

ORIGINAL

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MASSACHUSETTS
EASTERN DIVISION

In re:)
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ESSENTIAL.COM, INC.,)
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Debtor.)
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Chapter 11
Case No. 01-15339-WCH

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ORDER (1) APPROVING DISCLOSURE STATEMENT; (2) FIXING DATE AND TIME FOR FILING ACCEPTANCES OR REJECTIONS OF JOINT LIQUIDATING PLAN OF REORGANIZATION; (3) ESTABLISHING PROCEDURES FOR VOTING; (4) FIXING DATE AND TIME FOR CONFIRMATION HEARING AND OBJECTIONS TO CONFIRMATION; AND (5) ESTABLISHING DEADLINES FOR THE FILING OF ADMINISTRATIVE CLAIMS, LEASE AND EXECUTORY CONTRACT REJECTION CLAIMS AND COMBINED NOTICE THEREOF

The Disclosure Statement ("Disclosure Statement") Relating to Joint Liquidating Plan of Reorganization ("Plan") proposed by the above-referenced debtor Essential.com, Inc. ("Debtor") and the Official Committee of Unsecured Creditors ("Committee") having been filed with this Court; a hearing to consider the adequacy of the Disclosure Statement in accordance with 11 U.S.C. § 1125 having been held on November 28, 2001 ("Disclosure Statement Hearing"); adequate notice of the Disclosure Statement Hearing having been provided to creditors, holders of membership interests and other parties in interest; and the Court having found and determined that the Disclosure Statement contains adequate information in accordance with 11 U.S.C. § 1125 and that good cause appears for the approval of the Disclosure Statement;

IT IS HEREBY ORDERED EFFECTIVE IMMEDIATELY and notice is hereby given that:

- 1. The Disclosure Statement filed by the Debtor and the Committee contains "adequate information" as those terms are defined and used in 11 U.S.C. § 1125 and is approved.

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Handwritten signature: *Henry Nonnye*
Date: *Done 12/10/01*

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2. Capitalized terms used herein, not otherwise defined, shall have the meanings ascribed to them in the Plan and Disclosure Statement.

3. The Debtor and the Committee are authorized to solicit acceptances of the Plan.

4. The Debtor and the Committee are authorized to make non-material changes to the Disclosure Statement and the Plan, including completing blanks, making changes required for clarification or to correct grammatical and typographical errors, without further order of the Court. The Debtor and the Committee are also authorized to make non-substantive changes to the form of Ballot, contemplated by Official Form 14 ("Ballot"), and a copy of the Master Ballot attached hereto as Exhibit A is approved.

5. In accordance with Fed. R. Bankr. P. 3017(d), the Debtor shall transmit, or shall cause to be transmitted no later than Dec. 1, 2001, by first-class mail (postage prepaid), hand delivery, express or courier delivery, or by any other means or combination of means considered practicable by the Debtor, a copy of the Disclosure Statement and its exhibits, the Plan and its exhibits, Ballot and a copy of this Order, to the United States Trustee, and to those creditors in Class 2 under the Plan. The Debtor and Committee may include in the solicitation package a letter from the Committee materially consistent with the Disclosure Statement indicating the Committee's support of the Plan and soliciting acceptance of the Plan. No solicitation of acceptances or rejections is required of creditors in Classes 1 and 3 under the Plan. Accordingly, the Debtor shall not be required to serve copies of the Disclosure Statement, the Plan or Ballot to the creditors in those classes. The Debtor shall provide each creditor or interest holder in Classes 1 and 3 with a copy of this Order, thereby providing each such creditor or interest holder with notice of the date and time fixed for the Confirmation Hearing (as hereinafter defined) and for filing objections to the confirmation of the Plan.

6. BALLOTS CONTAINING ACCEPTANCES OR REJECTIONS OF THE PLAN MUST BE RETURNED BY CREDITORS TO THE FOLLOWING ADDRESS ON OR BEFORE Dec. 17, 2001 AT 4:00 P.M. (EST):

Hanify & King Professional Corporation
One Federal Street
Boston, MA 02110
Attn: Alex M. Rodolakis, Esq.
Facsimile: (617) 556-8985

7. The procedures contained in this Order for transmitting the documents and information required to be transmitted to all creditors, interest holders, and other parties in interest pursuant to Fed. R. Bankr. P. 3017 are deemed adequate and are authorized and approved in all respects.

8. PURSUANT TO THE PROVISIONS OF 11 U.S.C. §§ 1128 and 1129 AND FED. R. BANKR. P. 3020, A HEARING ON CONFIRMATION OF THE PLAN ("CONFIRMATION HEARING") WILL BE HELD BEFORE THE HONORABLE WILLIAM C. HILLMAN, CHIEF UNITED STATES BANKRUPTCY JUDGE, UNITED STATES BANKRUPTCY COURT, ON Dec. 21, 2001 AT 9:30 A.M. AT THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF MASSACHUSETTS, THOMAS P. O'NEILL FEDERAL BUILDING, 10 CAUSEWAY STREET, BOSTON, MASSACHUSETTS 02222 ("Bankruptcy Court"). The Confirmation Hearing may be adjourned from time to time without further notice to creditors, interest holders or other parties in interest by announcement in open court of such adjournment on the date scheduled for such hearing or any subsequent adjourned Confirmation Hearing.

9. Objections, if any, to confirmation of the Plan must be in writing, state with particularity the grounds for any such objection, and be filed with the Bankruptcy Court and

served upon and received by the following (hereafter defined as "Notice Parties"): (i) Hanify & King Professional Corporation, One Federal Street, Boston, MA 02110 (Attn: Alex M. Rodolakis, Esq.); (ii) Office of the United States Trustee, 1182 Thomas P. O'Neill Federal Building, 10 Causeway Street, Boston, Massachusetts 02222 (Attn: Gary C. Donahue, Esq.); and (iii) Gadsby Hannah LLP, 225 Franklin Street Boston, MA 02110 (Attn: Alex Mattera, Esq.) counsel to the Committee, not later than 4:00 P.M. (EST) on Dec. 17, 2001. Objections not filed and served as set forth herein shall be barred and deemed forever waived.

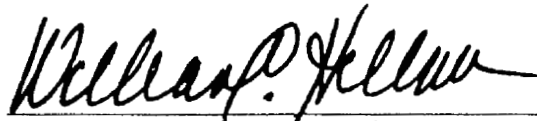
10. IT IS FURTHER ORDERED, AND NOTICE IS HEREBY GIVEN, that claims for payment of administrative expenses under 11 U.S.C. § 503 incurred **after** June 29, 2001 (excluding claims for payment of fees and expenses by professional persons retained by the Debtor or Committee), shall be filed and served prior to Dec. 17, 2001 at 4:00 p.m. (EST) ("Administrative Claim Bar Date"). Parties wishing to file a request for payment of any such administrative expense shall do so in writing with the Bankruptcy Court on or before the Administrative Claim Bar Date and shall serve a copy on or before the Administrative Claim Bar Date on the Notice Parties. Claims for payment of administrative expenses, (excluding claims for payment of fees and expenses by professional persons retained by the Debtor or the Committee), not filed and served as set forth herein shall be barred and deemed forever waived.

11. IT IS FURTHER ORDERED, AND NOTICE IS HEREBY GIVEN, that any Claim arising from the rejection of an unexpired lease or executory contract by virtue of the entry of the Confirmation Order shall be forever barred unless a Claim relating thereto is filed with the Bankruptcy Court within ten (10) days of the Effective Date of the Plan. Parties wishing to file such a Claim shall do so in writing with the Bankruptcy Court within ten (10)

days of the Effective Date of the Plan and shall serve a copy on the Notice Parties. Claims arising from the rejection of an unexpired lease or executory contract by virtue of the entry of the Confirmation Order not filed and served as set forth herein shall be barred and deemed forever waived.

12. IT IS FURTHER ORDERED, AND NOTICE IS HEREBY GIVEN, that all administrative claims relating to expenses incurred during the Debtor's reorganization case on account of the employment of Professional Persons at least through and including thirty (30) days prior to the first date scheduled for the Confirmation Hearing shall be made the subject of applications for allowances of fees and reimbursement of expenses ("Fee Applications") which shall be filed on or before ten (10) days prior to the Confirmation Hearing. Any such Fee Application may include a request for payment of anticipated fees and expenses through the Effective Date of the Plan to the extent such fees and expenses can be reasonably determined. All such applications shall be served on or before ten (10) days prior to the Confirmation Hearing on the United States Trustee, counsel to the Debtor, counsel to Committee, and all parties that have filed an appearance and requested service of notice. **A hearing on allowance of any such Fee Application shall be conducted on the date and at the time scheduled for the Confirmation Hearing as set forth above.** No further notice of any such Fee Application or the hearing thereon shall be required.

ENTERED AT BOSTON, THIS 28th DAY OF November, 2001.



HONORABLE WILLIAM C. HILLMAN
CHIEF UNITED STATES BANKRUPTCY JUDGE

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MASSACHUSETTS
EASTERN DIVISION

In re:)
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ESSENTIAL.COM, INC.,)
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Debtor.)
_____)

Chapter 11
Case No. 01-15339-WCH

**DISCLOSURE STATEMENT RELATING
TO JOINT LIQUIDATING PLAN OF REORGANIZATION**

HANIFY & KING,
Professional Corporation
Harold B. Murphy, Esq.
Alex M. Rodolakis, Esq.
C. Nathan Dee, Esq
One Federal Street
Boston, MA 02110

Counsel for Essential.com, Inc.
Debtor and Debtor-in-Possession

Dated: Boston, Massachusetts
November 2, 2001

GADSBY HANNAH LLP
Charles A. Dale, III, Esq.
Alex F. Mattera, Esq.
225 Franklin Street
Boston, MA 02110

Counsel for the Official Committee
Of Unsecured Creditors

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MASSACHUSETTS
EASTERN DIVISION

In re:

ESSENTIAL.COM, INC.,

Debtor.

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**DISCLOSURE STATEMENT RELATING
TO JOINT LIQUIDATING PLAN OF REORGANIZATION**

I. INTRODUCTION

Pursuant to Section 1125 of the United States Bankruptcy Code, 11 U.S.C. §§ 101 *et seq.* (the "Bankruptcy Code"), Essential.com, Inc., the debtor and debtor-in-possession in the above-captioned case (the "Debtor" or the "Company"), and the Official Committee of Unsecured Creditors of Essential.com, Inc. (the "Committee") (the Debtor and the Committee referred to jointly as, the "Plan Proponents") provide this Disclosure Statement (the "Disclosure Statement") to all of the Debtor's known creditors. The purpose of this Disclosure Statement is to provide such information as has been deemed necessary for the Debtor's creditors to make an informed decision in exercising their rights to vote upon the *Joint Liquidating Plan of Reorganization Proposed by the Debtor and the Official Committee of Unsecured Creditors* ("Plan") dated as of the date of this Disclosure Statement. The Plan, a copy of which accompanies this Disclosure Statement as Exhibit A, was filed with the Bankruptcy Court on November 2, 2001.

The Committee and the Debtor recommend that you vote to accept the Plan. Each creditor must, however, review the Plan and Disclosure Statement carefully, including all exhibits, in their entirety and determine whether or not to accept or reject the Plan based upon that creditor's independent judgment and evaluation. The description of the Plan in this Disclosure Statement is in summary form and is qualified by reference to the actual terms and conditions of the Plan, which should be reviewed carefully before making a decision to accept or reject the Plan. Capitalized terms herein have the same meaning as provided in Article II of the Plan; other terms shall have the meaning ascribed to them in the Bankruptcy Code.

The information contained in this Disclosure Statement has been provided by the Debtor based upon its knowledge of its records, its business and its affairs. The Committee has participated in the preparation of this Disclosure Statement and, to the extent possible, but in any event based solely on the record in this chapter 11 proceeding, has reviewed certain of the information contained herein for accuracy. Except as otherwise expressly indicated, such information has not been subject to audit or independent review. Although great effort has been made to be accurate, the Plan Proponents and their counsel and other professional advisors do not warrant the accuracy of the information contained herein.

This Disclosure Statement has not yet been approved by the Bankruptcy Court as providing information which the Bankruptcy Court deemed adequate to permit creditors of the Debtor to make an informed judgment in exercising their right to vote for or against the Plan. **A HEARING ON THE ADEQUACY OF THE DISCLOSURE STATEMENT IS SCHEDULED FOR NOVEMBER 28, 2001 AT 9:30 A.M. THE DEADLINE FOR FILING OBJECTIONS TO THIS DISCLOSURE STATEMENT IS NOVEMBER 20, 2001 AT 4:00 P.M.**

No representations concerning the Debtor, including the value of its Assets, or the aggregate dollar amount of Claims which may be allowed, are authorized other than as set forth in this Disclosure Statement. Any representations, warranties or agreements made to secure acceptance or rejection of the Plan by creditors of the Debtor which are other than as contained in this Disclosure Statement should not be relied upon in voting on the Plan.

The Debtor and Committee believe that the Plan provides the quickest recovery to creditors and will maximize the return to creditors on their Claims. **ACCORDINGLY, THE DEBTOR AND THE COMMITTEE URGE ALL CREDITORS TO VOTE IN FAVOR OF THE PLAN.**

II. BRIEF SUMMARY OF THE PLAN

The Plan provides for the liquidation of all of the Assets of the Debtor and the distribution of the Proceeds therefrom to creditors in accordance with priorities established by the Bankruptcy Code. As detailed on pages 16-17 herein, the Debtor and Committee estimate a distribution to the holders of Allowed unsecured Claims of in excess of 50% of each Claim. Further, the Plan provides for an Initial Distribution Date to the holders of Allowed unsecured Claims in Class 2 within forty-five (45) days of the Effective Date of the Plan. For these reasons and as detailed further herein, the Debtor and the Committee believe that the Plan provides a faster distribution process and a higher recovery for creditors than would be realized from a chapter 7 liquidation.

In order to accomplish the finalization of the Debtor's liquidation, the resolution of any Claims, the investigation and prosecution and other Causes of Action on behalf of the Estate and the distribution of funds to creditors, the Plan contemplates the appointment of a Plan Trustee who shall be selected by the Committee and who will serve under the continuing supervision of the Plan Committee. All business operations of the Debtor shall cease, and the Debtor shall continue to have a corporate existence for the sole purpose of liquidation, winding-up of its financial affairs and administering the Plan. Upon conclusion of the distribution of Assets to creditors, the Plan Trustee shall take all required steps under the Plan to dissolve the Debtor.

This Disclosure Statement has been prepared by the Debtor and the Committee to provide creditors with adequate information so that they can make an informed judgment about the Plan.

Each creditor should read this Disclosure Statement and the Plan in their entirety before voting on the Plan. No solicitation of votes on the Plan may be made except pursuant to this Disclosure Statement, and no person has been authorized to utilize any information concerning the Debtor's business or assets other than the information contained herein for purposes of solicitation.

The Debtor and Committee believe that the Plan provides for fair and equitable treatment of the Debtor's creditors. The Debtor and the Committee therefore recommend that creditors vote to accept the Plan.

For information as to the procedure and deadline for voting to accept or reject the Plan, refer to Section VII of this Disclosure Statement.

III. GENERAL INFORMATION

3.1 HISTORY OF THE DEBTOR

The Debtor was an online communications and energy marketplace that offered a broad range of services to residential and small business customers focusing largely on telecommunication services. The Debtor offered services in selected areas, including long distance and local telephone services, Internet access, electricity and home heating. The Debtor was reseller only of services, buying services at wholesale prices from its service providers, aggregating them online and reselling them to its customers at retail prices. In this regard, the Debtor entered into both reseller and agency agreements with its service providers.

The Debtor was originally incorporated in 1995 in Massachusetts and reincorporated in 1998 in Delaware. From 1996 to June 1999, the Debtor was in a development stage offering limited telephone service to customers in Massachusetts, while it focused on developing its business plan and its systems and raising capital. At its peak, the Debtor offered telecommunication services and Internet access to over 200,000 customers in the 48 continental states and the District of Columbia. Additionally, the Debtor also expanded its offerings, in limited areas, to include electricity and home heating products.

The Debtor's business plan required incurring of significant selling, marketing, technology development and administrative expenditures. The goal was for the Debtor to be a national provider of "essential" services, telecommunications and energy, to individuals and small businesses. The Debtor's business plan, not unlike many Internet ventures, valued gains in market share and customer acquisition over operating profits. In this regard, the Debtor incurred significant initial costs and expenses to attract customers including aggressive pricing and monetary incentives as well as extensive advertising.

The Debtor financed its operations primarily through the sale of equity securities and borrowings. At various times in 1998, the Debtor borrowed approximately \$250,000 from its then president and chief executive officer pursuant to several promissory notes. Between March and June, 1999, the Debtor raised \$2.6 million through the issuance of its Series A redeemable convertible preferred stock including the conversion of \$615,000 of its convertible notes, together with its accrued interest, into Series A redeemable convertible preferred stock. In July and September, 1999, the Debtor raised \$12.0 million through the issuance of its Series B redeemable convertible preferred stock. In September 1999, the Debtor also entered into an agreement with Comdisco, Inc. providing for a \$4.0 million subordinated loan and \$1.0 million equipment lease line of credit.

In February and March, 2000, the Debtor raised \$71.2 million through the issuance of its Series C redeemable convertible preferred stock. These funds, together with cash generated by the Debtors operations, were to projected to provide the Debtor with sufficient working capital and capital expenditure for a period of at least 12 months.

3.2 EVENTS LEADING TO CHAPTER 11 FILING

At the same time as, and in concert with, its February and March, 2000 financing rounds, the Debtor was actively engaged in and pursuing efforts for the public sale of its common stock. The public sale would include the listing of its common stock on the Nasdaq National Market. The sale

of the Debtor's common stock was anticipated to generate in excess of \$86 million for the Debtor. The sale of the Debtor's common stock was first planned for the Summer of 2000.

Unfortunately, beginning in April, 2000, the private and capital markets began experiencing substantial declines that have continued through the present. The areas most severely impacted were the so-called "Internet Sector" and telecommunications; both of which the Debtor was part. As a result of the volatility in the capital markets, the Debtor was forced to delay its public offering on several occasions. In November 2000, the Debtor withdrew its S-1 Registration Statement in order to focus on raising private equity and/or sale of the Company.

In light of its need for additional funds in order to maintain operations and the increasing difficulties with its planned public offering, the Debtor undertook efforts to locate other potential sources of capital. In this regard, the Debtor sold all of its common stock in its subsidiary, Sundial Marketplace Corporation ("Sundial"), to Simplexity, Inc. ("Simplexity") for \$1,300,000 in cash and stock and warrants in Simplexity. The sale of Sundial also relieved the Debtor from continuing operating losses related to Sundial's operations and the assumption of certain liabilities by Simplexity.

Prior to its Petition Date, the Debtor also undertook efforts to sell all or substantially all of its business. Immediately prior to its bankruptcy filing, the Debtor was negotiating with a third party for the acquisition of its active data base of telecommunications customers consisting of over 70,000 households and small businesses ("Customer Base"). Recognizing that the continuation of operations outside a sale or infusion of capital was unlikely, the Debtor began to downsize its operations with the dual goals of minimizing the impact on its customers and preserving its assets. This process included reductions in its workforce on three separate occasions. The final pre-bankruptcy reduction was on or about June 25, 2001 when the Debtor reduced its workforce from eight-four (84) to thirty-nine (39) employees. The Debtor retained these critical employees to assist in the orderly wind-down of its business affairs, transition its Customer Base and monitor the billing and collection of its accounts receivables.

IV. POST-PETITION EVENTS

4.1 THE VOLUNTARY BANKRUPTCY FILING

On June 29, 2001 ("Petition Date"), the Debtor filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code. Prior to the Petition Date, the Debtor ceased soliciting new customers and reduced its business operations to the minimum level necessary to preserve its assets pending an orderly liquidation. In connection with the filing, the Debtor sought and obtained Court approval to retain the law firm of Hanify & King, Professional Corporation, to act as its counsel.

Subsequent to the filing of the bankruptcy petition, the Office of the United States Trustee appointed three (3) creditors to serve as members of the Committee. The Committee is comprised of the following creditors:

Storage Networks, Inc.
Rep: Kara Sims, Esq. (Chairperson)

Info Directions, Inc.
Rep: Susan Sharp

Smart Energy, Inc.
Rep: Anna Blumkin, Esq.

The Committee selected the law firm of Gadsby Hannah LLP as its counsel. The Committee also retained Verdolino & Lowey, P.C. as its accountants and financial advisors.

4.2 INITIAL PLEADINGS AND OPERATIONS

Shortly following the Debtor's filing of its petition, a number of motions were filed, including but not limited to the following: (i) motion by the Debtor for continuation of payments to telecommunications providers in the ordinary course of business; and (ii) a motion by the United States Trustee's Office to convert the case from chapter 11 to chapter 7.

In order to provide continuity of services to its customers, the Debtor filed a motion for continuation of payments to telecommunications providers in the ordinary course of business. The Debtor subsequently entered into certain stipulations with Qwest Communications Corporation ("Qwest") and Verizon Communications, Inc. ("Verizon") regarding the continued provision of services to the Debtor's customers pending the sale of the Customer Base.

During the month of July, 2001, the Debtor recorded gross revenue of approximately \$1.3 million and collected cash from its customer of approximately \$1.6 million. During the first part of August, 2001, the Debtor recorded gross revenue of approximately \$400,000 and collected cash from its customer of approximately \$675,000.

The Debtor also filed a motion to authorize the implementation of a Key Employee Retention Program ("KERP") in order to provide certain critical employees an incentive to remain with the Debtor and to aid in the maximizing of the value of its assets and to assist in the winding down of its operations. The Creditor's Committee filed an objection to the implementation of the KERP. The Court ultimately denied authorization for the KERP.

4.3 PRIVATE SALE OF THE DEBTOR'S CUSTOMER BASE

Shortly after the Petition Date, the potential buyer for the Debtor's Customer Base withdrew its offer. Accordingly, the Debtor began intensive efforts to locate new acquirers for either all or substantially all of its assets. Although unable to locate a single a buyer for all of its assets, by the end of July, 2001, the Debtor successfully located two bidders, Zone Telecom, Inc. ("Zone") and Broadview Networks, Inc. ("Broadview"), for certain parts of its Customer Base. Subsequently, the Debtor located a third bidder, Essex Communications, Inc. ("Essex") for the remaining part of its Customer Base. These offers provided for the transfer of the Debtor's Customer Base designed to generate, at least, \$925,000 for the estate.

On July 26, 2001, the Debtor filed an emergency motion related to the private sale ("Private Sale Motion") of its assets substantially consisting of its Customer Base. Pursuant to the Private Sale Motion, the Debtor sought authority both to sell the Customer Base and the establishment of certain bidding procedures thereto. The Debtor received qualifying counteroffers with respect to the sale of the Customer Base as follows: (i) United Systems Access, Inc. ("USA") submitted a counteroffer for the entire Customer Base for \$1,100,000; and (ii) Eastern Telephone, Inc. ("Eastern") submitted a counteroffer for certain parts of the Customer Base described in the Broadview Agreement for \$535,000.

On August 9, 2001, the Court conducted an auction of the Customer Base. After one round of sealed bidding, USA submitted the high bid for the Customer Base of \$1,300,000. The next highest bid was a combination of bids from Broadview, Zone and Essex.

The Debtor successfully closed the Private Sale to USA on August 10, 2001. The conditions of the Private Sale were memorialized in an Asset Purchase Agreement and related Management Agreement (collectively, "Purchase Agreement") entered into between the Debtor and USA on August 10, 2001. Pursuant to the Purchase Agreement, USA was required to, among other things, collect on behalf of the Debtor outstanding accounts receivable due from customers both billed and unbilled for the period prior to August 10, 2001. In return for these services, USA would receive a commission from the Debtor.

4.4 PUBLIC AUCTION OF PERSONAL PROPERTY

Immediately following consummation of the Private Sale, the Debtor began the final wind down of operations. In this regard, the Debtor filed a motion for authority to conduct a public auction (the "Public Auction") of furniture, fixtures, and equipment located at its Burlington, Massachusetts headquarters and also located at an offsite secure facility. Pursuant to the Public Auction, the Debtor also solicited bids for the Debtor's Leasehold Interest in its lease for its Burlington, Massachusetts headquarters ("Burlington Lease"). On September 5, 2001 the Court authorized the Debtor to conduct the Public Auction. In connection with the Public Auction, the Debtor obtained authority to employ a professional auctioneer, Paul E. Saperstein Co. ("Auctioneer"), to conduct the Public Auction.

The Public Auction was conducted at the Debtor's headquarters on September 6, 2001. The Debtor obtained in excess of \$102,000 for its personal property after reduction for the Auctioneer's fees and expenses. Since no bids were received for the Burlington Lease, the Debtor rejected the Burlington Lease effective on September 13, 2001.

4.5 RESOLUTION OF OUTSTANDING ISSUES WITH RESPECT TO USA

After the sale of the Customer Base to USA, a dispute arose between the Debtor and USA largely focused on the collection of outstanding receivables due to the Debtor under the Purchase Agreement. Despite attempts to resolve their dispute through other means, the Debtor determined it necessary to protect its interests by commencing an adversary proceeding against USA ("USA Litigation") in the Bankruptcy Court. After commencement of the USA Litigation, the Debtor and USA renewed their efforts to resolve their disputes. The Debtor and USA are in ongoing negotiations to resolve the USA Litigation. The Debtor estimates that a proposal to resolve the USA Litigation will be filed by the date of the hearing on the approval of this Disclosure Statement. At this time, the Debtor estimates a recovery of approximately \$400,000¹.

4.6 WINDING DOWN OF OPERATIONS AND LIQUIDATION OF REMAINING ASSETS

As of the date of this Disclosure Statement, the Debtor is continuing to wind down its affairs and liquidate certain assets through the assistance of a former employee acting on a consulting basis. Among the more substantial outstanding issues and assets are amounts that the Debtor believes are due to it from payments made postpetition to certain suppliers including Verizon and Qwest. The

¹ The amount of accounts receivable to be collected by USA for the benefit of Essential remains subject to the pending USA Litigation. Accordingly, this amount represents only an estimate and remains expressly subject to change.

Debtor is also seeking the releasing of certain bonds and letters of credit provided in order to operate as a telecommunications reseller in certain states. Additionally, the Debtor continues to finalize issues with respect to the sale of its Sundial subsidiary to Simplexity including the release of a letter of credit provided by the Debtor as a guaranty for a lease of certain office space. The Debtor is also attending to matters related to the collection of certain accounts receivable not part of the transactions with USA. The Debtor estimates a recovery of approximately \$500,000.

V. CLAIMS AGAINST THE DEBTOR

Each claim against the Debtor that is an Allowed Claim, as defined in the Plan, will be entitled to a distribution to the extent provided by the Plan. The treatment of the various classes of Claims is described below.

5.1 ALLOWANCE OF CLAIMS, DEADLINES AND OBJECTION PROCESS

Only the holders of Allowed Claims – that is holders of claims which are not in dispute, are not contingent, are not unliquidated in amount and are not subject to objection or estimation – are entitled to receive distributions under the Plan. Until a Claim becomes an Allowed Claim, distributions will not be made on such Disputed Claim (or if a Claim is partially in dispute, on the disputed portion of such Claim). The Debtor obtained an order (the “Bar Date Order”) from the Bankruptcy Court setting a deadline for the filing of Claims against the Debtor. Pursuant to the Bar Date Order, each entity possessing claims arising prior to the commencement of the chapter 11 case was required to file a claim by October 12, 2001, except that any entity whose claim is listed in the Debtor’s schedules as undisputed, noncontingent and liquidated was not required to file a proof of claim.

As provided in the Plan, a Claim will be deemed an Allowed Claim if: (i) no party in interest entitled to do so has filed an objection to such Claim or a request for estimation of such Claim by no later than thirty (30) days after the Effective Date of the Plan, or (ii) if such a party in interest has filed an objection to such Claim or request for estimation, the Claim is Allowed by a Final order of the Bankruptcy Court provided, however, that the Claim is an Allowed Claim only to the extent allowed by such Order in accordance with applicable law, or (iii) the Claim is Allowed under the Plan.

5.2 ADMINISTRATIVE CLAIMS

The Bankruptcy Code establishes a priority of payment among unsecured Claims. This means that unsecured Claims of a higher priority are entitled to payment in full even if other types of unsecured Claims are not paid anything. First in priority among unsecured Claims are “administrative” claims. Administrative Claims are generally the ordinary and necessary costs of administering and operating during a chapter 11 case. Included in Administrative Claims are the following types of claims: the kind claims for costs and expenses of administration of the kind described in sections 503(b) and 507(a)(1) of the Bankruptcy Code, including, without limitation, trade obligations incurred by the Debtor subsequent to the commencement of the chapter 11 case, professional fees and expenses allowed pursuant to section 330 of the Bankruptcy Code, Plan Trustee’s Expenses and any fees payable pursuant to 28 U.S.C. section 1930(a)(6).

5.2.1 PROFESSIONAL FEES

Various professionals retained in the case have incurred fees and expenses from their retention through the Effective Date of the Plan in the following estimated amounts:

Hanify & King, Professional Corporation, Counsel to the Debtor (net of retainer of \$50,000)	\$ 175,000
Testa, Hurwitz & Thibeault, LLP, Special Counsel to the Debtor (net of retainer of \$44,304.50)	\$ 0
Gadsby Hannah LLP, Counsel to the Committee	\$ 50,000
Verdolino & Lowey, P.C., Accountants to the Committee	\$ 75,000

The amounts set forth herein are estimates and are based upon: (a) Professional fees incurred prior to the date hereof and (b) future events that the Professionals are unable to predict with any degree of accuracy. The Professionals' estimated fees are for purposes of projection only and no Professional has agreed to limit or cap its fees in any way. Actual fees incurred by the Professionals will be set forth in fee applications and filed with the Bankruptcy Court, in accordance with the Bankruptcy Code, Bankruptcy Rules and local rules of this Court, and will be based upon actual time incurred.

5.2.2 POST-PETITION WIND DOWN COSTS AND EXPENSES

The Debtor believes that it has substantially completed the wind down of its operations. Nonetheless, the Debtor and the Committee will be required to undertake efforts and expend funds prior to the Effective Date of the Plan, including the payment of ordinary course obligations, to continue the effective cessation of operations and liquidation of Assets. The estimate of these costs is approximately \$200,000.

5.3 CLASS 1: (OTHER PRIORITY CLAIMS) PRIORITY CLAIMS

Class 1 consists of all Claims against the Debtor which have not already been satisfied, if any, and which are the kind specified as having priority in section 507(a) of the Bankruptcy Code, other than Claims specified in section 507(a)(1), 507(a)(2) and 507(a)(8) of the Code.

Since the Debtor and the Committee have not had an opportunity to conduct a review of the filed proofs of Claim, it has not been possible to reconcile the differences, if any, between filed proofs of Claim and the Debtor's records. In light of the foregoing, the Debtor estimates that the total amount of Priority Claims against the Estate is approximately \$75,000.² Until the Plan Trustee reviews the final Claims and the Bankruptcy Court resolves all objections thereto, it is not possible to determine the exact amount of Allowed Class 1 Claims.

² As the October 12, 2001 Bar Date only recently expired, the Debtor and Committee have not yet had an opportunity to conduct a claims review and, accordingly, claims actually asserted could exceed that amount. The Debtor and Committee intend to supplement this information on or before the hearing on this Disclosure Statement.

5.4 CLASS 2: GENERAL UNSECURED CLAIMS

Class 2 consists of all non-priority unsecured Claims against the Debtor, including without limitation, Claims arising from the rejection or termination of executory contracts or leases of real and personal property. Class 2 shall not include those Interests in Class 3.

The Debtor's schedules list a total of approximately \$3.5 million in unsecured Claims. Creditors may have filed proofs of Claim in amounts greater than that set forth in the Debtor's schedules or unsecured creditors may have filed Claims. To the extent the foregoing become Allowed Claims, the amount of unsecured claims estimated herein based on the Debtor's schedules will increase.

Since the Debtor and the Committee have not had an opportunity to conduct a review of the filed proofs of Claim, it has not been possible to reconcile the differences, if any, between filed proofs of Claim and the Debtor's records. In light of the foregoing, the Debtor estimates that the total amount of unsecured Claims against the Estate, including Claims related to the rejection of leases and employment contracts, is approximately \$8.0 million. Until the Plan Trustee reviews the final Claims and the Bankruptcy Court resolves all objections thereto, it is not possible to determine the exact amount of Allowed Class 2 Claims.

5.5 CLASS 3: INTERESTS

Class 3 Claims consist of Interests, which are defined under the Plan as all prepetition equity in the Debtor as evidenced by its preferred or common stock, option, warrants or other rights to acquire such stock, as well as any claim or cause of action which has been or may be asserted against the Debtor by the holder of any Interest.

Class 3 Interests shall be deemed to have been cancelled on the Effective Date and the holders of Class 3 Interests shall receive nothing under the Plan in respect of such Interests. Holders of Class 3 Interests and Claims are impaired under the Plan and deemed to have rejected it under applicable law, without the need or opportunity to vote.

VI. THE PLAN OF REORGANIZATION

6.1 OVERVIEW

The Plan provides that, on the Effective Date, except as otherwise specifically set forth in the Plan, all property of the Estate, including, without limitation, all right, title and interest in any personal or real property, contractual interests, general intangibles, claims, suits, setoffs, counterclaims, rights of recoupment, avoidance under the Bankruptcy Code or any applicable state, federal or other law, and any and all equitable or legal rights, claims, interests and remedies of the Debtor shall vest in the Plan Trustee. The Plan Trustee shall serve as representative of the Estate appointed pursuant to the Plan and section 1123(b)(3)(B) of the Bankruptcy Code. Except as expressly provided in the Plan, no Asset of the Estate shall be deemed abandoned and no Cause of Action shall be deemed released or compromised by or as a result of the Plan, its confirmation, its consummation or its treatment of any Claim or creditor. Further, no defense, set-off, counterclaim or right of recoupment of the Debtor shall be deemed waived or compromised.

The Plan Trustee shall be responsible for liquidating and reducing to cash the Assets and property of the Estate and shall have full power and authority to manage the assets and property of the Estate pursuant to the Plan. The Plan Trustee shall have the power to convert to cash any assets

of the Estate which are not cash. The Plan Trustee shall have authority to invest the cash held by the Plan Trustee in short term obligations of the United States of America having maturities consistent with the Plan Trustee's obligation to make distributions as and at times required by the Plan. The Plan Trustee shall also be vested with all rights, powers and benefits afforded to a "trustee" under section 108 of the Bankruptcy Code. Additionally, the Plan Trustee shall also have the powers and be subject to the provisions and limitations set forth in the other Sections of the Plan.

The Plan Trustee shall regularly consult with, seek advice and counsel from and provide status reports to the Plan Committee. If the Plan Trustee and Plan Committee disagree about any issue or matter pertaining to the administration of the Estate, such dispute shall be resolved by the Court.

6.2 MECHANICS OF PLAN AND DISTRIBUTIONS BY THE PLAN TRUSTEE

In addition to Unclassified Allowed Claims for Priority Taxes and Administrative Claims, the Plan designates two (2) classes of claims for payment. All Allowed unclassified Claims and Allowed Claims in Class 1 must be paid in full before any Distribution is made to holders of Allowed Class 2 Claims.

The Plan provides that on or before the Initial Distribution Date, within forty-five (45) days of the Effective Date, at least 85% of funds on hand that are available for distribution to the holders of Allowed Claims in Class 2 after (i) payment or provision for payment of Allowed Unclassified Claims, Administrative Claims, and Class 1 Claims must be paid to holders of Allowed Class 2 Claims and (ii) reservation for the Claims Reserve. The Plan further provides that any objections to any filed Claim or Claim scheduled as liquidated, undisputed and non-contingent must have been filed with the Court by no later than thirty (30) days after the Effective Date of the Plan or such Claim is deemed to be an Allowed Claim entitled to Distribution under the Plan.

Creditors and other parties-in-interest are urged to review the terms of the which will govern the distribution of Assets and the duties and responsibilities of the Plan Trustee. Any discrepancy between the Disclosure Statement and the Plan shall be resolved in favor of the Plan.

At such time or times as required by the Plan including payment of the Initial Distribution Amount on or before the Initial Distribution Date, or if no time is specified, as soon as practicable, the Plan Trustee shall pay or shall reserve an amount sufficient to pay the Priority Claims in the order of priority established in the Plan. After the payment of the Initial Distribution Amount, the Plan Trustee shall thereafter, as soon as practicable as the Plan Trustee, in his reasonable discretion, deems appropriate, distribute from the Distribution Fund to each holder of a Class 2 Allowed Claim the amount to which it is entitled under Article IV of the Plan, reserving funds with respect to unpaid Priority Claims, projected Plan Trustee's Expenses and then Unresolved Claims as provided in the Plan.

If on a date on which payments are made on Allowed Class 2 Claims there exist any Unresolved Class 2 Claims, the amount of cash distributed to holders of Allowed Class 2 Claims shall be determined as if all Class 2 Unresolved Claims were Allowed Claims in the full amount claimed by the holders thereof (or in such lesser amount as the Bankruptcy Court determines by Final Order) and the Plan Trustee shall, in such circumstances, reserve in the Claims Reserve for holders of Unresolved Class 2 Claims the amount of cash that would have been distributed to them if the full amount of their claims, or such lesser amount as the Bankruptcy Court determines, were Allowed Claims on such distribution date. Interest earned on cash in the Claims Reserve shall

likewise be added to the cash held in the Claims Reserve, which Claims Reserve shall be distributed in accordance with the terms of the Plan.

To the extent that an Unresolved Class 2 Claim becomes an Allowed Claim after a distribution date on which payments are made on account of Allowed Class 2 Claims, the Plan Trustee shall, as soon as practicable thereafter, distribute to the holder of the newly Allowed Claim, from the Claims Reserve, the amount of cash that such holder would have received to date had its claim been an Allowed Claim on the initial distribution date or subsequent distribution dates on which payments were made on account of Allowed Class 2 Claims.

On each subsequent date on which payments are made on Allowed Class 2 Claims, to the extent that all or a portion of any Unresolved Class 2 Claims was disallowed since the preceding cash distribution date, the Plan Trustee shall distribute to each holder of an Allowed Class 2 Claim and reserve for each remaining holder of an Unresolved Class 2 Claim its Pro Rata share of the amount of cash that had been held in the Claims Reserve on account of the disallowed portion of the Unresolved Claims.

6.3 PLAN COMMITTEE AND PLAN TRUSTEE POST-EFFECTIVE DATE

Among other things, the Plan Provides as follows:

(a) On the Effective Date, the Committee will become the Plan Committee.

(b) The Plan Committee shall consist of the corporations that are members of the Committee as of the Effective Date. The Bylaws of the Committee, if any, as in effect on the Effective Date shall govern the proceedings of the Plan Committee, subject to amendment by the Plan Committee.

(c) The Plan Committee shall have overall direction and control of the liquidation of the Debtor's Estate and the prosecution of claims pursuant to the Plan, and shall direct, oversee and control all of the activities of the Plan Trustee. The Plan Trustee shall serve at the pleasure of the Plan Committee.

(d) Members of the Plan Committee shall be reimbursed by the Estate for their reasonable and necessary out-of-pocket expenses incurred in performing their duties as such. Such reimbursement shall be effected pursuant to such procedures as the Plan Committee shall establish for presentation and review of invoices and supporting documentation, but approval of the Bankruptcy Court shall not be required for such payment unless specifically provided for by such procedures.

(e) In the event of the resignation of a member of the Plan Committee, the remaining members may, but need not, designate a successor from among the holders of Class 2 Claims. Unless and until such vacancy is filled, the Plan Committee shall function with such reduced membership.

(f) In the event a Creditor whose representative serves on the Plan Committee should assign its general unsecured Claims or release the Debtor from further distribution on such Claims, such assignment or release shall constitute the resignation of such Creditor from the Plan Committee. The Plan Committee may also, by vote of at least two-thirds of the members entitled to vote or upon action of the United States Trustee at the request of a majority of the Committee, increase the size of the Committee by adding new members who shall be holders of Allowed Class 2 Claims.

(g) The Plan Committee, or the firms or corporations represented by them, any of their members, or any of their employees, professionals or agents, shall in no way be liable for any acts or for the acts of any of their members, employees, professionals or agents, except for acts undertaken in bad faith, gross negligence or willful misconduct, in the performance of their duties as members of the Plan Committee. The Estate shall indemnify and hold harmless the Plan Committee, its members, and either of their professionals from and against any and all liabilities, expenses, claims, damages or losses incurred by them as a direct result of acts or omissions taken by them in good faith in their capacities as members of or agents for the Plan Committee.

(h) The Plan Committee shall be dissolved when the Bankruptcy Court enters the Final Decree.

(i) On the Effective Date, all of the Debtor's officers and members of its board of directors shall be deemed to have resigned without the necessity of any further action or writing and they shall be released from any responsibilities, duties and obligations that arise after the Effective Date to the Debtor or its creditors under the Plan, or applicable law.

(j) The Plan Trustee may employ counsel, accountants, or other professionals as he deems appropriate. He also may employ such of the Debtor's former officers, employees and professionals as he deems necessary or appropriate to assist him in performing his duties under the Plan. The Plan Trustee shall not be liable for any loss to Assets or property held by him pursuant to the Plan by reason of any mistake or default of any such counsel, accountants or other professionals, or officers or employees of the Debtor, so long as they shall have been selected and retained by the Plan Trustee in good faith and without gross negligence. The Plan Trustee and the Plan Trustee's professionals shall be entitled to reasonable compensation and shall submit a monthly statement of fees and expenses incurred to the Plan Trustee and each member of the Plan Committee. If the Plan Trustee and the Plan Committee do not object to the monthly statements provided within ten (10) days after the date of mailing, then the Plan Trustee shall be authorized to pay such fees and such expenses. In the event the Plan Trustee or the Plan Committee object within such ten (10) day period, and the Plan Trustee and the professional cannot resolve the objection, then the disputed portion of the fees and expenses shall be submitted to the Bankruptcy Court for determination, and the undisputed portion shall be immediately paid.

VII. VOTING TO ACCEPT OR TO REJECT PLAN

7.1 PROCEDURE FOR VOTING

Creditors in an impaired class will receive, together with this Disclosure Statement, a form of ballot to be used in voting to accept or reject the Plan.

Each creditor should first carefully review this Disclosure Statement and the Plan. The creditors should then complete the portions of the ballot indicating the class or classes in which the creditor's claim falls and the total dollar amount of the claim. If the creditor's claim falls into more than one class, the creditor should list each class and state the dollar amount of the claim which belongs in each class. It is critical that the class(es) and amount(s) of the claim be correctly stated on the ballot, so that the creditor's vote can be properly counted.

Next, the creditor should mark in the space provided on the ballot whether the creditor wishes to accept or to reject the Plan. Please be sure to fill in the name of the creditor for whom the ballot is being filed. Finally, the ballot must be signed by the creditor, or by an officer, partner, or .

other authorized agent of the creditor. Please note that the Debtor and the Committee reserve the right to object to the allowance, designation of class and/or allowable amount of any claim set forth in a ballot for purposes of voting and/or distribution under the Plan.

7.2 MAILING OF BALLOTS

Completed and signed ballots should be returned to counsel to the Debtor, in the enclosed self-addressed return envelopes or at the following address: Alex M. Rodolakis, Esquire, Hanify & King, Professional Corporation, One Federal Street, Boston, MA 02110. Completed ballots should be returned as soon as possible, and in any event so that they are **RECEIVED** by counsel to the Debtor on or before _____, 2001. **ANY BALLOTS WHICH ARE RECEIVED BY COUNSEL TO THE DEBTOR AFTER _____, 2001 MAY NOT BE COUNTED IN DETERMINING ACCEPTANCE OF THE PLAN.**

7.3 ACCEPTANCE OR REJECTION OF THE PLAN

Class 2 Claims are impaired under the Plan, and the holders of such Claims are entitled to vote as a class to accept or reject the Plan. Holders of Class 3 Interests are deemed under applicable law to have rejected the Plan and therefore are not entitled to vote. Holders of Claims in Class 1 are not impaired under the Plan and, therefore, are deemed under applicable law to have voted in favor of the Plan.

The amount of a Claim that will be used to determine votes for or against the Plan will be either: (a) the Claim amount listed in Debtor's schedule of liabilities (the "Schedules") on file with the Bankruptcy Court, unless such Claim is listed in the Schedules as contingent, unliquidated or disputed; or (b) the liquidated amount specified in a proof of claim timely filed with the Bankruptcy Court that is not the subject of an objection. If the holder of a Claim submits a ballot, but such holder has not timely filed a proof of claim and such holder's Claim is listed on the Schedules as contingent, unliquidated or disputed or such holder's Claim is the subject of an objection or request for estimation, the ballot will not be counted in accordance with Bankruptcy Rule 3018, unless the Bankruptcy Court temporarily allows the Claim for the purpose of accepting or rejecting the Plan in accordance with Bankruptcy Rule 3018.

7.4 REQUIRED PERCENTAGE OF ACCEPTANCES

Under Section 1126(c) of the Bankruptcy Code, the Plan is accepted by a class of creditors which is impaired if the Plan is accepted by holders of allowed claims which are (a) at least two-thirds in dollar amount; and (b) more than one-half in number of the allowed claims of that class whose holders actually vote to accept or reject the Plan. Section 1126(e) provides that a creditor's vote may be disregarded if the Bankruptcy Court determines, after notice and a hearing, that the creditor's vote either to accept or reject the Plan was not solicited or cast in good faith, or in compliance with the Bankruptcy Code.

7.5 UNIMPAIRED CLASSES AND CLASSES WHICH RECEIVE NOTHING NEED NOT VOTE ON THE PLAN

Section 1126(f) of the Bankruptcy Code provides that the Plan Proponents need not solicit the acceptance of the Plan by any class of claims or interests which is not impaired under the Plan. This is because, as previously noted, unimpaired classes (and each individual holder of a claim or interest in such unimpaired class) are conclusively presumed to have accepted the Plan. Further, -

Bankruptcy Code Section 1126(g) provides that a class is deemed not to have accepted the Plan if the holders of claims or interests in the class will receive nothing under the Plan with respect to such claims or interests.

7.6 OBJECTIONS TO PLAN; CONFIRMATION HEARING; IMPLEMENTATION OF PLAN

The Plan Proponents will seek to confirm the Plan pursuant to Section 1129(b) of the Bankruptcy Code, which provides that the Plan may be confirmed even though it has not been accepted by each class of impaired claims or interests if the Bankruptcy Court finds, among other things, that the Plan does not discriminate unfairly and is fair and equitable to each impaired class of claims or interests which did not vote to accept the Plan. If a class defined as unimpaired is later determined to be impaired, that class will be deemed to have rejected the Plan, and the Plan Proponents will seek to confirm the Plan pursuant to Section 1129(b)(1) of the Bankruptcy Code

In addition, to confirm the Plan, the Bankruptcy Code requires that the Court make a series of determinations concerning the Plan, including that: (i) the Plan has classified claims and interests in permissible manner; (ii) the Plan complies with the technical requirements of chapter 11 of the Bankruptcy Code; (iii) the Proponents have proposed the Plan in good faith; and (iv) the disclosures concerning the Plan have been adequate and have included information concerning all payments made or promised in connection with the Plan and the chapter 11 case, as well as the identity and affiliations of, and compensation to be paid to, all officers, directors and other insiders. The Bankruptcy Code also requires that the Plan be accepted by the requisite votes of holders of claims, that the Plan be feasible, and the confirmation of the Plan be in the "best interest" (absent unanimity) of the holders of each impaired class of claims or interests. The "best interest" test requires that the Court find that the Plan provides each member of each impaired class of claims or interests a distribution which has a value at least equal to the value of the distribution which each such person or entity would receive if the Debtor liquidated under chapter 7 of the Bankruptcy Code. To confirm the Plan, the Court must find that all of these conditions are met with respect to the Debtor's Estate. The Debtor and the Committee believe that all of these conditions necessary to confirm the Plan have been met or will be met and will seek a ruling of the Court to this effect at the hearing on confirmation of the Plan.

A hearing on confirmation of the Plan will be held by Bankruptcy Chief Judge William C. Hillman on _____, 2001 at _____, in the United States Bankruptcy Court, District of Massachusetts, Thomas P. O'Neill Federal Building, Courtroom _____, 11th Floor, 10 Causeway Street, Boston, Massachusetts 02222-1043. At that hearing, the Bankruptcy Court will decide whether the Plan should be approved, and will hear and decide any and all objections to the Plan. Any creditor, or other party in interest who wishes to object to confirmation of the Plan, or to the classification of claims and interests provided in the Plan, must, not later than _____ on _____, 2001 file a written objection with the Clerk, United States Bankruptcy Court, District of Massachusetts, 1101 Thomas P. O'Neill Building, 10 Causeway Street, Boston, Massachusetts 02222-1043 and serve a copy of the objection on counsel to the Debtor, Alex M. Rodolakis, Esq., Hanify & King, Professional Corporation, One Federal Street, Boston, MA 02110, and upon counsel to the Committee, Charles A. Dale III, Esq., Gadsby Hannah LLP, 225 Franklin Street, Boston, MA 02210. Any objections which are not filed and served by the above date may not be considered by the Bankruptcy Court. Any person or entity who files an objection must also attend the confirmation hearing, either in person or through counsel.

If the Plan is confirmed, its provisions will bind the Estate and any and all of the Debtor's creditors, whether or not the claim or interest of such creditors is impaired under the Plan and whether or not the creditor or stockholder has, either individually or by a class, voted to accept the Plan.

Except as otherwise provided in the Plan or in the order confirming the Plan, after confirmation of the Plan all property dealt with by the Plan will be free and clear of all claims and interests of creditors.

7.7 CERTAIN TAX CONSEQUENCES OF THE PLAN

HOLDERS OF CLAIMS AGAINST OR INTERESTS IN THE DEBTOR'S ESTATE SHOULD CONSULT THEIR OWN TAX ADVISORS CONCERNING THE TAX CONSEQUENCES OF THE PLAN TO THEM.

VIII. DIVIDEND ANALYSIS

As a condition to confirmation of the Plan, Section 1129(a)(7)(A)(ii) of the Bankruptcy Code requires that each impaired class of Claims or interests must receive or retain at least the amount or value it would receive if the Estate were liquidated under a chapter 7 scenario on the Effective Date of the Plan.

This liquidation analysis is based upon estimates and assumptions that, although developed and considered reasonable by the Debtor, and reviewed by the Committee relying solely on information filed in this chapter 11 proceeding, are inherently subject to significant economic and competitive uncertainties and contingencies beyond the control of the Debtor and the Committee. The liquidation analysis sets forth the estimated available assets and estimated current liabilities.

The Debtor and Committee estimate the Assets and Claims against the Estate are as follows:

Summary Estimate of Assets

Cash as of October 29, 2001	\$	3,900,000	
Collection of Accounts Receivable by USA	\$	400,000 ³	
Released of Surety Bond Restricted Cash	\$	160,000	
Collection/Release of Letters of Credit and Bonds	\$	500,000	
<u>Total Assets Available</u>	\$	4,960,000⁴	\$ 4,960,000

³ The amount of accounts receivable to be collected by USA for the benefit of Essential remains subject to the pending USA Litigation. Accordingly, this amounts represents only an estimate and remains expressly subject to change.

⁴ This amount does not include the net proceeds of potential Causes of Action including avoidance actions.

Summary Estimate of Claims

Estimated Chapter 11 Administrative Expenses			
Professional Fees	\$	300,000	
Chapter 11 Payables and Wind Down Costs	\$	250,000	
Priority Unsecured Claims	\$	75,000	
Estimated Post-Effective Date Expenses			
Professional Fees	\$	75,000	
Wind Down Costs Post-Effective Date	\$	25,000	
<u>Total Estimated Administrative Expense and Priority</u>	\$	<u>725,000</u>	\$ 4,960,000
Net Assets available for Class 2 Claims	\$	4,235,000	
Estimated Claims of Class 2 Claims	\$	8,300,000	

Estimated Dividend for Class 2 Claims **51.0%**

Based upon the foregoing, the Plan Proponents estimate that holders of Allowed Class 2 Claims will receive a dividend of approximately 51.0%. The actual amount of the dividend to holders of Allowed Class 2 Claims may materially vary based upon events and claims that are presently unknown.

IX. LIQUIDATION ALTERNATIVE

The primary advantage of the Plan over a chapter 7 liquidation is that holders of Allowed Claims are likely to receive distributions more promptly and frequently - and in a higher amount - than what would be available in a chapter 7 case. Because the Plan contemplates that: (i) the Bankruptcy Court's involvement will diminish substantially after the Effective Date and (ii) the Plan Committee, represented by the Plan Trustee, and existing Professionals - who are already familiar with the Assets of and Claims against the Estate - shall continue the process of Claims resolution without the necessity for additional investigation by a Chapter 7 Trustee and his/her separate new professionals, there will not be an additional layer of administrative expenses. The Plan offers the opportunity of avoiding additional administrative costs and delays which would result from a chapter 7 liquidation.

At a minimum, a Chapter 7 Trustee would retain his/her own counsel, who would ordinarily need to devote a substantial amount of time reviewing the status of Claims and getting up to speed on various matters. Such review would include a substantial amount of time duplicating tasks previously performed by other Professionals in the case, thereby increasing both the costs and the time necessary to liquidate the Estate. Also, the statutory fee paid to the Chapter 7 Trustee, which could exceed \$180,000, would further deplete the Estate. Finally in a chapter 7 liquidation, creditors also ordinarily would not receive any interim Distributions.

In fact, the time value of money is a significant advantage of the Plan versus conversion to chapter 7. Under the Plan, unsecured creditors holding Allowed Class 2 Claims will receive a substantial initial distribution as soon as practicable after the Effective Date of the Plan. If this case were converted to a chapter 7 proceeding, dividend distributions would be delayed for at least six

months because the Court is required to establish an additional bar date for filing proofs of Claim against the Estate. Upon conversion to chapter 7, unsecured creditors are given an additional 90-days to file Claims and governmental authorities are provided 180 days to file proofs of Claim. Upon expiration of the chapter 7 bar dates, the Chapter 7 Trustee and/or his attorney would likely require considerable time to review the Claims and undertake the Claims resolution process. Thus, not only would the dividend paid to unsecured creditors suffer because Chapter 7 professional fees would be paid at the expense of these Claims, but unsecured creditors would actually have to wait months longer for that smaller distribution.

Consequently, the Debtor and the Committee believe that the Plan's lower total administrative costs - and the expeditious distribution process - combine to result in higher recovery for creditors than a chapter 7 liquidation could offer.

ESSENTIAL.COM, INC.
Debtor-In-Possession,

Dated: November 2, 2001

By:  _____

Its duly authorized representative

OFFICIAL COMMITTEE OF UNSECURED
CREDITORS OF ESSENTIAL.COM, INC.,

Dated: November 2, 2001

By: _____

Its duly authorized representative

313923

months because the Court is required to establish an additional bar date for filing proofs of Claim against the Estate. Upon conversion to chapter 7, unsecured creditors are given an additional 90-days to file Claims and governmental authorities are provided 180 days to file proofs of Claim. Upon expiration of the chapter 7 bar dates, the Chapter 7 Trustee and/or his attorney would likely require considerable time to review the Claims and undertake the Claims resolution process. Thus, not only would the dividend paid to unsecured creditors suffer because Chapter 7 professional fees would be paid at the expense of these Claims, but unsecured creditors would actually have to wait months longer for that smaller distribution.

Consequently, the Debtor and the Committee believe that the Plan's lower total administrative costs - and the expeditious distribution process—combine to result in higher recovery for creditors than a chapter 7 liquidation could offer.

ESSENTIAL.COM, INC.
Debtor-In-Possession,

Dated: November 1, 2001

By: _____

Its duly authorized representative

OFFICIAL COMMITTEE OF UNSECURED
CREDITORS OF ESSENTIAL.COM, INC.,

Dated: November 1, 2001

By: Kara C. Sims

Its duly authorized representative

313923

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MASSACHUSETTS
EASTERN DIVISION

_____)	
In re:)	
)	
ESSENTIAL.COM, INC.,)	Chapter 11
)	Case No. 01-15339-WCH
Debtor.)	
_____)	

**BALLOT FOR ACCEPTING OR REJECTING
JOINT PLAN OF LIQUIDATION**

Essential.com, Inc. ("Debtor") and the Official Committee of Unsecured Creditors ("Committee") have filed a *Joint Plan of Liquidation* (the "Plan") in connection with the above-referenced case. The United States Bankruptcy Court for the District of Massachusetts ("Court") has approved the *Disclosure Statement With Respect to Joint Liquidating Plan of Reorganization* ("Disclosure Statement") and has authorized the Debtor and the Committee to disseminate the Disclosure Statement, together with the Plan and this Ballot. The Disclosure Statement provides information to assist you in deciding how to vote. A copy of the Plan and Disclosure Statement is included with this Ballot. If you have not received a copy of the Disclosure Statement or Plan, you may obtain copies from the party listed below. Court approval of the Disclosure Statement does not indicate approval of the Plan by the Court.

You should review the Disclosure Statement and the Plan before you vote. You may desire to seek legal advice concerning the Plan and your classification and treatment under the Plan.

If your Ballot is not received by the undersigned on or before December 17, 2001 at 4:00 P.M. (EST), and such deadline is not extended, your vote will not count as either an acceptance or rejection of the Plan.

If the Plan is confirmed by the Court, it will be binding on you whether or not you vote.

**SEE NEXT PAGE FOR SIGNATURE LINE AND ADDITIONAL
INFORMATION**

THE UNDERSIGNED CREDITOR, A MEMBER OF CLASS* ____ UNDER THE
PLAN, WITH A CLAIM IN THE AMOUNT OF \$ _____:

(CHECK ONE BOX ONLY)** **Accepts the Plan**

Rejects the Plan

* Under the Plan, Class 2 consists of general unsecured non-priority claims. Unless you have obtained security or are entitled to a priority under the Bankruptcy Code, your claim will be included in Class 2 as fully described in the Plan and Disclosure Statement. If you are the holder of Common Stock (as defined in the Plan) of the Debtor, your claim on account of such stock will be included in Class 3. Instead of the amount of your claim, you should indicate the number of shares of Common Stock you hold. If you leave this field blank, you will be counted for voting purposes as a Class 2 claimant. This Ballot is for the purpose of voting on the Plan only, it does not constitute nor will it amend any previously filed Proof of Claim.

** Any ballot returned without a clear indication of a rejection of the Plan or where no vote is indicated will be considered to be a vote accepting the Plan.

THIS BALLOT IS NOT VALID UNLESS SIGNED

PLEASE PRINT

Name of Creditor: _____

Authorized Officer: _____

Title: _____

Address: _____

Signature: _____

**In order to be counted this Ballot must be returned on or before
December 17, 2001 at 4:00 P.M. (EST) to:**

Hanify & King Professional Corporation
One Federal Street
Boston, MA 02110
Attn: Alex M. Rodolakis, Esq.
Facsimile: (617) 556-8985

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MASSACHUSETTS
EASTERN DIVISION

_____)	
In re)	
)	
ESSENTIAL.COM, INC.,)	Chapter 11
)	Case No. 01-15339-WCH
Debtor.)	
_____)	

JOINT PLAN OF LIQUIDATION
(November 2, 2001)

Harold B. Murphy
Alex M. Rodolakis
Hanify & King, P.C.
One Federal Street
13th Floor
Boston, MA 02110

Counsel to Essential.com, Inc.

Charles A. Dale III
Alex F. Mattera
Gadsby Hannah LLP
225 Franklin Street
Boston, MA 02110

Counsel to Official Committee of
Unsecured Creditors

ARTICLE I

INTRODUCTION

Essential.com, Inc., the Debtor herein, and the Official Committee of Unsecured Creditors of Essential.com hereby propose the following joint plan of liquidation to the Debtor's creditors. Certain terms used herein are defined in section 101 of the Bankruptcy Code or in Article II below.

This Plan is a liquidating plan and does not contemplate the continuation of the Debtor's business other than as may be appropriate to retain and maximize Assets of the Estate. This Plan contemplates that the net proceeds from the sale, together with the liquidation proceeds of any remaining assets of the Debtor's Estate will be distributed to the holders of various claims against the Debtor.

ARTICLE II

DEFINITIONS

In addition to such other terms as are defined in other sections of this Plan, the following terms (which appear in this Plan as capitalized terms) have the meanings set forth below. Any capitalized term used but not defined in this Plan and which is defined in the Bankruptcy Code shall have the meaning given to it in the Bankruptcy Code.

2.1 "Administrative Claim" means claims for costs and expenses of administration of the kind described in sections 503(b) and 507(a)(1) of the Bankruptcy Code, including, without limitation, trade obligations incurred by the Debtor subsequent to the commencement of the Chapter 11 Case, professional fees and expenses allowed pursuant to section 330 of the Bankruptcy Code, Plan Trustee's Expenses and any fees payable pursuant to 28 U.S.C. section 1930(a)(6).

2.2 "Allowed", "Allowed Amount" or "Allowed Claim" mean a Claim against the Debtor which, as of the Claim Objection Deadline, has been scheduled either originally or by amendment as liquidated in an amount certain (and not as disputed or contingent) or which is set forth in a proper and timely filed proof of claim, in either case as to which (i) no party in interest entitled to do so has filed an objection to such Claim (either as a scheduled claim or as set forth in a proof of claim) by the Claim Objection Deadline, or (ii) if such a party in interest has filed an objection to such claim or request for estimation, the claim is allowed by a Final Order of the Bankruptcy Court (provided, however, that the claim is an Allowed Claim only to the extent allowed by such Order in accordance with applicable law), or (iii) the claim is allowed under this Plan. Without limiting the foregoing, the term "Allowed Claim" shall not include (i) any Claim as to which an objection under 11 U.S.C. § 502(d) has been filed by the Claim Objection Deadline or (ii) any Claim scheduled as undisputed, liquidated, and non-contingent as to which an objection to such Claim as scheduled has been filed by the Claim Objection Deadline whether or not a proof of claim has been filed. The term "Allowed," when used to modify any other term herein, shall have a correlative meaning.

2.3 "Assets" shall mean, with respect to the Debtor, all of the right, title, and interest in and to property of whatever type or nature owned by the Debtor or subsequently acquired by the Debtor, including any property of the estate contemplated under section 541 of the Bankruptcy Code (each such item of or interest in property being sometimes referred to herein as an Asset). Assets shall also include any interest the Debtor may have in any retirement, employee benefit, or pension plan, or any Cause of Action.

2.4 "Bankruptcy Code" or "Code" means Title 11 of the United States Code, as in effect with respect to the Chapter 11 Case.

2.5 "Bankruptcy Rules" or "Rules" means the Federal Rules of Bankruptcy Procedure, as in effect with respect to the Chapter 11 Case.

2.6 "Bankruptcy Court" or "Court" means the United States Bankruptcy Court for the District of Massachusetts (Eastern Division).

2.7 "Business Day" means any day on which commercial banks are not authorized or required to close in New York City or Boston, Massachusetts.

2.8 "Case Closing Date" means the date of entry of an order (including a final decree) closing the Chapter 11 Case pursuant to section 350 of the Bankruptcy Code.

2.9 "Cause(s) Of Action" shall mean all claims and causes of action now possessed or hereafter acquired by the Debtor, whether arising under the Bankruptcy Code or other federal or state law, including, without limitation, any causes of action or defenses arising under Sections 510, 544, 547, 548, 549, 550, 551, 553 or other sections of the Bankruptcy Code. The term shall also include any relief that may be sought by a trustee under the Bankruptcy Code whether by adversary proceeding or otherwise.

2.10 "Chapter 11 Case" means reorganization proceedings commenced under chapter 11 of the United States Bankruptcy Code by Essential.com, Inc., Case number 01-15339-WCH.

2.11 "Claim" means a claim, as defined in section 101 of the Bankruptcy Code, against the Debtor that currently exists or arises before the Effective Date.

2.12 "Claim Objection Deadline" means the date 30 days from the Effective Date, unless such date shall not be a business day, in which case it shall be the next following business day.

2.13 "Claims Reserve" means the fund containing distributions withheld pursuant to Article VI of the Plan.

2.14 "Committee" means the Official Committee of Unsecured Creditors of Essential.com, Inc.

2.15 “Confirmation Date” means the date upon which an order is entered by the Bankruptcy Court confirming the Plan.

2.16 “Confirmation Order” means the order entered by the Bankruptcy Court confirming the Plan.

2.17 “Contested Claim” means any Claim or portion thereof as to which the Debtor, the Committee, the Plan Trustee or any other party in interest entitled to do so has filed an objection or request for estimation, which objection or request for estimation has not been determined by a Final Order in accordance with the Bankruptcy Rules and this Plan or specific orders of the Bankruptcy Court or which claim or portion thereof, prior to the date an objection is brought or request for estimation is made, (i) exceeds the amount of the claim scheduled by the Debtor or is scheduled by the Debtor as contingent, disputed and/or unliquidated or (ii) is subject to disallowance under section 502(d) or estimation under section 502(c) of the Bankruptcy Code.

2.18 “Debtor” means Essential.com, Inc., a Delaware corporation which, as of the Petition Date, had a principal place of business at One Burlington Woods Drive, Burlington, Massachusetts.

2.19 “Disallowed Claim” means a Claim, or any portion thereof, that (a) has been disallowed by a Final Order, (b) is Scheduled at zero or as contingent, disputed or unliquidated and as to which a proof of claim bar date has been established but no proof of claim has been filed or deemed timely filed with the Bankruptcy Court pursuant to either the Bankruptcy Code or any Final Order of the Bankruptcy Court or otherwise deemed timely filed under applicable law, or (c) is the subject of an objection filed by the Debtor, the Committee, or the Plan Trustee with the Bankruptcy Court and which objection has not been withdrawn or overruled by a Final Order of the Bankruptcy Court.

2.20 “Distribution Fund” means funds on deposit with the Plan Trustee available for distribution to the holders of Allowed Class 2 Claims after payment or provision for payment of Priority Claims and Plan Trustee’s Expenses in the order of priority provided for in the Plan.

2.21 “Effective Date” shall mean the first business day after which the Confirmation Order becomes a Final Order. However, at the option of the Debtor and the Committee, a Confirmation Order subject to a pending appeal or certiorari proceeding may be considered a Final Order provided no order has been entered by any court of competent jurisdiction staying the effect of the Confirmation Order.

2.22 “Estate” means the bankruptcy estate of the Debtor created or constituted under section 541 of the Bankruptcy Code and applicable law.

2.23 “Final Order” means an order of the Bankruptcy Court or other court, which has been duly entered on the docket of such court, from which no appeal can be taken or with respect

to which the time period for taking an appeal has lapsed or terminated, or as to which all appeals have been withdrawn or dismissed with prejudice and no further appeals can be taken.

2.24 "Interest" or "Interests" means all prepetition equity in the Debtor as evidenced by its preferred or common stock, options, warrants or other rights to acquire such stock, as well as any claim or Cause of Action which has been or may be asserted against the Debtor by the holder of any Interest.

2.25 "Initial Distribution Amount" shall mean an amount determined by the Plan Trustee, as approved by the Committee, that equals at least 85% of funds on hand as of the Confirmation Date that are available for distribution to the holders of Allowed Claims in Class 2 after (i) payment or provision for payment of Allowed Unclassified Claims and Class 1 Claims and (ii) reservation of the Claims Reserve has been made.

2.26 "Initial Distribution Date" means a date no later than 45 days after the Effective Date or such other date as may be selected by the Plan Trustee subject to approval by the Bankruptcy Court. In the event a motion seeking approval of an extension of the Initial Distribution Date is filed prior to the Initial Distribution Date, as then in effect, the Initial Distribution Date shall automatically be extended to the fifth (5th) Business Day after entry of an order determining such motion, if such date is later than the original Initial Distribution Date.

2.27 "Lien" or "Liens" means any lien, security interest, mortgage or similar encumbrance on property of the Estate which secured payment of a debt or obligation, which lien, interest, mortgage or similar encumbrance is valid, perfected and enforceable against such property or the proceeds thereof and is non-avoidable.

2.28 "Petition Date" means June 29, 2001.

2.29 "Plan" means this joint plan of liquidation, as it may be amended or modified from time to time in accordance with section 1127 of the Bankruptcy Code.

2.30 "Plan Committee" means the Committee on and after the Confirmation Date.

2.31 "Plan Trustee" means Charles A. Dale III and any successor.

2.32 "Plan Trustee's Expenses" means the actual, necessary and reasonable costs and expenses of preserving, administering, distributing, and, if necessary, converting to cash any Assets of the Estate held by the Plan Trustee pursuant to the Plan, including, without limitation, the following:

- (a) compensation and expenses of the Plan Trustee;
- (b) compensation and expenses of any counsel, accountants, or other professionals, or agents employed by the Plan Trustee, including counsel or other professionals to the Debtor to the extent requested to provide services;

- (c) all taxes of any kind or nature incurred with respect to the Assets held by the Plan Trustee or income therefrom or upon sale thereof;
- (d) the necessary and reasonable costs and expenses incurred by the Plan Trustee after the Effective Date in administering the Plan, liquidating any remaining Assets of the Estate, resolving claims and in pursuing Causes of Action for the benefit of the Estate, including the reasonable fees and expenses of counsel to the Plan Trustee in such matters; and
- (e) quarterly fees payable pursuant to 28 U.S.C. section 1930(a)(6).

2.33 "Priority Claims" means, in the following order of priority:

First: Administrative Claims to the extent Allowed by the Bankruptcy Court where such allowance is required;

Second: Allowed Claims which are entitled to priority under section 507(a) of the Bankruptcy Code, other than Allowed Claims which are entitled to priority under sections 507(a)(1) or 507(a)(8) of the Bankruptcy Code; and

Third: Allowed Claims entitled to priority under section 507(a)(8) of the Bankruptcy Code ("Priority Tax Claims").

2.34 "Pro Rata" means, at any time, the proportion that the face amount of a Claim in a particular class bears to the aggregate face amount of all Claims (including Contested Claims, but excluding Disallowed Claims) in such class, unless the Plan provides otherwise.

2.35 "Unclaimed Distribution" shall mean any distribution under the Plan that is unclaimed after the 120th day following the date on which there was distributed or made available to the holder of an Allowed Claim the property that is the subject of the Unclaimed Distribution.

2.36 "Unresolved" or "Unresolved Claim" means any Contested Claim or any Claim to the extent that it is not an Allowed Claim.

Construction of Certain Terms

(a) The words "herein," "hereof," "hereunder," and others of similar import refer to this Plan as a whole and not to any particular section, subsection, or clause contained in this Plan.

(b) Wherever from the context it appears appropriate, each term stated in either the singular or the plural shall include the singular and the plural and pronouns

stated in the masculine, feminine or neuter gender shall include the masculine, the feminine and the neuter.

ARTICLE III

CLASSIFICATION OF CLASSES OF CLAIMS AND INTERESTS

The following is a classification of the classes of Claims and Interests under the Plan. Administrative Claims and Priority Tax Claims have not been classified and are excluded from the following classes in accordance with Bankruptcy Code section 1123(a)(1). A Claim or Interest is included in a particular class only to the extent that the Claim or Interest fits within the description of that class and, unless otherwise herein provided, is included in a different class to the extent that any remainder of the Claim or Interest fits within the description of such different class. A Claim or Interest is included in a particular class only to the extent that the Claim is an Allowed Claim in that class and has not been paid prior to the Effective Date, and, in the case of an Interest evidenced by certificated or uncertificated shares of preferred or common stock, only to the extent that such stock is outstanding immediately prior to the Effective Date.

Unless otherwise specifically provided for in the Plan or Confirmation Order, or required by applicable bankruptcy law, interest shall not accrue on Claims, and no holder of a Claim shall be entitled to interest accruing on or after the Petition Date on any Claim. Interest shall not accrue or be paid on any Unresolved Claim in respect of the period from the Petition Date to the date such Unresolved Claim becomes an Allowed Claim or from the date the Unresolved Claim becomes an Allowed Claim to the date distributions are made in respect of such Allowed Claim.

3.1 Class 1 (Other Priority Claims) consists of all Claims against the Debtor which have not already been satisfied, if any, and which are of the kind specified as having priority in section 507(a) of the Bankruptcy Code, other than Claims specified in sections 507(a)(1), 507(a)(2) and 507(a)(8) of the Bankruptcy Code.

3.2 Class 2 (General Unsecured Claims) consists of all non-priority unsecured Claims against the Debtor, including, without limitation, Claims arising from the rejection or termination of executory contracts or leases of real and personal property. Class 2 shall not include those Interests in Class 3.

3.3 Class 3 (Common Stock) consists of Interests.

ARTICLE IV

TREATMENT OF CLAIMS AND INTERESTS

4.1 Class 1 The holder of any Allowed Claim in Class 1 shall be paid by the Debtor or the Plan Trustee the Allowed Amount of such Claim in cash on the later of the Effective Date or within ten (10) days after such Claim becomes an Allowed Claim. Allowed Class 1 Claims are not impaired under the Plan within the meaning of Section 1124 of the Bankruptcy Code, and solicitation of acceptances of this Plan from the holders of Allowed Class 1 Claims is not required under section 1126(f) of the Bankruptcy Code.

4.2 Class 2 Each holder of an Allowed Claim in Class 2 shall be paid, in full satisfaction of its Claim, the holder's Pro Rata share of the Distribution Fund.

Payments shall be made by the Plan Trustee, as soon as practicable after the Effective Date and from time to time thereafter as monies are available, in accordance with Article VI of the Plan. The first of such distributions shall take place on or before the Initial Distribution Date. Class 2 Claims are impaired under the Plan, and the holders of such Claims are entitled to vote as a class to accept or reject the Plan.

4.3 Class 3 Class 3 Interests shall be deemed to have been cancelled on the Effective Date and the holders of Class 3 Interests shall receive nothing under the Plan in respect of such Interests. Holders of Class 3 Interests are impaired under the Plan and deemed to have rejected it under applicable law, without the need or opportunity to vote.

ARTICLE V

TREATMENT OF UNCLASSIFIED CLAIMS

5.1 Administrative Claims—All Allowed Administrative Claims shall be paid by the Debtor or the Plan Trustee, as the case may be, on or as soon as practicable after the Effective Date or the date on which an order of the Bankruptcy Court Allowing such Administrative Claim becomes a Final Order, whichever is later.

5.2 Priority Tax Claims—All Priority Tax Claims shall be paid by the Debtor or the Plan Trustee on or as soon as practicable after the Effective Date or the date an order of the Bankruptcy Court Allowing such Claim becomes a Final Order, whichever is later.

ARTICLE VI

PROVISIONS FOR THE EXECUTION AND IMPLEMENTATION OF THE PLAN

6.1 Implementation on the Effective Date—The Plan shall become effective and shall be implemented on the Effective Date.

6.2 Vesting of Property of the Estate—On the Effective Date, except as otherwise specifically set forth in this Plan, all property of the Estate, including, without limitation, all right, title and interest in any personal or real property, contractual interests, general intangibles, claims, suits, setoffs, counterclaims, rights of recoupment, avoidance under the Bankruptcy Code or any applicable state, federal or other law, and any and all equitable or legal rights, claims, interests and remedies of the Debtor shall vest in the Plan Trustee. The Plan Trustee shall serve as representative of the Estate appointed pursuant to this Plan and section 1123(b)(3)(B) of the Bankruptcy Code. Except as expressly provided herein, no Asset of the Estate shall be deemed abandoned and no Cause of Action shall be deemed released or compromised by or as a result of this Plan, its confirmation, its consummation or its treatment of any Claim or creditor. Further, no defense, set-off, counterclaim or right of recoupment of the Debtor shall be deemed waived or compromised.

6.3 Management of the Assets and Property—The Plan Trustee shall be responsible for liquidating and reducing to cash the Assets and property of the Estate and shall have full power and authority to manage the Assets and property of the Estate pursuant to the Plan. Without limiting the foregoing, the Plan Trustee shall have the power to convert to cash any Assets of the Estate which are not cash. The Plan Trustee shall have authority to invest the cash held by him in short term obligations of the United States of America having maturities consistent with the Plan Trustee's obligation to make distributions as and at times required by this Plan. The Plan Trustee shall also be vested with all rights, powers and benefits afforded to a "trustee" under section 108 of the Bankruptcy Code.

The Plan Trustee shall also have the powers and be subject to the provisions and limitations set forth in the other Sections of the Plan.

The Plan Trustee shall regularly consult with, seek advice and counsel from and provide status reports to the Plan Committee. If the Plan Trustee and Plan Committee disagree about any issue or matter pertaining to the administration of the Estate, such dispute shall be resolved by the Bankruptcy Court.

6.4 Employment of Professionals—The Plan Trustee may employ counsel, accountants, or other professionals as he deems appropriate. He also may employ such of the Debtor's former officers, employees and professionals as he deems necessary or appropriate to assist him in performing his duties under the Plan. The Plan Trustee shall not be liable for any loss to Assets or property held by him pursuant to the Plan by reason of any mistake or default of any such counsel, accountants or other professionals, or officers or employees of the Debtor, so long as they shall have been selected and retained by the Plan Trustee in good faith and without gross negligence. The Plan Trustee and the Plan Trustee's professionals shall be entitled to reasonable compensation and shall submit a monthly statement of fees and expenses incurred to the Plan Trustee and each member of the Plan Committee. If the Plan Trustee and the Plan Committee do not object to the monthly statements provided within ten (10) days after the date of mailing, then the Plan Trustee shall be authorized to pay such fees and such expenses. In the event the Plan Trustee or the Plan Committee object within such ten (10) day period, and the Plan Trustee and the professional cannot resolve the objection, then the disputed portion of the fees and expenses shall be submitted to the Bankruptcy Court for determination, and the undisputed portion shall be immediately paid.

6.5 Resignation of Officers and Executive Committee—On the Effective Date, all of the Debtor's officers and members of its board of directors shall be deemed to have resigned without the necessity of any further action or writing and they shall be released from any responsibilities, duties and obligations that arise after the Effective Date to the Debtor or its creditors under the Plan, or applicable law, including, but not limited the following:

- (i) preparation and filing of corporate tax returns;

- (ii) administration or continuation of employee benefits, including, but not limited to matters regarding the Debtor's 401(k) plan and/or COBRA issues;
- (iii) preservation or liquidation of Assets or the distribution of Assets or Proceeds of Assets;
- (iv) payment of post-confirmation fees due to the Office of the U.S. Trustee;
- (v) filing of status reports with the Bankruptcy Court or other parties in interest;
- (vi) filing a final decree;
- (vii) approving or disapproving any corporate action;
- (viii) responding to inquiries of creditors;
- (ix) any duty of care, loyalty or other duty imposed or imputed by law.

6.6 Plan Committee and Plan Trustee—

(a) On the Effective Date, the Committee will become the Plan Committee.

(b) The Plan Committee shall consist of the corporations that are members of the Committee as of the Effective Date. The Bylaws of the Committee, if any, as in effect on the Effective Date shall govern the proceedings of the Plan Committee, subject to amendment by the Plan Committee.

(c) The Plan Committee shall have overall direction and control of the liquidation of the Debtor's Estate and the prosecution of claims pursuant to this Plan, and shall direct, oversee and control all of the activities of the Plan Trustee. The Plan Trustee shall serve at the pleasure of the Plan Committee.

(d) Members of the Plan Committee shall be reimbursed by the Estate for their reasonable and necessary out-of-pocket expenses incurred in performing their duties as such. Such reimbursement shall be effected pursuant to such procedures as the Plan Committee shall establish for presentation and review of invoices and supporting documentation, but approval of the Bankruptcy Court shall not be required for such payment unless specifically provided for by such procedures.

(e) In the event of the resignation of a member of the Plan Committee, the remaining members may, but need not, designate a successor from among the holders of Class 2 Claims. Unless and until such vacancy is filled, the Plan Committee shall function with such reduced membership.

(g) In the event a Creditor whose representative serves on the Plan Committee should assign its general unsecured Claims or release the Debtor from further distribution on such Claims, such assignment or release shall constitute the resignation of such Creditor from the Plan Committee. The Plan Committee may also, by vote of at least two-thirds of the members entitled to vote or upon action of the United States Trustee at the request of a majority of the Committee, increase the size of the Committee by adding new members who shall be holders of Allowed Class 2 Claims.

(h) The Plan Committee, or the firms or corporations represented by them, any of their members, or any of their employees, professionals or agents, shall not be liable for any acts or for the acts of any of their members, employees, professionals or agents, except for acts undertaken in bad faith, gross negligence or willful misconduct, in the performance of their duties as members of the Plan Committee. The Estate shall indemnify and hold harmless the Plan Committee, its members, and either of their professionals from and against any and all liabilities, expenses, claims, damages or losses incurred by them as a direct result of acts or omissions taken by them in good faith in their capacities as members of or agents for the Plan Committee.

(i) The Plan Committee shall be dissolved when the Bankruptcy Court enters the Final Decree.

6.7 Distributions by the Plan Trustee—At such time or times as required by the Plan including payment of the Initial Distribution Amount on or before the Initial Distribution Date, or if no time is specified, as soon as practicable, the Plan Trustee shall pay or shall reserve an amount sufficient to pay the Priority Claims in the order of priority established in the Plan. After the payment of the Initial Distribution Amount, the Plan Trustee shall thereafter, as soon as practicable as the Plan Trustee, in his reasonable discretion, deems appropriate, distribute from the Distribution Fund to each holder of a Class 2 Allowed Claim the amount to which it is entitled under Article IV hereof, reserving funds with respect to unpaid Priority Claims, projected Plan Trustee's Expenses and then Unresolved Claims as hereafter provided.

If on a date on which payments are made on Allowed Class 2 Claims there exist any Unresolved Class 2 Claims, the amount of cash distributed to holders of Allowed Class 2 Claims shall be determined as if all Class 2 Unresolved Claims were Allowed Claims in the full amount claimed by the holders thereof (or in such lesser amount as the Bankruptcy Court determines by Final Order) and the Plan Trustee shall, in such circumstances, reserve in the Claims Reserve for holders of Unresolved Class 2 Claims the amount of cash that would have been distributed to them if the full amount of their claims, or such lesser amount as the Bankruptcy Court determines, were Allowed Claims on such distribution date. Interest earned on cash in the Claims Reserve shall likewise be added to the cash held in the Claims Reserve, which Claims Reserve shall be distributed in accordance with the terms of this Plan.

To the extent that an Unresolved Class 2 Claim becomes an Allowed Claim after a distribution date on which payments are made on account of Allowed Class 2 Claims, the Plan Trustee shall, as soon as practicable thereafter, distribute to the holder of the newly Allowed Claim, from the Claims Reserve, the amount of cash that such holder would have received to

date had its Claim been an Allowed Claim on the Initial Distribution Date or subsequent distribution dates on which payments were made on account of Allowed Class 2 Claims.

On each subsequent date on which payments are made on Allowed Class 2 Claims, to the extent that all or a portion of any Unresolved Class 2 Claims was disallowed since the preceding cash distribution date, the Plan Trustee shall distribute to each holder of an Allowed Class 2 Claim and reserve for each remaining holder of an Unresolved Class 2 Claim its Pro Rata share of the amount of cash that had been held in the Claims Reserve on account of the disallowed portion of the Unresolved Claims.

a. Delivery of Distributions—Distributions, deliveries, and any notice to holders of Allowed Claims will be made at (i) the addresses set forth in any proof of claim filed by the holder of such Allowed Claims or, if none, at the address set forth in the Debtor's Schedules, or (ii) at the addresses set forth in any written notices of address changes delivered to and received by the Plan Trustee after the Effective Date or (iii) at the option of the Plan Trustee to counsel of record for the holder of any Allowed Claim. If any Distribution is returned as undeliverable, no further distributions to the holder will be made unless and until the Plan Trustee is notified of the holder's then current address, at which time all returned Distributions will be made to the holder without interest. All claims for undeliverable Distributions must be made to the Plan Trustee on or before the six (6) month anniversary of the Effective Date (unless extended in the sole and exclusive discretion of the Plan Committee). After that date, all unclaimed property shall be paid into the general funds of the Estate and shall be distributed pursuant to the terms of this Plan, and the Claim of any holder with respect to such property will be discharged and forever barred.

b. Means of Cash Payment—Cash payments made pursuant to the Plan will be in United States funds, by the means agreed to by the Plan Trustee and the respective holders of Allowed Claims, including by check or wire transfer, or, in the absence of an agreement, such commercially reasonable manner as the Plan Trustee shall reasonably determine.

c. Time Bar to Cash Payments—Checks issued by the Plan Trustee in respect of Allowed Claims will be null and void if not cashed within ninety (90) days of the date of their issuance. Requests for reissuance of any check shall be made to the Plan Trustee by the holder of the Allowed Claim with respect to which the check originally was issued. Any claim in respect of such a voided check must be made on or before one hundred and twenty (120) days after the date of issuance of the check (unless extended in the sole and exclusive discretion of the Plan Committee). After that date, all claims in respect of void checks will be discharged and forever barred and the cash, including interest earned thereon, if any, shall be distributed in accordance with the terms of this Plan.

e. De Minimis Distributions—No cash payment of less than ten dollars (\$10.00) will be made by the Plan Trustee to any creditor unless a request is made in writing to the Plan Trustee to make such a payment within forty-five 45 days of the date that such payment became due.

f. Saturday, Sunday or Legal Holiday—If any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but will be deemed to have been completed as of the required date.

The Plan Trustee shall pay quarterly fees payable pursuant to 28 U.S.C. section 1930(a)(6) through the Case Closing Date.

6.8 Effect on Third Parties—There shall be no obligation on the part of any purchaser from the Plan Trustee, or on the part of any other persons dealing with the Plan Trustee, to see to the application of purchase money or other consideration passing to the Plan Trustee or any agent thereof, or to inquire into the validity or propriety of any transaction by the Plan Trustee or any agent thereof.

6.9 Interim Reports—As soon as practicable after the end of the third (3rd) month after the Effective Date and every three (3) months thereafter until a final distribution of the Assets and property of the Estate has been made, the Plan Trustee shall submit to the United States Trustee and to the Bankruptcy Court, a quarterly report on the activities and distributions made within the previous three (3) months.

6.10 Closing of Case—Upon final distribution of the Assets and properties of the Estate in accordance with this Plan and the satisfaction as far as possible of all liabilities and obligations of the Estate under and in accordance with this Plan, the Plan Trustee shall promptly prepare and file with the Bankruptcy Court all documents, and shall take all other steps, necessary to close the Chapter 11 Case pursuant to section 350 of the Bankruptcy Code. The Plan Trustee shall file such reports as may be required by the Federal Rules of Bankruptcy Procedure and/or Massachusetts Local Bankruptcy Rule 3022-1.

6.11 Tax Identification Numbers—The Plan Trustee, to the extent he deems it necessary to fulfill any obligation of either the Debtor or the Plan Trustee to any taxing authority, may require persons who are to receive distributions under the Plan to provide him with appropriate tax-payer identification numbers before making a payment to any such person. If a person shall fail to provide the Plan Trustee with any requested tax-payer identification information within 120 days of the request, this failure shall be deemed a waiver of all claims against the Estate (including the right to any payment by the Plan Trustee), and the funds that would otherwise have been distributed to such person shall revert and be distributed in accordance with the Plan to other persons which have provided the requested taxpayer identification information, or to the Plan Trustee's Expenses, as appropriate.

6.12 The Plan Trustee

(a) No Personal Obligation For Estate Liabilities—Persons or entities dealing with the Plan Trustee, or seeking to assert claims against the Estate, shall look only to the Assets and properties held by the Plan Trustee to satisfy any liability

to such person, and the Plan Trustee shall have no corporate, personal or individual obligation to satisfy any such liability.

(b) Standard of Care—The Plan Trustee shall not be liable (i) for any loss or damages by reason of any action taken or omitted by him, except in the case of fraud, willful misconduct, bad faith or gross negligence, or (ii) for any act or omission made in reliance upon the Debtor's books and records or upon information or advice given to the Plan Trustee by his professionals.

(c) Reliance on Documents or Advice of Counsel—Except as otherwise provided herein, the Plan Trustee shall rely and shall be protected in acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent or other document believed by him to be genuine and to have been signed by the proper party or parties. The Plan Trustee may engage and consult with legal counsel to be selected by him and shall not be liable for any action taken or omitted by him in good faith reliance upon the advice of such counsel. In any event, the Plan Trustee may rely on any Final Order of the Bankruptcy Court obtained in good faith.

(d) Exercise of Powers—Except as specifically required by this Plan, the Plan Trustee shall not be required to procure authorization by any court in the exercise of any power conferred upon him or in his management of the Assets and property pursuant to the Plan, or in the disposition of any Assets thereof.

(e) Compensation, Reimbursement and Indemnification of Plan Trustee—The Plan Trustee shall receive reasonable compensation for his services and in accordance with the procedure set forth in Article VI of the Plan. Subject to the procedure set forth in Article VI of the Plan, the Plan Trustee shall also be reimbursed for all out-of-pocket expenses reasonably incurred by him in the performance of his duties. In addition, the Plan Trustee shall be indemnified from the Assets and properties held by him to the fullest extent permitted by law against any liability, damage or expense arising out of or resulting from any act taken or omitted by him, so long as such liability, damage or expense does not result from his fraud, willful misconduct, bad faith or gross negligence.

(f) Confirmatory Discharges; Prior Sales of Assets—The Plan Trustee may, but is not required to, execute on behalf of the Estate confirmatory discharges or any other similar instrument evidencing satisfaction of a liability. To the extent that the Plan Trustee chooses to execute the requested document, he may require appropriate compensation and indemnification from the party requesting such document. The Plan Trustee also may, but cannot be required to, execute any document or provide any assistance or documents to any party that previously purchased or otherwise acquired any Asset from the Estate, whether such transaction took place prior to or during the Chapter 11 Case. To the extent that the Plan Trustee chooses to execute any such document or provide any requested

assistance or documents, he may require appropriate compensation and indemnification from the party requesting the document to be executed or requesting the assistance of the Plan Trustee.

(g) Posting of Bond—On or before the Effective Date, the Plan Trustee shall obtain such surety bond as is reasonable and appropriate to protect the Assets and property of the Estate.

6.13 Tax Returns—The Plan Trustee shall prepare or cause to be prepared and filed on behalf of the Debtor and the Estate, all state and federal tax returns required to be filed by each of them under applicable law, and shall pay in accordance with the terms of this Plan any taxes due in connection with such returns. All such taxes shall be Plan Trustee's Expenses or Administrative Claims or Priority Tax Claims as called for under applicable law.

6.14 Books and Records—Upon termination of the responsibilities of the Plan Trustee, the Plan Trustee may destroy any books and records of the Estate which the Plan Trustee determines are no longer necessary, without further order of the Bankruptcy Court.

6.15 Exculpation—The Debtor and the Committee, their respective members, attorneys, accountants, consultants or agents, the Plan Trustee, his employees, attorneys, accountants, consultants or agents, shall: (a) shall not have or incur any liability to any person or entity for any act or omission in connection with or arising out of their administration of this Plan or the property to be distributed under this Plan, except if such act or omission is determined in a Final Order to reflect bad faith or constitute gross negligence, willful misconduct or fraud; and (b) in all respects, shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under this Plan; and (c) shall be fully protected in acting or in refraining from acting in accordance with such advice; provided, however, that nothing contained herein shall relieve the Plan Trustee from his duties and responsibilities to make the payments required under this Plan.

ARTICLE VII

RESOLUTION OF CLAIMS

7.1 Following the Effective Date, the Plan Trustee shall be responsible for the resolution of remaining Claims, and shall have standing to object to the allowance of any Claim and to assert and prosecute any counterclaim relative thereto (without prejudice to any right of any other party in interest to do so under applicable law). All such objections and counterclaims shall be filed on or before the Claim Objection Deadline, or within such further time as may be fixed by the Bankruptcy Court on motion of the Plan Trustee filed within the Claim Objection Deadline.

ARTICLE VIII
EXECUTORY CONTRACTS

8.1 Rejected Contracts—Any and all of the Debtor’s leases and executory contracts which existed as of the Petition Date and which have not been previously assumed, assigned or rejected shall be deemed rejected as of the entry of the Confirmation Order. Any Claims arising from rejection of any executory contract by virtue of the entry of the Confirmation Order shall be forever barred unless a Claim relating thereto is filed with the Bankruptcy Court within ten (10) days of the Effective Date.

8.2 Claims Arising From Rejection—Any Allowed Claim for rejection damages for any executory contract or unexpired lease, not barred by Section 8.1, shall be a Class 2 Claim.

ARTICLE IX
ACCEPTANCE OR REJECTION OF PLAN

Each impaired class of Claims shall be entitled to vote. Holders of Class 3 Interests are deemed under applicable law to have rejected the Plan and therefore are not entitled to vote. Holders of Claims in Class 1 are not impaired under the Plan and, therefore, are deemed under applicable law to have voted in favor of the Plan.

The amount of a Claim that will be used to determine votes for or against the Plan will be either: (a) the Claim amount listed in Debtor’s schedule of liabilities (the “Schedules”) on file with the Bankruptcy Court, unless such Claim is listed in the Schedules as contingent, unliquidated or disputed; or (b) the liquidated amount specified in a proof of claim timely filed with the Bankruptcy Court that is not the subject of an objection. If the holder of a Claim submits a ballot, but such holder has not timely filed a proof of claim and such holder’s Claim is listed on the Schedules as contingent, unliquidated or disputed or such holder’s Claim is the subject of an objection or request for estimation, the ballot will not be counted in accordance with Bankruptcy Rule 3018, unless the Bankruptcy Court temporarily allows the Claim for the purpose of accepting or rejecting the Plan in accordance with Bankruptcy Rule 3018.

ARTICLE X
RETENTION OF JURISDICTION

10.1 Following the Effective Date, the Bankruptcy Court shall, except as otherwise provided by applicable law or the Confirmation Order, retain jurisdiction of the Chapter 11 Case pursuant to the provisions of Chapter 11 of the Bankruptcy Code, until the entry of a final decree closing the Chapter 11 Case, with respect to the following matters:

- (a) To enable the Plan Trustee or any other party in interest entitled to do so under applicable law to commence any and all proceedings they may bring, whether before or after the Effective Date, to set aside (or preserve for the benefit of the Estate) security interests, Liens, or encumbrances, or to avoid or recover any preferences, fraudulent conveyances or obligations, or other obligations or

transfers voidable or subject to avoidance under applicable provisions of the Bankruptcy Code or other federal or state law.

(b) To hear and determine (i) any and all applications for allowance of compensation for periods on or before the Effective Date; and (ii) any and all disputes regarding post-Effective Date professional fees and expenses or Plan Trustee's Expenses.

(c) To hear and determine all controversies concerning the classification or allowance of any Claim or Interest, including, without limitation, controversies concerning the determination or calculation of the amount of cash required to be distributed under the Plan to any holder of an Administrative Claim or other Priority Claim or to any other creditor or creditors or any class of creditors.

(d) To enforce the payment of any amounts payable under the Plan by the Plan Trustee.

(e) To hear and determine all claims or controversies arising from the assumption or the rejection of any executory contracts or unexpired leases and to consummate the assumption or the rejection thereof.

(f) To liquidate or estimate damages in connection with any disputed, contingent or unliquidated claim.

(g) To recover all Assets of the Debtor, wherever and however located.

(h) To hear and determine any dispute arising under or in connection with the Plan relating to the Plan Trustee, including any matter which, pursuant to the terms of the Plan, is to be determined by the Bankruptcy Court.

(i) To enter such orders as are necessary or appropriate to enforce and carry out the provisions of the Plan.

ARTICLE XI **MISCELLANEOUS**

11.1 Headings—The headings used in the Plan are inserted for convenience only and neither constitute a portion of this Plan nor in any manner affect the construction of the provisions of this Plan.

11.2 Construction—The rules of construction set forth in section 102 of the Bankruptcy Code shall apply to construction of the Plan.

11.3 Severability—Should any provision in the Plan be determined to be unenforceable following the Effective Date, such determination shall in no way limit or affect the enforceability and operative effect of any and all other provisions of this Plan.

11.4 Revocations—The Debtor and the Committee reserve the right to revoke or withdraw the Plan prior to the Confirmation Date.

11.5 Time—In computing any period of time prescribed or allowed by this Plan, the day of the act, event, or default from which the designated period of time begins to run shall not be included. The last day of the period so computed shall be included, unless it is not a Business Day or, when the act to be done is the filing of a paper in court, a day on which weather or other conditions have made the clerk's office inaccessible, in which event the period runs until the end of the next day which is not one of the aforementioned days. When the period of time prescribed or allowed is less than eight calendar days, intermediate days that are not Business Days shall be excluded in the computation.

11.6 Amendments to Plan—This Plan may be amended, modified, or supplemented by the Debtor, the Committee or the Plan Trustee before or after the Confirmation Date in the manner provided for by section 1127 of the Bankruptcy Code.

11.7 No Interest—Except as expressly stated in this Plan, or allowed by a Final Order of the Bankruptcy Court entered prior to the Confirmation Date, no postpetition interest, penalty, or late charge may be added to any prepetition Claim or Interest.

11.8 No Attorneys' Fees—Except as may be required with respect to any oversecured creditor entitled to such fees under section 506 of the Bankruptcy Code, no attorneys' fees shall be paid with respect to any Claim or Interest except as specified herein or as allowed by a Final Order of the Bankruptcy Court.

11.9 Effect of Plan—The provisions of the Plan shall bind all holders of Claims and Interests, whether or not they accept the Plan, and any successors and assigns to such holders of Claims and Interests. Entry of the Confirmation Order shall be deemed to be a determination by the Bankruptcy Court only as to the matters expressly set forth therein and not as to any matter involving the Debtor, its Estate and any party in interest in the Chapter 11 Case. All Causes of Action of the Estate and all objections to Claims are preserved. No action or omission in relation to the Plan (including by not limited to solicitation of acceptances of the Plan, statements contained in or omitted from the disclosure statement therefor, entry of the Confirmation Order or occurrence of the Effective Date) shall serve to bar, whether by res judicata, collateral estoppel, judicial estoppel or otherwise, the prosecution of any action or objection to any Claim by or on behalf of the Plan Trustee.

11.10 Discharge—The Plan is a plan of the type described in section 1141(b)(3) of the Bankruptcy Code and, accordingly, the Debtor shall not receive a discharge. Claims that are disallowed by Court order although not discharged, shall not be entitled to receive any distribution under the Plan or to receive or retain any Assets of or owed to the Estate, whether by

way of setoff, recoupment, attachment, levy or otherwise. For purposes of section 362(c)(2)(C) of the Bankruptcy Code, the Debtor's discharge will be deemed to be denied as of the Case Closing Date.

11.11 Dissolution—From and after the Effective Date, the Debtor shall remain in existence for the sole purpose of permitting the Plan Trustee, under the direction of the Plan Committee, to wind up the Debtor's business affairs and administer the Plan, including liquidating the Assets and distributing the Proceeds from the liquidation of the Assets to the holders of Allowed Claims in accordance with the provisions of the Plan. Upon the administration of all assets of the Estate pursuant to this Plan and the filing by the Plan Trustee of a certification to that effect with the Bankruptcy Court, the Debtor shall be deemed dissolved for all purposes without the necessity for any other or further actions to be taken by or on behalf of the Debtor or payments to be made in connection therewith; provided, however, that the Plan Trustee on behalf of the Debtor shall file with the appropriate state authority a certificate or statement of dissolution referencing this Plan. From and after the Effective Date, the Debtor shall not be required to file any document, or take any other action, to withdraw its business operation from any states in which the Debtor was previously conducting business operations.

11.12 Governing Law—Except to the extent that the Bankruptcy Code or other federal law is applicable, the rights, duties and obligations arising under this Plan shall be governed by, and construed and enforced in accordance with, the laws of the Commonwealth of Massachusetts.

11.13 Successors and Assigns—The rights, duties and obligations of any person named or referred to in the Plan shall be binding upon, and shall inure to the benefit of the successors and assigns of such person.

ESSENTIAL.COM, INC.
Debtor-In-Possession,

Dated: November 2, 2001

By:  _____

Its duly authorized representative

OFFICIAL COMMITTEE OF UNSECURED
CREDITORS OF ESSENTIAL.COM, INC.,

Dated: November 2, 2001

By: _____

Its duly authorized representative

way of setoff, recoupment, attachment, levy or otherwise. For purposes of section 362(c)(2)(C) of the Bankruptcy Code, the Debtor's discharge will be deemed to be denied as of the Case Closing Date.

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ESSENTIAL.COM, INC.
Debtor-In-Possession,

Dated: November 2, 2001

By: _____

Its duly authorized representative

OFFICIAL COMMITTEE OF UNSECURED
CREDITORS OF ESSENTIAL.COM, INC.,

Dated: November 2, 2001

By: Kara C. Jones

Its duly authorized representative