. Determination of Allowed Amounts.

Treatment prescribed for Claims and Interests in the following sections of this Article V shall in all events refer exclusively to the Allowed Amount of each respective Claim. In the event the Allowed Amount of any Class 1 Claim, Class 2 Claim Class 3 Claim or Class 4 Claim is not determined by agreement or otherwise prior to the Effective Date, then the treatment prescribed shall be deemed effective as of the date of the determination of such Claim by agreement or Final Order or as otherwise provided under the Plan. Notwithstanding Confirmation of the Plan, Debtor reserves the right to object to any Claim (other than Claims deemed in the Plan to be Allowed Claims) for any reason authorized by applicable bankruptcy and nonbankruptcy law as well as the right to assert that any such Claim includes amounts subject to equitable subordination or other equitable

relief. The Reorganized Debtor will finish prosecution of all Claim objections or related contested matters or adversary proceedings commenced prior to the Effective Date.

B. Class 1 - WATS/800.

Class 1 consists of the Allowed Secured Claim of WATS/800. The Claim is secured by a first priority Lien on all the assets of Debtor. In full satisfaction of this Allowed Secured Claim, WATS/800 shall retain its Lien against the Reorganized Debtor; however the Allowed Secured Claim will be in the amount of \$380,000.00. The balance of the WATS/800 Allowed Claim, \$4,386,978.00, will be included in, and treated under, Class 4. As to the Allowed Secured Claim, it will be paid over five (5) years with quarterly payments based on a five (5) year amortization with interest at six percent (6%). Payments on the Allowed Secured Claim will be made by the Reorganized Debtor and will be paid no later than the 15th day of the first month following the close of the quarter for which payment is due.

C. Class 2 - Investment Partners.

Class 2 consists of the Allowed Secured Claim of Investment Partners. The Claim is secured by a second priority Lien on all the assets of Debtor; however, based on the value of the assets securing the Secured Claim of Investment Partners, Debtor contends the Class 2 Claim is wholly unsecured.

Accordingly, the entire amount of the Class 2 Claim shall be included in, and treated according to, the Class 4 Claims.

D. Class 3 - Commerce Bank.

Class 3 consists of the Allowed Secured Claim of Commerce Bank. The Claim is secured by a third priority Lien on the assets and collateral of Debtor; however, based on the value of the assets securing the Secured Claim of Commerce Bank, Debtor contends the Class 3 Claim is wholly unsecured. Accordingly, the entire amount of the Class 3 Claim shall be included in, and treated according to, the Class 4 Claims.

E. Class 4 - General Unsecured Claims.

Class 4 consists of the Allowed Claims of the Unsecured Creditors. Holders of Allowed Unsecured Class 4 Claims shall receive, in full satisfaction of their Allowed Unsecured Claims, on the Effective Date, a Pro Rata Share of the Guaranteed Dividend and a Pro Rata Share of Extraordinary Income.

The Reorganized Debtor shall be responsible for all distributions to Holder of Allowed Class 4 Claims required herein. The Reorganized Debtor shall make Pro Rata distributions of the Guaranteed Dividend no later than the 15th day of the month following the close of the quarter for which payment is due and the Guaranteed Dividend shall be paid over a period of 5 years for a total of \$100,000.00. The Reorganized Debtor shall

make Pro Rata distributions of the Extraordinary Income to Holders of Allowed Class 4 Claims when all claims objections have been resolved and the sum of Extraordinary Income exceeds One Million dollars (\$1,000,000.00) and thereafter upon regular intervals when Extraordinary Income exceeds One Million dollars (\$1,000,000.00) until final disposition of all Causes of Action and distribution of all Extraordinary Income.

The Reorganized Debtor will have the power and authority to pursue the claims and Causes of Action. The Reorganized Debtor will attempt to obtain funds to distribute to Class 4 Creditors from the Extraordinary Income, but it is difficult to provide an estimate of the timing or amount of such recoveries or the prospects of any distribution at all. Any distributions to Class 4 Creditors from Extraordinary Income are speculative in nature, and depend upon such contingencies as the success in litigation by the Reorganized Debtor.

The Reorganized Debtor shall be responsible for all Post-Confirmation claims objections to Class 4 Claims.¹ Debtor estimates the total amount of Class 4 Claims, including any deficiencies from other Classes is approximately \$8,000,000.00.

¹ While the Debtor will be primarily responsible for all claims objections, Section

F. Class 5 - All Equity Interests.

Class 5 consists of any and all common stock, stock options and warrants currently issued or authorized (collectively, "Equity Interests") in the Debtor. As provided in Article VII, Section D. *Infra*, upon the Effective Date, all currently issued or authorized Equity Interests in the Debtor shall be canceled and have no further force or effect.

Accordingly, except as otherwise provided herein, the Holders of the Class 5 Interests shall not have an ownership interest in the Reorganized Debtor. As provided in Article VII, Section D. *Infra*, upon the Effective Date, Reorganized Debtor shall issue new equity shares in Reorganized Debtor to Holders of Allowed Class 1, 2, 3 and 4 Claims. Such shares will be issued Pro Rata.

ARTICLE VI - UNEXPIRED LEASES AND EXECUTORY CONTRACTS.

To the extent Debtor rejects any executory contract or unexpired lease prior to the Confirmation Date, any party asserting a Claim pursuant to §365 of the Code arising from the rejection of an executory contract or lease shall file a proof of such Claim within thirty (30) days after the entry of an Order as provided in Article VII Section D, rejecting such contract or lease, and any Allowed Claim resulting from rejection shall be a

502(a) of the Bankruptcy Code allows any party-in-interest to object to claims.

Class 4 Claim except as otherwise provided herein. Debtor shall have through and including the hearing on Confirmation within which to assume or reject any unexpired lease or executory contract; and, further, that in the event any such unexpired lease or executory contract is not rejected by such date, then such unexpired lease or executory contract shall be deemed rejected as of the Confirmation Date.

ARTICLE VII. - MEANS OF IMPLEMENTATION.

A. Business Operations and Cash Flow.

The Plan contemplates that the Reorganized Debtor will continue to maintain a centralized corporate administrative office, with low operating expenses, which shall operate the Reorganized Debtor's business. Debtor believes cash flow from the continued operation of its business will be sufficient to meet all required Plan Payments.

B. Funds Generated During Chapter 11.

Funds generated from operations until the Effective Date will be used for Plan Payments. In addition, as discussed in the Disclosure Statement, Debtor believes that it is highly likely that it will make a significant recovery in the adversary proceeding filed against two of its former shareholders, Daniel W. Allen and David D. Allen, and that recovery will be used to supplement all required Plan payments.

C. Management and Control of Reorganized Debtor.

1. Directors. The operations of Reorganized Debtor shall be overseen by its Board of Directors. The Board of Directors shall have the power to request and obtain all financial data and operational information regarding the Reorganized Debtor at any time. The Board of Directors shall have all corporate authority vested in boards of directors under the applicable laws of the State of New Jersey including the power to appoint and terminate officers and to liquidate the Reorganized Debtor and to wind up its affairs, with all such powers to be exercised by a majority vote.

The initial Director shall be Damian Freeman and he shall continue to serve until either (i) Reorganized Debtor ceases to do business, or (ii) a Director resigns or is replaced by the shareholders in accordance with New Jersey law.

2. Officers. No officer of Reorganized Debtor shall have the authority to sell substantially all of the assets of Reorganized Debtor or to liquidate Reorganized Debtor unless a majority of the Directors of Reorganized Debtor approves such actions. Should a majority of the Directors of Reorganized Debtor instruct the officers of Reorganized Debtor to take such actions, the officers of Reorganized Debtor shall follow such instructions to the best of their abilities.

D. Stock in Reorganized Debtor.

After Confirmation but prior to the Effective Date, Reorganized Debtor shall take the necessary action to vest ownership to 100% of the common stock of Reorganized Debtor as set forth herein. All Holders of Allowed Class 1, 2, 3 and 4 Claims shall receive on a Pro Rata basis, in addition to any payment on account of such Allowed Claim, shares of new common stock in Reorganized Debtor ("New Equity Interests"). The New Equity Interests shall be issued on the Effective Date.

THE FOREGOING SUMMARY DISCUSSION IS GENERAL IN NATURE AND HAS BEEN INCLUDED IN THE PLAN SOLELY FOR INFORMATIONAL PURPOSES. THE DEBTOR MAKES NO REPRESENTATIONS CONCERNING, AND DOES NOT HEREBY PROVIDE ANY OPINION OR ADVICE WITH RESPECT TO THE SECURITIES LAWS AND BANKRUPTCY LAW MATTERS DESCRIBED ABOVE.

E. Additional Provisions.

1. Procedures For Resolving Disputed Claims.

a. Prosecution of Objections to Claims.

Unless otherwise ordered by the Bankruptcy Court after notice and a hearing, and except as otherwise provided in the Plan, Debtor, Reorganized Debtor, and any party-in-interest shall have the exclusive right to make and File objections to all Claims.

Pursuant to the Plan, unless another time is set by order of the Bankruptcy Court, all objections to Claims and Equity Interests shall be Filed with the Court and served upon the Holders of each of the Claims and Equity Interests to which objections are made within 90 days after the Confirmation Date.

Except as may be specifically set forth in the Plan, nothing in the Plan, the Disclosure Statement, the Confirmation Order or any order in aid of Confirmation, shall constitute, or be deemed to constitute, a waiver or release of any claim, cause of action, right of setoff, or other legal or equitable defense that, Debtor had immediately prior to the commencement of the Bankruptcy Case, against or with respect to any Claim or Equity Interest. Except as set forth in the Plan, upon Confirmation, the Debtor shall have, retain, reserve and be entitled to assert all such claims, causes of action, rights of setoff and other legal or equitable defenses that any Debtor had immediately prior to the commencement of the Bankruptcy Case as if the Bankruptcy Case had not been commenced.

b. Estimation of Claims.

Pursuant to the Plan, Debtor may, at any time, request that the Bankruptcy Court estimate any contingent, disputed or unliquidated Claim pursuant to Section 502(c) of the

Bankruptcy Code regardless of whether Debtor has previously objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court will retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including during the pendency of any appeal relating to any such objection. In the event that the Bankruptcy Court estimates any contingent, disputed or unliquidated Claim, that estimated amount will constitute either the Allowed Amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court.

If the estimated amount constitutes a maximum limitation on such Claim, Debtor may elect to pursue any supplemental proceedings to object to any ultimate payment on such Claim.

c. Cumulative Remedies.

In accordance with the Plan, all of the aforementioned Claims objection, estimation and resolution procedures are cumulative and not necessarily exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn or resolved by any mechanism approved by the Bankruptcy Court. Until such time as an Administrative Claim, Claim or Equity Interest becomes, or is otherwise deemed in this Plan to be, an Allowed Claim, such Claim shall be treated as a Disputed Administrative Claim, Disputed Claim or Disputed Equity

Interest for purposes related to allocations, Distributions, and voting under the Plan.

d. Disallowance of Certain Claims and Interests.

According to the Plan, all Claims held by Entities against whom Debtor has obtained a Final Order establishing liability for a cause of action under Sections 542, 543, 522(f), 522(h), 544, 545, 547, 548, 549, or 550 of the Bankruptcy Code shall be deemed disallowed pursuant to Section 502(d) of the Bankruptcy Code, and Holders of such Claims may not vote to accept or reject the Plan, both consequences to be in effect until such time as such causes of action against that Entity have been settled or resolved by a Final Order and all sums due Debtor by that Entity are turned over to Debtor.

e. Controversy Concerning Impairment.

If a controversy arises as to whether any Claims or Equity Interests or any Class of Claims or Equity Interests are Impaired under the Plan, the Bankruptcy Court, after notice and a hearing, shall determine such controversy before the Confirmation Date. If such controversy is not resolved prior to the Effective Date, the Debtor's interpretation of the Plan shall govern.

ARTICLE VIII. - MISCELLANEOUS.

A. Effect of Confirmation.

1. Cancellation of Equity.

On the Effective Date, all of ATN's outstanding Common Stock will be extinguished. The equity in Reorganized Debtor will be distributed among several Classes of Creditors as set forth in the Plan.

2. Authority to Effectuate the Plan.

Upon the entry of the Confirmation Order by the Bankruptcy Court, the Plan provides all matters provided under the Plan will be deemed to be authorized and approved without further approval from the Bankruptcy Court. The Confirmation Order will act as an order modifying ATN's by-laws such that the provisions of this Plan can be effectuated. The Reorganized Debtor shall be authorized, without further application to or order of the Bankruptcy Court, to take whatever action is necessary to achieve consummation and carry out the Plan in accordance with this Plan and the Code.

3. Post-Confirmation Status Report.

Pursuant to the Plan, within 120 days of the entry of the Confirmation Order, the Debtor will file status reports with the Court explaining what progress has been made toward consummation of the confirmed Plan. The status report will be

served on the United States Trustee, the Creditor Agent, and those parties who have requested special notice post-confirmation. The Bankruptcy Court may schedule subsequent status conferences in its discretion.

B. Preservation, Prosecution and Defense of Causes of Action.

The Reorganized Debtor shall have the right to pursue any and all Causes of Action, including all pending adversary proceedings, and contested matters whether or not such causes of action have been commenced as of the Effective Date. The Reorganized Debtor shall prosecute or defend, as appropriate, such actions through final judgment, any appeals deemed necessary and appropriate by the Reorganized Debtor and collection; provided, however, that the Reorganized Debtor shall be authorized at any point in any litigation (a) to enter into such settlements as the Reorganized Debtor deems to be in the best interest of creditors, subject to Bankruptcy Court approval after notice and a hearing in accordance with Bankruptcy Rule 9019; or (b) to abandon, dismiss and/or decide not to prosecute any such litigation if the Reorganized Debtor deems such action to be in the best interest of creditors without approval of the Bankruptcy Court.²

² ATN intends to analyze and pursue all preference claims, which would benefit the estate, including any such preference claims against "insider" entities

C. Retention of Professionals. The Reorganized Debtor may retain professionals on such terms as the Reorganized Debtor deems reasonable without Bankruptcy Court approval. Persons who served as professionals to the Debtor prior to the Effective Date may also continue to serve the Reorganized Debtor.

D. Conditions to Effectiveness.

The Effective Date shall not occur until all of the following conditions have been satisfied:

1. The entry of the Confirmation Order by the Bankruptcy Court in form and content acceptable to the Debtor and expiration of the appeal period with respect to the Confirmation Order without the filing of a notice of appeal of such Order; *provided, however, that, if an appeal of the Confirmation Order is filed but no stay is granted in connection with the appeal, Debtor may in writing elect to permit the Effective Date to occur notwithstanding the pendency of the appeal.*

2. Inclusion in the Confirmation Order of an injunctive provision: (x) staying, restraining, and enjoining all individuals or entities, from commencing, enforcing, perfecting, or setting off any claim, judgment, or interest against Debtor,

described in the Statement of Financial Affairs. However, ATN's initial analysis shows payments made to Forced matrix.com, Inc., Grace Alexandria Holding, ITS Billing, Inc., WATS/800 Holdings, Inc. and YPD Corporation were either prepayments for services and are therefore not antecedent debt or were payments made in the ordinary course of business and as such would not be recoverable preferences.

or any property thereof, or against any of Debtor's transferees including the Reorganized Debtor, for the purposes of, directly or indirectly, collecting, recovering, or receiving payment of, on, or with respect to, any Claim or Equity Interest; provided, that such injunctive provision shall not prevent any governmental unit from enforcing such governmental unit's police or regulatory power.

3. All ancillary documents necessary to implement and confirm the Plan has been approved by the Debtor unless the Debtor has waived this requirement in writing.

Upon the satisfaction or waiver of each of the foregoing conditions, the Debtor shall so notify the Bankruptcy Court, and upon the filing of such notice the Plan shall become Effective without further Order of the Bankruptcy Court provided that all of the conditions to effectiveness of the Plan set forth herein, including those set forth below, have been met.

E. Retention of Jurisdiction.

After the Effective Date, Debtor will be free to perform all functions assigned to it under the Plan without approval of the Bankruptcy Court, except as specifically set forth herein. However, the Bankruptcy Court will continue to retain jurisdiction in these Cases with respect to the following matters:

1. All objections to the allowance of Claims and Interests and the compromise of Claims;

2. All applications for allowance of compensation and reimbursement of out-of-pocket expenses of professionals retained in Debtor's case by Order of the Bankruptcy Court to the extent that such compensation and out-of-pocket expenses relate to services performed before the Confirmation Date; *provided, however, that fees of professionals for services rendered after the Effective Date may be paid by the Reorganized Debtor in the ordinary course of business without a Bankruptcy Court order; provided, further, however, in the event that an objection is made as to post-Confirmation Date requested fees or expenses, application shall be made to the Bankruptcy Court for allowance of such fees and expenses;*

3. Any adversary proceedings or contested matters brought by Debtor, including, without limitation, the Causes of Action, the proceedings then pending or thereafter brought pursuant to §§544, 545, 547, 548, 549, and 550 of the Code or other proceedings calculated to generate payments to Holders of Allowed Class 4 Claims;

4. All controversies and disputes arising under or in connection with the Plan;

5. The enforcement and interpretation of the provisions of the Plan;
6. To issue such orders in aid of execution and consummation of the Plan as may be necessary and appropriate;
7. Any motion to modify the Plan in accordance with Code §1127, or to correct any defect, cure any omission, or reconcile any inconsistency in the Plan, Disclosure Statement, or any Confirmation Order as may be necessary to carry out the purposes of the Plan;
8. All Claims arising from the rejection of any executory contract or lease;
9. Such other matters as may be provided for in the Code or the Plan;
10. To protect the property of the Estate from adverse claims or interference inconsistent with the Plan; and
11. To ensure that Distributions are accomplished as provided herein and to resolve any dispute concerning the right of any person to a Distribution hereunder, applicable law or under a contract or agreement.

F. Headings.

Article, Section and Paragraph headings used herein are for convenience only and shall not affect the interpretation or construction of any provision of this Plan.

G. Cramdown.

Debtor reserves the right to seek confirmation of the Plan under §1129(b) of the Code.

H. Discharge.

As of the Effective Date and pursuant to §1141 of the Code, Debtor shall be discharged from any debt that arose before the Confirmation Date, and any debt of a kind specified in §§502(g), 502(h), and 502(i) of the Code, whether or not:

1. A proof of claim based upon such debt is filed or deemed filed under §501 of the Code;

2. A Claim based upon such debt is allowed under §502 of the Code; or

3. The holder of a Claim or Interest based upon such debt has accepted the Plan.

I. Regulatory Approval and Retirement Plans.

It will not be necessary for Debtor to await any required regulatory approvals from agencies or departments of the United States to consummate the Plan. The Plan will be implemented pursuant to its provisions and the provisions of the Code. Debtor does not have any retirement plans.

J. Notices.

All notices required or permitted to be made in accordance with the Plan shall be in writing and shall be delivered personally or by facsimile transmission or mailed by United States Mail to the following:

If to Debtor:

Advanced Telecommunication Network, Inc.
Richard Rodriguez, General Counsel
2502 N. Rocky Point Drive, Suite 860
Tampa, Florida 33606

With copies to:

R. Scott Shuker, Esquire
Gronek & Latham, LLP
390 N. Orange Avenue, Suite 600
Orlando, Florida 32801

K. Manner of Payment.

Any payment of Cash made under this Plan may be made either by check drawn on an account of the Reorganized Debtor by wire transfer or by automated clearing house transfer from a domestic bank, at the option of the Reorganized Debtor.

L. Compliance with Tax Requirements.

In connection with this Plan, to the extent applicable, the Reorganized Debtor in making distributions under this Plan shall comply with all tax withholding and reporting requirements imposed on it by any governmental unit, and all Distributions

pursuant to this Plan shall be subject to such withholding and reporting requirements. The Reorganized Debtor may withhold the entire Distribution due to any holder of an Allowed Claim until such time as such holder provides to the Reorganized Debtor, the necessary information to comply with any withholding requirements of any governmental unit. Any property so withheld will then be paid by the Reorganized Debtor to the appropriate authority. If the holder of an Allowed Claim fails to provide to the Reorganized Debtor the information necessary to comply with any withholding requirements of any governmental unit within six months after the date of first notification by the Reorganized Debtor to the holder of the need for such information or for the Cash necessary to comply with any applicable withholding requirements, then the holder's distribution shall be treated as an undeliverable distribution in accordance with the below. The payment of all taxes on all Distributions shall be the sole responsibility of the distributee.

M. Transmittal of Distributions to Parties Entitled Thereto.

All distributions by check shall be deemed made at the time such check is duly deposited in the United States mail, postage prepaid. All distributions by wire transfer shall be deemed made as of the date the Federal Reserve or other wire

transfer is made. Except as otherwise agreed with the holder of an Allowed Claim in respect thereof or as provided in this Plan, any property to be distributed on account of an Allowed Claim shall be distributed by mail upon compliance by the holder with the provisions of this Plan to (i) its address set forth in its proof of claim, (ii) the latest mailing address filed for the holder of an Allowed Claim entitled to a distribution, (iii) the latest mailing address filed for a holder of a filed power of attorney designated by the holder of such Allowed Claim to receive distributions, (iv) the latest mailing address filed for the holder's transferee as identified in a filed notice served on the Debtor pursuant to Bankruptcy Rule 3001(e), or (iv) if no such mailing address has been filed, the mailing address reflected on the Schedules or in the Debtor's books and records.

N. Distribution of Unclaimed Property.

Except as otherwise provided in this Plan, any property (Cash or otherwise) to be distributed under this Plan which is unclaimed after six months following the relevant distribution date shall be forfeited, and such distribution together with all interest earned thereon shall become an Asset to be distributed and conveyed to the Reorganized Debtor in accordance with the provisions of this Plan.

O. Fractional Cents and Equity; Multiple Distributions.

Notwithstanding any other provisions of this Plan to the contrary, no payment of fractional cents or distribution of fractional equity will be made under this Plan. Cash will be issued to holders entitled to receive a Distribution of Cash in whole cents (rounded to the nearest whole cent) and equity will be rounded to the nearest whole number. To the extent that cash remains undistributed as a result of rounding of such fractions, such cash shall be treated as unclaimed property under the Plan.

If any Holder of an Allowed Class 4 Claim shall be entitled to any interim distribution in an amount less than \$50.00, such distribution shall instead be held by the Reorganized Debtor and distributed to such Holder of an Allowed Class 4 Claim (less expenses) if and when with any additional distribution is made to such creditor on the Final Distribution Date.

P. Transfer Taxes.

Under Section 1146(c) of the Bankruptcy Code, the issuance, transfer, or exchange of a security, or the making or delivery of an instrument of transfer, under this Plan shall not be taxed under any law imposing a stamp tax or similar tax.

DATED this 10th day of March 2004 in Orlando, Florida.

ADVANCED TELECOMMUNICATION
NETWORK, INC.

By: James N. Becker

James Becker
Chief Financial Officer

COUNSEL FOR ADVANCED
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DEBTOR: ADVANCED TELECOMMUNICATION NETWORK, INC.

CASE NO: 6:03-bk-00299-ABB

BALLOT FOR ACCEPTING OR REJECTING PLAN OF REORGANIZATION

The Plan of Reorganization referred to in this ballot can be confirmed by the court and thereby made binding on you if it is accepted by the holders of two-thirds in dollar amount and more than half in number of the ballots cast in each class. In the event the requisite acceptances are not obtained, the court, nevertheless, may confirm the Plan if the court finds that the Plan accords fair and equitable treatment to the class rejecting it.

You should review the Disclosure Statement and Plan before you vote. You may wish to seek legal advice concerning the Plan and your classification and treatment under the Plan. If you hold claims or equity interests in more than one class, you will receive a ballot for each class in which you are entitled to vote.

To have your vote count, you must complete and return this ballot.

The undersigned, a class _____ creditor of the above-named debtor in the unpaid principal amount of \$ _____,

(Check one box) () ACCEPTS () REJECTS the Plan of Reorganization of the debtor.

Dated: _____

Name of Creditor: _____

Creditor's Signature: _____

By: _____
(If Appropriate)

As: _____
(If Appropriate)

Address: _____

All ballots must be received on or before **4:00 PM, MONDAY, MAY 17, 2004**

Mail to:

Clerk
United States Bankruptcy Court
SouthTrust Bank Building
135 West Central Boulevard, Suite 950
Orlando, FL 32801

---For Ballot Tabulation Only---

Ballot No. _____ Creditor Class _____

Claim No. _____ Claim \$ _____

Claim Amount per Schedule \$ _____
