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In re: WAVE2WAVE COMMUNICATIONS, INC., *et al.*, Debtors-in-Possession.	UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF NEW JERSEY HONORABLE DONALD H. STECKROTH CASE NO. 12-13896 (DHS) Chapter 11

DISCLOSURE STATEMENT PURSUANT TO SECTION 1125 OF THE BANKRUPTCY CODE FOR THE DEBTORS' CHAPTER 11 PLAN OF REORGANIZATION

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This Disclosure Statement pursuant to Section 1125 of the Bankruptcy Code for the Debtors' Chapter 11 Plan of Reorganization (the "Disclosure Statement"), the Debtors' Plan of Reorganization under Chapter 11 of the Bankruptcy Code, a copy of which is annexed hereto as Exhibit A (the "Plan"), the accompanying ballots and related materials delivered herewith are being provided by the Debtors to known holders of Claims and Interests pursuant to Section 1125 and 1126 of the Bankruptcy Code in connection with the Debtors' solicitation of votes to accept the Plan. Unless otherwise defined, all capitalized terms contained in this Disclosure Statement have the meanings ascribed to them in the Plan.

The voting deadline to accept or reject the Plan is 5:00 P.M., prevailing Pacific Time, _____, 2012 (the "Voting Deadline"), unless extended by Order of the United States Bankruptcy Court for the District of New Jersey (the "Bankruptcy Court"). Your vote on the Plan is important.

By Order dated _____, 2012, the Bankruptcy Court approved this Disclosure Statement as containing adequate information to permit the Holders of Claims against, and Interests in, the Debtors to make a reasonably informed decision in exercising their right to vote on the Plan. A copy of such Order is attached hereto as Exhibit B. Approval of this Disclosure Statement by the Bankruptcy Court does not constitute a determination on the merits of the Plan.

This Disclosure Statement and the related documents submitted herewith are the only documents authorized by the Bankruptcy Court to be used in connection with the solicitation of votes on the Plan. The Bankruptcy Court has not authorized the use of any representations concerning the Debtors' business operations, the value of the Debtors' assets or the value of any securities to be issued or benefits offered pursuant to the Plan, except as explicitly set forth in this Disclosure Statement.

There has been no independent audit or review of the financial information contained in this Disclosure Statement except as expressly indicated herein. This Disclosure Statement was compiled from information obtained by the Debtors from numerous sources believed to be accurate to the best of the Debtors' actual knowledge, information and belief.

Neither the United States Securities and Exchange Commission ("SEC") nor any other governmental authority has passed on, confirmed or determined the accuracy or adequacy of the information contained in this Disclosure Statement or on the decision to accept or reject the Plan. Holders of Claims or Interests must rely on their own examination of the Debtors and the terms of the Plan, including the merits and risks involved. Before submitting Ballots, Holders of Claims or Interests entitled to vote on the Plan should read and carefully consider this Disclosure Statement in its entirety.

For the convenience of Holders of Claims or Interests, this Disclosure Statement summarizes the terms of the Plan. If any inconsistency exists between the Plan and this Disclosure Statement, the terms of the Plan shall control. This Disclosure Statement may not be relied on for any purpose other than to determine whether to vote to accept or reject the Plan. Nothing stated herein shall be deemed or construed as an admission of any fact or liability by any party, or be admissible in any proceeding involving the Debtors or any other party, or be deemed conclusive evidence of the tax or other legal effects of the Plan on the Debtors or Holders of Claims or Interests. Certain statements contained in this Disclosure Statement, by nature, are forward-looking and contain estimates and assumptions. There can be no assurance that such statements will reflect actual outcomes. All Holders of Claims or Interests should carefully read and consider fully the risk factors set forth in this Disclosure Statement before voting to accept or reject the Plan.

Summaries of certain provisions of agreements referred to in this Disclosure Statement do not purport to be complete and are subject to, and are qualified in their entirety by reference to, the full text of the applicable agreement, including the definitions of terms contained in such agreement.

The statements contained herein are made as of the date hereof, unless another time is specified. The delivery of this Disclosure Statement shall not be deemed or construed to create any implication that the information contained in this Disclosure Statement is correct at any time after the date hereof.

Holders of Claims or Interests should not construe the contents of this Disclosure Statement as providing any legal, business, financial or tax advice. Therefore, each such Holder should consult with his, her or its own legal, business, financial and tax advisors as to any such matters concerning the solicitation, the Plan and the transactions contemplated thereby.

Although the Debtors' management has used its reasonable best efforts to ensure the accuracy of the financial information provided in this Disclosure Statement, none of the financial information contained in this Disclosure Statement has been audited or reviewed and is based upon an analysis of data available at the time of the preparation of the Plan and this Disclosure Statement. While the Debtors' management believes that such financial information fairly reflects the financial condition of the Debtors, the Debtors' management is unable to represent or warrant that the information contained herein and attached hereto is without inaccuracies.

I. INTRODUCTION

Background

On the Commencement Date, Wave2Wave Communications, Inc. ("Wave2Wave") and certain of its affiliates, RNK, Inc., a Massachusetts corporation ("RNK") and RNK VA, LLC, a Virginia limited liability company ("RNK VA") (collectively, the "Debtors") filed petitions for

relief under Chapter 11 of Title 11, United States Code (the "Bankruptcy Code"). Since the Commencement Date, the Debtors have remained in possession of their assets and managed their businesses as Debtors-in-Possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code.

On _____, 2012, the Bankruptcy Court approved this Disclosure Statement as containing "adequate information" in accordance with Section 1125(b) of the Bankruptcy Code to enable a hypothetical, reasonable investor typical of the voting classes contained in the Plan to make an informed judgment about whether to accept or reject the Plan. **A hearing to consider confirmation of the Plan (the "Confirmation Hearing") will be held on _____, 2012, at ___:___ _.._., prevailing Eastern Time**, before the Honorable Donald H. Steckroth, United States Bankruptcy Judge, at the United States Bankruptcy Court for the District of New Jersey, Martin Luther King, Jr. Federal Building, 50 Walnut Street, 3rd Floor, Newark, New Jersey 07102. The Bankruptcy Court has directed that objections, if any, to confirmation of the Plan must be filed and served so that they are received on or before _____, 2012 at ___:___ _.._., prevailing Eastern Time, in the manner described in Article VI, Section F of this Disclosure Statement. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for the announcement of the adjournment date made at the Confirmation Hearing or at any subsequent adjourned Confirmation Hearing.

Attached as Exhibits to this Disclosure Statement are copies of the following documents:

- The Plan and all of the exhibits pertaining thereto (Exhibit A);
- Order of the Bankruptcy Court, among other things, approving this Disclosure Statement and establishing certain procedures with respect to the solicitation and tabulation of votes to accept or reject the Plan (Exhibit B);

- Debtors' Cash Flow Projections (Exhibit C); and
- Debtors' Liquidation Analysis (Exhibit D).

In the event of a conflict or inconsistency between the aforesaid documents and the Plan or this Disclosure Statement, such documents shall control.

In addition, a Ballot is enclosed with the Disclosure Statement enabling those Holders of Claims entitled to vote to accept or reject the Plan to cast their vote.

Voting

Voting instructions are contained in Article VI, Section A of this Disclosure Statement. To be counted, your original Ballot must be duly completed, executed and filed with **Wave2Wave Ballot Processing, c/o KCC LLC, 2335 Alaska Ave., El Segundo, CA 90245, by the Voting Deadline. Ballots filed after the Voting Deadline may not be counted**.

II. GENERAL INFORMATION

Debtors' Corporate History and Structure

Founded in 1999, Wave2Wave provides communication services to small to mid-sized businesses in the northeast and midwest United States with a complete package of integrated products. Those products include wired and wireless broadband internet access services, voice over internet protocol (also referred to as VoIP), data, email hosting, point-to point connections, managed network services, collocation, virtual private networks (also referred to as VPNs), and web hosting. As of the Commencement Date, the Debtors had approximately 134 employees.

Wave2Wave is a holding company and does not conduct business operations except through the following Debtor and non-Debtor subsidiaries: (i) Wave2Wave Data Communications, LLC; (ii) Wave2Wave VOIP Communications, LLC; (iii) Wave2Wave Midwest Region, LLC; and (iv) RNK. RNK is the parent of debtor RNK VA who provides

facilities-based and resale competitive local exchange and interexchange access telecommunications services in Virginia.

Description of Previously Attempted Initial Public Offerings

In August 2009, the Debtors engaged Rodman & Renshaw, LLC as its investment banker to assist the Debtors in a proposed initial public offering of Wave2Wave's common stock. From August 2009 to February 2010, the Debtors, with its attorneys, accountants and advisors prepared a Form S-1 Registration Statement (the "S-1") and ancillary documents and engaged in other pre-IPO activities. In February 2010, the Debtors filed the Form S-1 with the SEC.

From February 2010 through May 2010, the Debtors continued to pursue Wave2Wave's initial public offering by responding to SEC comments on the S-1, working with its underwriters on a "road show" presentation to potential investors, applying for the listing of its capital stock on the New York Stock Exchange and ultimately receiving SEC approval on the S-1 such that the Debtors were in a position to close on the IPO. In May 2010, the Debtors were informed by its underwriters that, due to market conditions, the underwriters would be unable to close the initial public offering at that time.

From May 2010 through September 2010, the Debtors sought interim financing but was unable to agree to terms with potential investors or loan providers. In September 2010, the Debtors with their underwriters and other professionals, resumed its efforts to complete an initial public offering on revised financial terms from those sought in May 2010. In October 2010, the Debtors filed an amended S-1 with the SEC to reflect the terms of a new offering. From October 2010 through January 2011, the Debtors again pursued an initial public offering for Wave2Wave by responding to SEC comments on the amended S-1, working with their underwriters on a new "road show" presentation to potential investors, and applied for the listing of its capital stock on

the NYSE Amex. In early February 2011, upon the Debtors requesting that the S-1 go "effective," the Debtors were informed of a formal investigation that was being undertaken by the SEC's Boston Regional Office against Wave2Wave, causing the Debtors to abandon their efforts to complete the initial public offering at that time.

Debtors' Pre-Petition Financial Performance

The Debtors report for financial purposes on a calendar year. For the year ended December 31, 2011, the Debtors generated unaudited combined net sales of $57,029,137. Those sales resulted in a net loss of $17,003,777 and negative EBITDA of $5,496,636.

The Debtors' revenue can be segmented into wholesale (the competitive local exchange carrier or "CLEC"-based business) and retail (broadband services). On the wholesale side, approximately 25% of its revenue is derived from carrier access charges (including reciprocal compensation) billed pursuant to various interconnection agreements and state and federal tariffs. Those wholesale revenues are generated solely by RNK.

The Debtors also provide telecommunications services (including, local access numbers, switching, and transport) to small and medium sized customers and offer a range of voice and data "carrier class products" to other communications companies and to other larger-scale purchasers of network capacity, as well as their own retail services and prepaid long distance calling services. Specifically, the Debtors offer domestic and international access services, domestic local exchanges and long distance services, collocation, "8XX" toll free service, conference calling services and prepaid long distance calling services.

On the retail side, the majority of the Debtors' revenue is derived from billing end user customers for data services. Currently, the Debtors' data services include wired and, to a lesser degree, fixed wireless broadband Internet access services, VoIP, email hosting, point-to point connections, managed network services, collocation, VPNs, and web hosting. The Debtors'

broadband internet access services currently provide the bulk of subscriber revenues, though recent reporting periods have shown a favorable shift towards higher margin services such as VoIP and SIP trunking.

The Debtors sell their services on the retail side primarily through a direct sales force, channel partners and telemarketing. While the Debtors market their services to many customer segments, they focus on selling to customers in multi-tenant office buildings (in-building) and to remote locations (stand-alone buildings). Wave2Wave currently has approximately 375 to 425 Building Service Agreements ("BSAs"), with building owners throughout New York, New Jersey, Illinois, Connecticut and Pennsylvania. Under the BSAs, Wave2Wave either pays the building owners monthly rent or a revenue share to allow Wave2Wave to sell throughout its buildings.

The Debtors' Pre-Petition Debt Structure

The Debtors are parties to various financing agreements with four principal lenders, three of which have blanket liens on substantially all the Debtors' assets, including the Debtors' cash. Descriptions of the various financing agreements with such lenders are set forth below.

1. Brookville Special Purpose Fund, LLC

On March 24, 2011, Wave2Wave, among others, entered into a financing agreement with Brookville in the amount of $11,200,000 (the "Brookville Loan"). The Brookville Loan (i) has a maturity date of April 1, 2013, (ii) has an annual interest rate of 14%, and (iii) is secured by a blanket security interest in and lien against substantially all assets of the Debtors, which lien is senior to the lien that was granted in connection with the Mennen Trust Loan (as hereinafter defined) and the lien that was granted in connection with the Veritas Loan (as hereinafter defined). In addition, RNK, RNK VA, Wave2Wave VOIP Communications, LLC, Wave2Wave Data Communications, LLC, and Wave2Wave Communications Midwest Region, LLC are co-

guarantors of the Brookville Loan and have pledged their assets as collateral for the Brookville Loan.

On June 21, 2011, the Debtors entered into two (2) limited access services agreements (the "Limited Access Agreements") with Sovereign Bank ("Sovereign") for the benefit of Brookville. The Limited Access Agreements are applicable to the funds in the Debtors' bank account numbers 10021929954, 10021929962 10021929970, 10021930028, 10021930002, 10021929996 and 10021929988 at Sovereign.

The purposes of the Brookville Loan were to satisfy a portion of existing indebtedness and to provide working capital for the Debtors. The amount currently owed under the Brookville Loan is approximately $10,251,186.

2. Veritas High Yield Fund, LLC

On August 25, 2011, Wave2Wave, among others, entered into a subordinated senior secured loan and security agreement, whereby Wave2Wave obtained from Veritas a $3,000,000 loan with an over subscription option of an additional $2,000,000, for a potential total of $5,000,000 in loans (the "Veritas Loan"). The Veritas Loan (i) has a maturity date of August 25, 2015, (ii) an annual interest rate of 14%, and (iii) is secured by a blanket security interest in and lien against substantially all assets of the Debtors, which lien is senior to the lien that was granted in connection with the Mennen Trust Loan and subordinate to the lien that was granted in connection with Brookville Loan. As with the Brookville Loan, RNK, RNK VA, Wave2Wave VOIP Communications, LLC, Wave2Wave Data Communications, LLC, and Wave2Wave Communications Midwest Region, LLC are co-guarantors of the Veritas Loan and have pledged their assets as collateral for the Veritas Loan.

The purposes of the Veritas Loan were to satisfy a portion of existing indebtedness, and to provide ongoing financing to the Debtors for working capital on more favorable terms. The amount currently owed under the Veritas Loan is approximately $4,525,111.

3. The Mennen Trust

On October 12, 2007, GBC Funding LLC ("GBC Funding") loaned Wave2Wave $34,000,000 at an interest rate of 3.25% per annum in excess of the prime rate with a maturity date of October 9, 2009. On November 2, 2007, GBC Funding increased the loan amount through an amendment by an additional $1,700,000 on identical terms with the same maturity date. On June 4, 2008, GBC Funding made a term loan to Wave2Wave for an additional $3,000,000 at an interest rate of 5.25% per annum in excess of the prime rate with a maturity date of January 25, 2011 (collectively, the "GBC Loans").

On March 18, 2009, the GBC Loans (totaling approximately $38,700,000 plus accrued interest) were assigned, without recourse, to the Wilmington Trust Company and George Jeff Mennen as co-trustees u/a/d November 25, 1970, as amended for the benefit of John Henry Mennen (the "Mennen Trust"). On May 31, 2009, the maturity date of that certain promissory note in the original principal amount of $34,000,000 (and an outstanding balance of $35,700,000 million) was extended to October 8, 2010.

On September 8, 2009, the Debtors entered into each of the following amendments and restatements to the GBC Loans: (i) that certain Amended and Restated Term Note in the original face amount of $34,000,000, issued by the Debtors to the Mennen Trust, (ii) that certain Amended and Restated Term Note in the original face amount of $1,700,000, issued by the Debtors to the Mennen Trust, and (iii) that certain Term Note in the original principal amount of $3,500,000, issued by the Debtors to the Mennen Trust (collectively, the "Mennen Notes"). The Mennen Notes are secured by a blanket security interest in and lien against substantially all

assets of the Debtors, which lien is subordinate to the liens that was granted in connection with the Brookville Loan and the Veritas Loan. RNK, RNK VA, Wave2Wave VOIP Communications, LLC, Wave2Wave Data Communications, LLC, and Wave2Wave Communications Midwest Region, LLC are co-guarantors of the Mennen Notes and have pledged their assets as collateral for the Mennen Notes.

As consideration for accepting the assignment of the loans from GBC Funding and entering into the Mennen Notes, Wave2Wave issued the Mennen Trust warrants to purchase shares of common stock in Wave2Wave. On September 21, 2010, the Mennen Trust agreed to exchange fifty percent (50%) of its principal and accrued interest outstanding under the Mennen Notes in exchange for additional shares of common stock of Wave2Wave. Thus, the amount currently owed to the Mennen Trust under the Mennen Notes is approximately $20,100,000.

4. M Brothers

On June 22, 2007, Wave2Wave executed an unsecured promissory note in favor of M Brothers in the amount of $250,000 (the "M Brothers Note"). The M Brothers Note has an annual interest rate of 3.00% and matured on June 22, 2009. The debt currently owed to M Brothers is approximately $285,000.

Factors Precipitating the Debtors' Chapter 11 Filings

The Debtors' Chapter 11 cases were filed as a result of Verizon Services Corp.'s threat to discontinue service to the Debtors, which would have caused the immediate cessation of operations and destruction of all the Debtors' enterprise value. In addition, the Debtors' businesses have been negatively impacted by the Federal Communications Commission's ("FCC") and several state public utilities commissions' overhaul of what is commonly known as the "intercarrier compensation" system.

1. The Verizon Dispute

On October 12, 2007, Wave2Wave acquired RNK in an effort to expand into the wholesale local exchange and interexchange carrier market, including providing local and long distance services to Wave2Wave customers in major markets throughout the country. Significant synergies were realized by combining Wave2Wave's data transport and VoIP focus with RNK's telecom expertise.

On August 22, 2008, less than one year following RNK's acquisition by Wave2Wave, Verizon Services Corp. on behalf of itself and several related entities ("Verizon")[1] filed a complaint in the United States District Court, District of Massachusetts against RNK relating to a billing dispute between the parties in New York, Massachusetts and Rhode Island arising under the ICAs. The dispute concerned the payment of reciprocal compensation charges and access charges in those states. Verizon alleged several claims for breach of contract and sought compensation for Virtual Foreign Exchange ("VFX") traffic as it is defined in the agreements. Verizon also requested that the court stop RNK from billing Verizon a certain rate for reciprocal compensation traffic in Massachusetts and Rhode Island, and to reset the presumptive percentage of Virtual Foreign Exchange traffic. Verizon sought $10,797,896.53 in damages as of the date of the complaint.

RNK filed its response on November 11, 2008, pleading its defenses and asserting counterclaims against Verizon for breach of contract and violation of the Massachusetts Consumer Protection Statute. RNK's counterclaims sought $25,361,434 in compensatory damages as of the date of the complaint, declaratory relief and statutory damages under the

[1] Verizon and RNK are parties to effective interconnection agreements, in accordance with Sections 251 and 252 of the Communications Act of 1934, as amended, in the states of Massachusetts, Rhode Island, New York, New Jersey, Pennsylvania, Maryland and Virginia, and the District of Columbia (collectively, the "ICAs").

Massachusetts Consumer Protection Statute. RNK also asked the court to treble its damages due to Verizon's willful violation of the statute.

At the conclusion of discovery, Verizon filed a motion for partial summary judgment in September 2010. RNK responded with its own motion for summary judgment in October 2010.[2]

While competing summary judgment motions were pending, in December 2010, Verizon provided RNK with notice that it intended to place the vast majority of the monthly payments it owed to RNK into an escrow account toward an alleged balance of $4,085,469.85 allegedly owed by RNK related to VFX charges. Verizon determined that amount unilaterally by calculating a new VFX presumption related to RNK's traffic other than the agreed upon 20%. Verizon's failure to pay the Debtors under the various interconnection agreements given the ongoing dispute over the VFX charges placed a significant strain on the Debtors' liquidity.[3] Moreover, the litigation costs associated with the dispute with Verizon was placing a further strain on the Debtors' liquidity.

In September 2011, the Debtors and Verizon participated in extensive discussions and negotiations concerning the specific facts and circumstances at issue with respect to the ICAs

[2] In addition, RNK or Verizon initiated other proceedings arising out of their disputes concerning the ICAs including: (a) RNK's Request to the Massachusetts Department of Telecommunications and Cable for Expedited Dispute Resolution dated April 26, 2011, and (b) RNK Inc. d/b/a RNK Telecom v. Verizon Nevil England Inc., d/b/a Verizon Rhode Island, Rhode Island Public Utilities, Commission Docket No. 4242.

[3] As mentioned briefly above, approximately 25% of the Debtors' revenues relate to carrier access charges (including reciprocal compensation) billed pursuant to various interconnection agreements and state and federal tariffs, which are generated by RNK. The Debtors' CLEC business currently leases its transport capacity from a limited number of suppliers and is dependent upon the availability of transmission facilities owned by such suppliers. Thus, the Debtors are vulnerable to the risk of renewing favorable supplier contracts and timeliness of the supplier in processing the Debtors' orders for customers. The Debtors' major supplier is Verizon, which accounted for 11% of operating revenues in 2010. Furthermore, Verizon, as the incumbent local exchange carrier, is in the unique position of controlling access to the publically switched telephone network ("PSTN"), and thus access to other carriers similarly interconnected with Verizon. With this power, Verizon has the ability to unilaterally and with impunity cease payments to other carriers while at the same time demanding payment of their invoices that crucially control access to the PSTN.

and disputes over VFX charges. On September 26, 2011, the parties ceased litigating and entered into a confidential settlement agreement and release (the "Settlement Agreement").

As part of that Settlement Agreement, the Debtors were required to make payments to Verizon upon execution of the Settlement Agreement and over time. In early January 2012, the Debtors liquidity remained strained. As a result, the Debtors missed a payment to Verizon under the Settlement Agreement. On January 9, 2012, Verizon issued a default notice to the Debtors.

Thereafter, the Debtors and Verizon attempted to discuss a modified payment plan under the Settlement Agreement. At that same time, the Debtors actively sought investors and entered into a subscription agreement for an infusion of $5 million into the company. In addition, the Debtors actively were seeking a bridge loan from Arjent LLC ("Arjent"), an affiliate of Brookville and Veritas, to satisfy their obligations under the Settlement Agreement.

On February 16, 2012, Verizon demanded the Debtors pay $3.25 million immediately under the Settlement Agreement. Because the Debtors had not received the proceeds from the subscription agreement and the bridge loan with Arjent was not scheduled to close until March 8, 2012, the Debtors were unable to comply with Verizon's request.

Verizon threatened to embargo and disconnect its services to the Debtors. In fact, Verizon notified the Debtors that it had issued service disconnect notices in all states in which the Debtors operate to take effect February 17, 2012. Based upon the threat of Verizon to discontinue service and, therefore, cause the immediate cessation of operations and destruction of all the Debtors' enterprise value, the Debtors were forced to file the Chapter 11 petitions.

2. Adverse Changes Caused by the Overhaul in the Intercarrier Compensation System

In addition to the dispute with Verizon, the Debtors' businesses have been negatively impacted by the FCC's and several state public utilities commissions' overhaul of what is

commonly known as the "intercarrier compensation" system. Both the voice network and the Internet depend on cooperation among service providers to provide communications. The payments from one carrier to another for jointly providing communications services are known as intercarrier compensation ("ICC"). ICC is determined by a complex system that includes federal regulation, state regulation, and unregulated arrangements that vary with technology and the historical circumstances that shaped the particular arrangement.

In February 2011, the FCC reduced certain ICC access charge tariffs, i.e., the rates carriers could charge each other for jointly providing communications services to end-users on a prospective basis. That overhaul in ICC access charge tariffs and intercarrier compensation further strained the Debtors' revenues and liquidity.

In addition to the overhaul of the "intercarrier compensation" system by the FCC, several states in which the Debtors operate made changes to decrease intrastate access charges that negatively impacted the Debtors' businesses. For example, on July 22, 2009, the Massachusetts Department of Telecommunications and Cable (DTC) determined in DTC 07-9 that all CLEC intrastate access charges in Massachusetts should be reduced to Verizon's intrastate rate effective June 22, 2010. That order substantially impacted RNK's Massachusetts revenues and overall revenues by almost 10%.

Similarly, on February 1, 2010, the New Jersey Board of Public Utilities ordered all local exchange carriers to decrease intrastate access charges over three years. Several parties, including Verizon New Jersey, United Telephone Company of New Jersey, Inc. d/b/a Century Link f/d/b/a Embarq and the Joint CLEC parties (including RNK) have appealed that order in New Jersey courts. Those appeals currently are pending. In the interim, however, RNK's rates

and associated revenues in New Jersey have decreased substantially since the effective date of that order. These changes, collectively, resulted in a negative impact on the Debtors' revenues.

III. THE CHAPTER 11 CASE

The following is a brief description of certain major events that have occurred during the Chapter 11 Cases.

First Day Motions

Concurrently with the filing of their petitions, the Debtors filed a number of "first day motions" to ensure their ability to continue operating in the ordinary course of business, to minimize the disruption of their ability to provide services to their customers, to minimize employee attrition and to maintain vital vendor relationships. The orders ("First Day Orders") entered in connection with the Debtors' "first day motions" played a crucial role in achieving an orderly transition into Chapter 11. A brief summary of the First Day Orders appears below.

Procedural Orders

1. **Orders Authorizing Joint Administration of Affiliated Cases**

The Court entered an Order on February 22, 2012 authorizing the joint administration of Wave2Wave's case and the cases filed by its affiliates.

2. **Other Procedural Orders**

On February 22, 2012, the Court entered Orders: (i) extending the Debtors' time to file schedules of assets and statements of financial affairs; (ii) authorizing the Debtors to retain and compensate professionals used by the Debtors in the ordinary course of their business *nunc pro tunc* to the Commencement Date; and (iii) authorizing the Debtors to retain KCC as its claims and noticing agent.

3. **Operational Orders**

a. **Customer Programs**

Before the Commencement Date, the Debtors engaged in the ordinary course of business in various customer programs to enhance customer satisfaction, sustain goodwill and ensure that the Debtors remain competitive in the markets in which they operate. The Court entered an Order on February 22, 2012 authorizing, but not directing, the Debtors to honor prepetition obligations under existing customer programs and authorizing financial institutions to receive, process, honor and pay all checks presented for payment and electronic payment requests relating to such obligations.

b. **Utility Providers**

The Debtors rely on a large number of utility service providers including water, telephone, electricity, video conferencing, ISDN, gas and internet service in the ordinary course of their business. In addition, in the ordinary course of business, the Debtors purchase services in high volume from telecommunication carriers and utilize those services to provide individual end-users with telecommunication services. In order to prevent the business interruption likely to result in the event of interruption of service of one or more utilities and telecommunication carriers, the Debtors filed a motion for an Order deeming their service providers adequately assured of future performance. On February 22, 2012, the Court entered an interim Order granting the motion and scheduling a final hearing on adequate assurance for a later date. On March 16, 2012, the Court entered a final Order deeming utilities and telecommunication carriers adequately assured of future performance.

c. **Wages and Benefits**

The Debtors' workforce is integral to the continued operation of their businesses. As a result, the Debtors filed a motion seeking authorization to honor, in the ordinary course of business, certain payroll and related obligations to their employees owed as of the Commencement Date as well as authorization to continue, in their sole discretion, all employee

health and benefit plans and programs in effect as of the Commencement Date. On February 22, 2012, the Court entered an Order authorizing such transactions and directing the Debtors' payroll service and any payroll banks to honor transactions related to pre-petition gross salaries, payroll taxes and related employee benefit obligations to the Debtors' employees.

d. **Cash Management**

Wave2Wave uses an integrated, centralized cash management system in its ordinary course of business. The centralized cash management system enables Wave2Wave to (i) better forecast and report its cash position, (ii) monitor collection and disbursement of funds, and (iii) maintain control over the administration of various bank accounts, all of which facilitates effective collection, disbursement and movement of cash. To prevent business interruption and to avoid administrative inefficiencies that would result if they were required to modify their existing cash management system, the Debtors filed a motion for an Order (i) authorizing the Debtors to continue using their existing cash management system, bank accounts and business forms; (ii) authorizing continue intercompany arrangements and historical practices; and (iii) waiving the requirement of the Debtors' compliance with investment guidelines under 11 U.S.C. Section 345(b). On February 22, 2012, the Court entered an Order authorizing the Debtors continued use of their existing cash management system.

4. **Post-Petition Financing**

The Debtors determined that a post-petition financing facility would be required to ensure the seamless continuation of the Debtors' business while they explore restructuring alternatives. Accordingly, the Debtors negotiated a post-petition financing agreement with The Robert DePalo Special Opportunity Fund, LLC, a Delaware limited liability company ("Lender"), pursuant to which Lender would provide, through a $3.5 million credit facility (the "DIP Loan"), funds necessary for the Debtors to pay their ongoing expenses.

On March 19, 2012, the Court entered an interim order approving the DIP Loan, which permitted the Debtors to borrow $2.6 million on an interim basis pending a final hearing. On March 29, 2012, the Court entered a final Order approving the DIP Loan allowing the Debtors to borrow the remaining $900,000. The final Order provided that Lender will make funds available to the Debtors subject to allowable variances in accordance with the terms of a budget.

Appointment of the Creditors' Committee

Section 1102 of the Bankruptcy Code requires that, absent an Order of the Bankruptcy Court to the contrary, the UST must appoint the Creditors' Committee as soon as practicable. On February 29, 2012, the UST appointed the Creditors' Committee. The Creditors' Committee is composed of the following members:

Susan L. Sowel
FairPoint Communications
521 East Morehead Street
Suite 500
Charlotte, NC 28202

Hadley E. Feldman
AboveNet, Inc.
360 Hamilton Avenue
White Plains, NY 10601

James Finneran
Blitz Telecom Consulting, LLC
1420 Lake Whitney Drive
Windermere, FL 34786

Curtis Gibson
Command Financial Press
75 Varick Street
New York, NY 10013

James W. Grudus
AT&T Services, Inc.
One AT&T Way
Room 3A218
Bedminster, NJ 07921

The Creditors' Committee retained the following professionals:

Richard S. Kanowitz, Esq.
Brent Weisenberg, Esq.
Cooley LLP
The Grace Building
1114 Avenue of the Americas
New York, NY 10036

Claims Process and Bar Date

1. **Section 341(a) Meeting of Creditors**

A meeting of creditors pursuant to 11 U.S.C. § 341 was conducted on March 28, 2012.

2. **Schedules and Statements**

The Debtors filed schedules of assets and liabilities ("Schedules") and statements of financial affairs ("SOFAs") on March 26, 2012. The Schedules and SOFAs provide information concerning each of the Debtors' assets, liabilities, Executory Contracts and other information as of the Commencement Date, all as required by Section 521 of the Bankruptcy Code and Rule 1007 of the Federal Rules of Bankruptcy Procedure.

3. **Bar Date**

On March 29, 2012, the Court entered an Order establishing April 30, 2012 as the deadline for each person or entity asserting a claim against any of the Debtors, including claims pursuant to Section 503(b)(9) of the Bankruptcy Code, to file a written proof of claim against the specific Debtor as to which the claim is asserted. The Bar Date Order also established August 15, 2012 as the date for all Governmental Units to file a written proof of claim against the Debtors.

V. SUMMARY OF THE PLAN

THE FOLLOWING IS A SUMMARY OF THE MATTERS CONTEMPLATED TO OCCUR EITHER PURSUANT TO OR IN CONNECTION WITH THE PLAN. THIS SUMMARY HIGHLIGHTS THE SUBSTANTIVE PROVISIONS OF THE PLAN AND IS

NOT, NOR IS IT INTENDED TO BE, A COMPLETE DESCRIPTION OF, OR A SUBSTITUTE FOR, THE PLAN. CAPITALIZED TERMS USED BUT NOT OTHERWISE DEFINED HEREIN SHALL HAVE THE MEANING SET FORTH IN THE PLAN.

A. Introduction

In formulating the Plan, the Debtors' goal was preserve its businesses as going concerns and ensuring that the value of the Debtors' assets is maximized for the benefit of their estates and creditors. The Debtors had to balance the competing interests of the various classes of Creditors and to use their best efforts to formulate a Plan that is fair and feasible. The Plan was developed after extensive investigation and analysis of the Debtors' current cash flow, overhead, expenses, and projected cash flow. The Debtors believe that the Plan will result in the greatest possible recovery to Creditors.

The Debtors are entering into two viable alternative transactions under this Plan. Under the first transaction (the "Reverse Merger Transaction" or "RMT") the Debtors shall consummate the Reverse Merger if the Reverse Merger Conditions are satisfied by the Proposed Merger Date. If the Reverse Merger Conditions are not satisfied by the Proposed Merger Date, the Debtors shall enter into an alternative transaction pursuant to which, among other items, the DIP Loan will be converted into a term loan in exchange for 70% of the outstanding equity of Reorganized Wave2Wave (the "DIP Loan Conversion" or "DLC"). A more detailed description of the Reverse Merger Transaction and the DIP Loan Conversion, and the implementation thereof, is set forth below. Both the Reverse Merger Transaction and DIP Loan Conversion require the Debtors to raise additional capital/indebtedness to consummate either of those transactions for which the Debtors currently have no commitment to raise additional capital/indebtedness.

B. Implementation of the Plan

Reverse Merger Transaction. In addition to the provisions set forth elsewhere in the Plan, the following shall constitute certain means for the implementation of the Reverse Merger Transaction assuming that the Reverse Merger Conditions are satisfied by the Proposed Merger Date:

1. **Reverse Merger**.

Wave2Wave has been engaged in talks with an investment banker, pursuant to which Wave2Wave anticipates going public through a Reverse Merger with a soon to be identified public company, simultaneously with the raising of capital/indebtedness to satisfy the Debtors' obligations under Section 1129 of the Bankruptcy Code to confirm the Plan upon closing of the Reverse Merger. As is customary for transactions of this nature, it is anticipated that such Reverse Merger would be effectuated pursuant to a Merger Agreement by and among Wave2Wave, Merger Sub and Target, pursuant to which Merger Sub would merge with and into Target, with Target being the Surviving Corporation through an exchange of capital stock of Wave2Wave for capital stock of Target (the "Merger").

Upon completion of such Merger, (i) each share of then-outstanding common stock of the company ("Wave2Wave Common Stock") would be automatically converted into the right to receive the number of shares of Target common stock ("Target Common Stock") equal to the appropriate common stock exchange ratio and (ii) each share of then-outstanding preferred stock of Wave2Wave ("Wave2Wave Preferred Stock" and together with the Wave2Wave Common Stock, "Wave2Wave Capital Stock") would be automatically converted into the right to receive the same number of shares of Target preferred Stock ("Target Preferred Stock"). The Target Preferred Stock to be issued to the holders of Wave2Wave Preferred Stock would have the

powers, designations, preferences and other rights as will be set forth in a Certificate of Designations, Preferences and Rights of Preferred Stock to be filed by Target prior to closing, which rights would be the same as they currently exist in favor of the holders of the Wave2Wave Preferred Stock. The Common Stock Exchange Ratio would be set at a number such that the shareholders of Wave2Wave prior to closing would own up to 99% of Target after closing, on a fully-diluted basis. At the effective time of the Merger, each outstanding and unexercised option to purchase Wave2Wave Common Stock (each a "Wave2Wave Stock Option"), whether vested or unvested would be converted into and become an option to purchase Target Common Stock and Target would assume such Wave2Wave Stock Option in accordance with the terms of Wave2Wave's stock option plans. After the effective time of the Merger, (a) each Wave2Wave Stock Option assumed by Target would be exercisable solely for shares of Target Common Stock and (b) the number of shares of Target Common Stock and the exercise price subject to each Wave2Wave Stock Option assumed by Target would be determined by the Common Stock Exchange Ratio.

In addition, at the effective time of the Merger, each outstanding and unexercised warrant to purchase Wave2Wave Common Stock (each a "Wave2Wave Warrant"), whether vested or unvested, would be converted into and become a warrant to purchase Target Common Stock and Target would assume such Wave2Wave Warrant in accordance with the terms of such Wave2Wave Warrant. After the effective time of the Merger, (a) each Wave2Wave Warrant assumed by Target would be exercisable solely for shares of Target Common Stock, and (b) the number of shares of Target Common Stock and the exercise price subject to each Wave2Wave Warrant assumed by Target would be determined by the Common Stock Exchange Ratio.

In transactions of this nature, a Merger Agreement would typically contain customary representations and warranties of each of Target and Wave2Wave (many of which may be qualified by concepts of knowledge, materiality and/or dollar thresholds and would be further modified and limited by confidential disclosure schedules exchanged by the parties), as applicable, relating to, among other things, (a) organization and qualification; (b) subsidiaries; (c) capital structure; (d) authorization, performance and enforceability of the Merger Agreement; (e) board approval and required vote; (f) financial statements; (g) absence of undisclosed liabilities and minimum cash; (h) absence of changes or events; (i) agreements, contracts and commitments; (j) employee and employee benefit plans; (k) taxes; (l) interested party transactions; and (m) brokers. A typical Merger Agreement would also contain certain agreements of the parties including, among other things, that (i) each party will allow reasonable access to their books and records until the closing of the Merger; (ii) each party will maintain in confidence any non-public information received from the other party; and (iii) the parties will take all action to appoint certain individuals to serve on the board of directors of Target and as officers of Target.

The obligations of each of Target and Wave2Wave to consummate such Merger would be subject to the satisfaction or waiver of certain additional conditions, including, among other things, (a) the representations and warranties of the other party contained in the Merger Agreement being true and correct in all material respects; (b) the other party shall have performed or complied in all material respects with all agreements and covenants under the Merger Agreement; (c) the receipt of all necessary consents or approvals; and (d) the filing of all necessary documents with any governmental authorities, including the Securities and Exchange Commission;.

The Merger Agreement would typically contain a termination provision, whereby the Merger Agreement may be terminated at any time prior to the closing, as follows: (a) by mutual written consent of Target, Merger Sub and Wave2Wave; (b) by either Target or Wave2Wave if the closing had not occurred by a specified date; (c) by either Target or Wave2Wave if any law enacted by a governmental authority prohibits the consummation of the Merger, or any governmental authority has issued an order or taken any other action which restrains, enjoins or otherwise prohibits the Merge; or (d) by either party if the other party is in material breach of its obligations or representations or warranties under the Agreement.

2. **Mennen Trust Loan**

The Mennen Trust shall enter into a Note Exchange and Modification Agreement pursuant to which it agrees to reduce the outstanding principal amount of the Mennen Trust Loan to $8,000,000 in exchange for 20% of the outstanding equity of Reorganized Wave2Wave (calculated prior to consummating the Reverse Merger Transaction) on a fully diluted basis.

3. **Conversion of DePalo DIP Loan**

Pursuant to that certain Conversion Agreement, Lender shall agree to convert the DIP Loan into a 4-year term loan ("Term Loan") in exchange for 45% of the outstanding equity of Reorganized Wave2Wave (calculated prior to consummating the Reverse Merger Transaction) on a fully diluted basis. Interest on the Term Loan accrues at the rate of 10% per annum on the outstanding balance and is paid monthly in arrears. Unpaid interest accrues and compounds monthly.

4. **Post Confirmation Board of Directors**

On or promptly following the Effective Date, the post-confirmation Board of Directors of Reorganized Wave2Wave will include Steven Asman and Robert DePalo.

DIP Loan Conversion. Notwithstanding the foregoing, in the event the Reverse Merger Conditions are not satisfied by the Proposed Merger Date and the Reverse Merger Transaction is not consummated, the following shall constitute certain means for the implementation of the DIP Loan Conversion:

1. **Mennen Trust Loan**

The Mennen Trust shall enter into a Note Exchange and Modification Agreement pursuant to which it agrees to reduce the outstanding principal amount of the Mennen Trust Loan to $8,000,000 in exchange for 20% of the outstanding equity of Reorganized Wave2Wave on a fully diluted basis.

2. **Conversion of DePalo DIP Loan**

Pursuant to that certain Conversion Agreement, Lender shall agree to convert the DIP Loan into the Term Loan in exchange for 70% of the outstanding equity of Reorganized Wave2Wave on a fully diluted basis. Interest on the Term Loan accrues at the rate of 10% per annum on the outstanding balance and is paid monthly in arrears. Unpaid interest accrues and compounds monthly.

3. **Additional Capital/Indebtedness**

The DIP Loan Conversion requires the Debtors to raise additional capital/indebtedness in order to satisfy the conditions necessary to consummate the DIP Loan Conversion.

4. **Post Confirmation Board of Directors**

On or promptly following the Effective Date, (i) the post-confirmation Board of Directors of Reorganized Wave2Wave will include Steven Asman (the "Shareholder Appointee") and Robert DePalo (the "Lender Appointee"), and (ii) the Bylaws of Reorganized Wave2Wave shall be amended so that the Board of Directors shall consist of two (2) individuals and that the

Shareholder Appointee shall control 49% of the vote of the Board of Directors and the Lender Appointee shall control 51% of the vote of the Board of Directors.

5. **Allied International Fund, Inc.**

Allied International Fund, Inc. ("Allied") is the owner of 100% of the Debtors' Series A Preferred Stock, which amounts to 1,000 shares. The President and sole shareholder of Allied is Rosemarie DePalo. Ms. DePalo is the wife of Robert DePalo, the managing member of the DIP Lender.

Wave2Wave and Allied shall enter into an Amended and Restated Preferred Shareholder Agreement which will include, among other items, a payment of one (1%) percent of all monthly gross revenues of Reorganized Wave2Wave to Allied on a monthly basis, with a minimum guaranteed amount of $45,000 per month.

6. **Management Incentive Plan**

Wave2Wave's current 2009 Employee and Director Equity Inventive Plan shall be terminated on the Effective Date and in exchange thereof, Reorganized Wave2Wave shall enter into a Management Incentive Plan which shall include, among other items, provisions pursuant to which management of Reorganized Wave2Wave will be awarded 10% of the outstanding equity of Reorganized Wave2Wave on a fully diluted basis.

C. Further Implementation of the Plan

In addition to Section B above, as applicable, the following shall constitute further means for implementation of the Plan:

1. **Amendment to Veritas Loan Agreement.**

The Veritas Loan Agreement shall be amended so that the Veritas Loan shall be repaid in thirty-eight (38) equal monthly installments of principal and interest in the amount of $123,655 beginning on the first full calendar month following the Effective Date, and on the first day of

each month thereafter until August 25, 2015, at which time all remaining amounts outstanding under the Veritas Loan shall be paid in full.

2. **Amendment to Brookville Loan Agreement.**

The Brookville Loan Agreement shall be amended so that the Brookville Loan shall be repaid in nine (9) equal monthly installments of principal and interest (i) in the amount of $140,516 with respect to the Reverse Merger Transaction, or (ii) in the amount of $277,149 with respect to the DIP Loan Conversion, beginning on the first full calendar month following the Effective Date, and on the first day of each month thereafter until April 1, 2013, at which time all remaining amounts outstanding under the Brookville Loan shall be paid in full.

3. **Dissolution of Creditors' Committee**

The Plan and the Confirmation Order will provide that upon the occurrence of the Effective Date, the Creditors' Committee shall dissolve automatically, whereupon its members, professionals and agents shall be released from any duties and responsibilities in these cases and under the Bankruptcy Code (except with respect to (i) obligations arising under confidentiality agreements, which shall remain in full force and effect, (ii) applications for the payment of fees and reimbursement of expenses, and (iii) any pending motions or any motions or other actions seeking enforcement of implementation of the provisions of the Plan).

4. **Cure of Defaults**

Any non-monetary defaults in/of (i) security agreements or other loan documents which are secured by security interests in assets owned by the Debtors and/or by non-debtor entities which are wholly or partially owned, directly or indirectly, by the Debtors or are otherwise under the Debtors' control (collectively, the "Non-Debtors") or (ii) the Debtors, the Non-Debtors or any of their respective insiders, affiliates or subsidiaries under any shareholder, operating and/or partnership agreements or other organizational documents to which any of the Debtors, the Non-

Debtors or any of their respective insiders, affiliates or subsidiaries are a party or are otherwise bound shall be deemed unenforceable and the non-monetary defaults shall be deemed cured and of no force or effect following the consummation of the transactions contemplated by the Plan and the documents referred to therein as of the Effective Date. Further, any non-monetary defaults in and/or under any security agreements or other loan documents or any shareholder, partnership or operating agreement or other organizational document of any Debtor, any Non-Debtor or any insider, affiliate or subsidiary of a Debtor or a Non-Debtor caused by anything contained in the Plan or by the transactions, documents or agreements provided for therein, or by the commencement of the bankruptcy cases, or by any proceedings that occurred in the bankruptcy cases, shall be deemed unenforceable, shall be deemed waived and shall be of no force or effect.

Nothing in the Plan nor in the transactions, documents or agreements contemplated by the Plan shall or shall be deemed to cause or otherwise result in a default in or breach under any security agreements or other loan documents, or any partnership, operating agreement or shareholder agreement or other organizational document with respect to any Debtor, any Non-Debtor or any of the respective insiders, subsidiaries or affiliates of a Debtor or a Non-Debtor (including, without limitation, change of control and transfer consents, consents to appoint a successor general partner or manager, requirements to provide opinions, rights of first refusal, rights of first offer, transfer notice requirements, consent to the sale or other disposition of assets and change of management consents) and that such security agreements and other loan documents, and shareholder agreements, operating agreements, partnership agreements and other organizational documents shall and shall be deemed to be not in default and shall be deemed in

full force and effect notwithstanding anything in the Plan or in the transactions, documents and agreements contemplated by the Plan.

5. **Transfer Taxes**

To the fullest extent permitted under Section 1146(a) of the Bankruptcy Code and applicable law, the sale, transfer, conveyance and/or assignment of any assets, equity, real property and interests in real property pursuant to the Plan shall not be taxed under any law imposing any such tax.

D. Classification of Claims and Interests and Their Treatment Under the Plan.

1. **Classification of Claims and Interests**

Section 1122 of the Bankruptcy Code requires the Plan to place a Claim or Interest in a particular Class only if such Claim or Interest is substantially similar to the other Claims or Interests in such Class. The Plan creates separate Classes to deal respectively with Secured Claims, Unsecured Claims and Interests. The Debtors believe that the Plan's classifications place substantially similar Claims or Interests in the same Class and thus, meet the requirements of Section 1122 of the Bankruptcy Code. As described more fully below, the Plan provides, separately for each Class, that Holders of Claims will receive various types of or no distributions under the Plan.

2. **Unclassified Claims**

Certain types of Claims are not placed into voting Classes; instead they are unclassified. Such Claims are not considered impaired and they do not vote on the Plan because they are automatically entitled to specific treatment provided under the Bankruptcy Code. As such, the Debtors have not placed such Claims in a Class. The treatment of these Claims is provided below:

a. **Administrative Expense Claims**

(i) Administrative Expense Claims are Claims against the Debtors constituting a cost or expense of administration of the Chapter 11 Cases allowed under Sections 503(b) and 507(a)(2) of the Bankruptcy Code, including any actual and necessary costs and expenses of operating the Debtors' businesses, any indebtedness or obligations incurred or assumed by the Debtors in connection with the conduct of their business, any allowance of compensation or reimbursement of expenses for Professionals to the extent allowed by the Bankruptcy Court under Sections 330 and 331 of the Bankruptcy Code, and fees or charges assessed against the Debtors' Estate under Section 1930, chapter 12, title 28, United States Code ("Statutory Fees"), which are treated separately below.

(ii) Subject to the allowance procedures and the deadlines provided in the Plan, and except to the extent that any entity entitled to payment of any Allowed Administrative Expense Claim agrees to a different treatment, each Holder of an Allowed Administrative Expense Claim, including Allowed Section 503(b)(9) Administrative Claims, shall receive Cash in an amount equal to such Allowed Administrative Expense Claim on the later of (a) the Effective Date, and (b) and seven (7) Business Days after the entry of a Final Order Allowing such Administrative Expense Claim, or as soon thereafter as is practicable; provided, however, that Allowed Administrative Expense Claims and Priority Claims representing liabilities incurred in the ordinary course of business by the Debtors or liabilities arising under loans or advances to or other obligations incurred by the Debtors, to the extent approved by the Bankruptcy Court if such approval was required under the Bankruptcy Code, shall be paid in full and performed by Reorganized Wave2Wave, Reorganized RNK or Reorganized RNK VA, as applicable, in the ordinary course of business in accordance with the

terms and subject to the conditions of any agreements or Bankruptcy Court Orders governing, instruments evidencing or other documents relating to, such transactions.

b. **Priority Tax Claims**

Each Holder of an Allowed Priority Tax Claim shall receive, in full, final and complete satisfaction of such Allowed Priority Tax Claim, an amount equal to the Allowed Priority Tax Claim payable in regular quarterly installments over a period of five (5) years with interest at the rate permitted under the Internal Revenue Code pursuant to Section 1129(a)(9)(C) of the Bankruptcy Code; provided, however, that any Claim or demand for payment of a penalty (other than a penalty of the type specified in Section 507(a)(8)(G) of the Bankruptcy Code) shall be disallowed pursuant to this Plan and the Holder of an Allowed Priority Tax Claim shall not assess or attempt to collect such penalty from the Debtors, their Estates, or any property of such entities.

3. **Classified Claims and Interests**

Except for the Administrative Expense Claims, Professional Compensation and Reimbursement Claims, Statutory Fees and Priority Tax Claims discussed above, all Claims against, and Equity Interests in, the Debtors and with respect to all property of the Debtors and their Estates, are defined and hereinafter designated in respective Classes. A Claim or Equity Interest is classified in a particular Class only to the extent that the Claim or Equity Interest qualifies within the description of that Class, and is classified in another Class or Classes to the extent that any remainder of the Claim or Equity Interest qualifies within the description of such other Class or Classes. A Claim or Equity Interest is classified in a particular Class only to the extent that the Claim or Equity Interest is an Allowed Claim or Allowed Equity Interest in that Class and has not been paid, released or otherwise satisfied or waived before the Effective Date.

Notwithstanding anything to the contrary contained in the Plan, no distribution shall be made on account of any Claim that is not an Allowed Claim.

The Plan is intended to deal with all Claims against and Equity Interests in the Debtors, of whatever character, whether known or unknown, whether or not with recourse, whether or not contingent or unliquidated, and whether or not previously Allowed by the Bankruptcy Court pursuant to Section 502 of the Bankruptcy Code. However, only Holders of Allowed Claims will receive any distribution under the Plan. For purposes of determining Pro Rata distributions under the Plan and in accordance with the Plan, Disputed Claims shall be included in the Class in which such Claims would be included if Allowed, until such Claims are finally disallowed.

4. **Treatment of Claims and Interests**

Except for Administrative Claims and Priority Tax Claims, the Plan divides all Claims against the Debtors into various classes. The table set forth below summarizes the Classes of Claims and Interests under the Plan and the treatment of such Claims and Interests.

Debtor	Class	Description	Treatment Under the Plan
Not Applicable	None	Administrative Expense Claims	Payment in full in Cash.
Not Applicable	None	Priority Tax Claims	Payment in an amount equal to the Allowed Priority Tax Claim payable in regular quarterly installments over a period of five (5) years with interest at the rate permitted under the Internal Revenue Code pursuant to Section 1129(a)(9)(C) of the Bankruptcy Code.
Wave2Wave Communications, Inc.	Class 1A	DePalo DIP Loan Claims	In the event the Reverse Merger Transaction is consummated, the Holder of a Class 1(A) Claim shall, in full, final, and complete satisfaction of such Class 1(A) Claim, (i) convert its existing DIP Loan into a four year term loan pursuant to the terms of that certain Conversion Agreement, and (ii) receive forty-five (45%) percent of the outstanding equity of Reorganized Wave2Wave (calculated prior to consummating the Reverse Merger Transaction) on a fully diluted basis. However, in the event the Reverse Merger Transaction is not consummated and the DIP

Debtor	Class	Description	Treatment Under the Plan
			Loan Conversion is entered into, the Holder of a Class 1(A) Claim shall, in full, final, and complete satisfaction of such Class 1(A) Claim, (i) convert its existing DIP Loan into a four year term loan pursuant to the terms of that certain Conversion Agreement, and (ii) receive seventy (70%) percent of the outstanding equity of Reorganized Wave2Wave on a fully diluted basis.
	Class 1B(i)	Veritas Claims	With respect to both the Reverse Merger Transaction and the DIP Loan Conversion, Reorganized Wave2Wave shall reaffirm and reinstate its obligations under the Veritas Loan; provided, however, that any unpaid principal that has accrued after the Commencement Date shall be amortized through the maturity date of the Veritas Loan (August 25, 2015) and repaid in equal monthly installments (with interest at the then stated interest rate), which monthly installments shall be paid simultaneously with the payment of the regularly scheduled monthly principal and interest payments under the Veritas Loan.
	Class 1B(ii)	Brookville Claims	In the event the Reverse Merger Transaction is consummated, the Holder of the Class 1B(ii) Claim shall receive a payment of Five Million ($5,000,000) Dollars which shall be applied to reduce the outstanding principal balance of the Brookville Loan. However, in the event the Reverse Merger Transaction is not consummated and the DIP Loan Conversion is entered into, Reorganized Wave2Wave shall reaffirm and reinstate its obligations under the Brookville Loan; provided, however, that any unpaid principal that has accrued after the Commencement Date shall be amortized through the maturity date of the Brookville Loan (April 1, 2013) and repaid in equal monthly installments (with interest at the then stated interest rate), which monthly installments shall be paid simultaneously with the payment of the regularly scheduled monthly principal and interest payments under the Brookville Loan.
	Class 1B(iii)	Mennen Trust Claims	With respect to both the Reverse Merger Transaction and the DIP Loan Conversion, the Holder of a Class 1B(iii) Claim shall (i) reduce the outstanding principal amount of the Mennen Trust Loan to $8,000,000, and (ii) receive twenty (20%) percent of the outstanding equity of Reorganized

Debtor	Class	Description	Treatment Under the Plan
			Wave2Wave (calculated prior to consummating the Reverse Merger Transaction, if applicable) on a fully diluted basis.
	Class 1C(i)	Unsecured Priority Claims	With respect to both the Reverse Merger Transaction and the DIP Loan Conversion, payment in full in Cash
	Class 1C(ii)	Unsecured Non-Priority Claims	In the event the Reverse Merger Transaction is consummated, Holders of Class 1C(ii) Claims shall receive an amount equal to fifteen (15%) percent of the amount of such Class 1C(ii) Claim, paid in twelve (12) equal monthly installments beginning on the first day of the month following the Proposed Merger Date and continuing on the first day of each month thereafter until such amount has been paid in full. However, in the event the Reverse Merger Transaction is not consummated and the DIP Loan Conversion is entered into, Holders of Class 1C(ii) Claims shall receive an amount equal to ten (10%) percent of the amount of such Class 1C(ii) Claim, paid in twelve (12) equal monthly installments beginning on the first day of the month following the Effective Date and continuing on the first day of each month thereafter until such amount has been paid in full.
	Class 1C(iii)	M Brothers Claims	With respect to both the Reverse Merger Transaction and the DIP Loan Conversion, the Class 1C(iii) Claim shall be deemed an Unsecured Non-Priority Claim and given the same treatment as Class 1C(ii).
	Class 1C(iv)	Intercompany Claims	With respect to both the Reverse Merger Transaction and the DIP Loan Conversion, Holders will not receive any Distribution of property and all Intercompany Claims shall be extinguished as of the Effective Date.
	Class 1D(i)	Common Equity Interests	In the event the Reverse Merger Transaction is consummated, Holders of Class 1D(i) Common Equity Interests will not receive any Distribution of property under this Plan and all such Common Equity Interests in Wave2Wave shall be cancelled and converted into the right to receive a certain number of shares of common stock in Target determined based upon the applicable common stock exchange ratio. However, in the event the Reverse Merger Transaction is not consummated and the DIP Loan Conversion is

Debtor	Class	Description	Treatment Under the Plan
			entered into, Holders of Class 1D(i) Common Equity Interests will not receive any Distribution of property nor retain any property under this Plan and all such Common Equity Interests in Wave2Wave shall be cancelled on the Effective Date without the payment of any monies or consideration.
	Class 1D(ii)	Preferred Equity Interests	In the event the Reverse Merger Transaction is consummated, Holders of Class 1D(ii) Preferred Equity Interests will not receive any Distribution of property under this Plan and all such Preferred Equity Interests in Wave2Wave shall be cancelled and converted into the right to receive a certain number of shares of preferred common stock in Target determined based upon the applicable preferred stock exchange ratio. However, in the event the Reverse Merger Transaction is not consummated and the DIP Loan Conversion is entered into, Holders of Class 1D(ii) Preferred Equity Interests shall enter into an Amended and Restated Preferred Shareholder Agreement and all such Preferred Equity Interests shall be retained by such Holder.
RNK, Inc.	Class 2A	DePalo DIP Loan Guaranty Claims	With respect to both the Reverse Merger Transaction and the DIP Loan Conversion, Reorganized RNK shall reaffirm the guaranty obligations of RNK, Inc. under the DIP Loan Guaranty.
	Class 2B(i)	Veritas Guaranty Claims	With respect to both the Reverse Merger Transaction and the DIP Loan Conversion, Reorganized RNK shall reaffirm the guaranty obligations of RNK, Inc. under the Veritas Guaranty.
	Class 2B(ii)	Brookville Guaranty Claims	With respect to both the Reverse Merger Transaction and the DIP Loan Conversion, Reorganized RNK shall reaffirm the guaranty obligations of RNK, Inc. under the Brookville Guaranty.
	Class 2B(iii)	Mennen Trust Guaranty Claims	With respect to both the Reverse Merger Transaction and the DIP Loan Conversion, Reorganized RNK shall reaffirm the guaranty obligations of RNK, Inc. under the Mennen Trust Guaranty.
	Class 2C(i)	Unsecured Priority Claims	With respect to both the Reverse Merger Transaction and the DIP Loan Conversion, payment in full in Cash

Debtor	Class	Description	Treatment Under the Plan
	Class 2C(ii)	Unsecured Non-Priority Claims	In the event the Reverse Merger Transaction is consummated, Holders of Class 2C(ii) Claims shall receive an amount equal to fifteen (15%) percent of the amount of such Class 2C(ii) Claim, paid in twelve (12) equal monthly installments beginning on the first day of the month following the Proposed Merger Date and continuing on the first day of each month thereafter until such amount has been paid in full. However, in the event the Reverse Merger Transaction is not consummated and the DIP Loan Conversion is entered into, Holders of Class 2C(ii) Claims shall receive an amount equal to ten (10%) percent of the amount of such Class 2C(ii) Claim, paid in twelve (12) equal monthly installments beginning on the first day of the month following the Effective Date and continuing on the first day of each month thereafter until such amount has been paid in full.
	Class 2C(iii)	Intercompany Claims	With respect to both the Reverse Merger Transaction and the DIP Loan Conversion, Holders will not receive any Distribution of property and all Intercompany Claims shall be extinguished as of the Effective Date.
	Class 2D	Equity Interests	With respect to both the Reverse Merger Transaction and the DIP Loan Conversion, there shall be no Distributions to Holders and Holders shall retain their Equity Interests.
RNK VA, LLC	Class 3A	DePalo DIP Loan Guaranty Claims	With respect to both the Reverse Merger Transaction and the DIP Loan Conversion, Reorganized RNK VA shall reaffirm the guaranty obligations of RNK VA under the DIP Loan Guaranty.
	Class 3B(i)	Veritas Guaranty Claims	With respect to both the Reverse Merger Transaction and the DIP Loan Conversion, Reorganized RNK VA shall reaffirm the guaranty obligations of RNK VA, LLC under the Veritas Guaranty.
	Class 3B(ii)	Brookville Guaranty Claims	With respect to both the Reverse Merger Transaction and the DIP Loan Conversion, Reorganized RNK VA shall reaffirm the guaranty obligations of RNK VA, LLC under the Brookville Guaranty.
	Class 3B(iii)	Mennen Trust Guaranty Claims	With respect to both the Reverse Merger Transaction and the DIP Loan Conversion, Reorganized RNK VA shall reaffirm the guaranty obligations of RNK VA, LLC under

Debtor	Class	Description	Treatment Under the Plan
			the Mennen Trust Guaranty.
	Class 3C(i)	Unsecured Priority Claims	With respect to both the Reverse Merger Transaction and the DIP Loan Conversion, payment in full in Cash
	Class 3C(ii)	Unsecured Non-Priority Claims	In the event the Reverse Merger Transaction is consummated, Holders of Class 3C(ii) Claims shall receive an amount equal to fifteen (15%) percent of the amount of such Class 3C(ii) Claim, paid in twelve (12) equal monthly installments beginning on the first day of the month following the Proposed Merger Date and continuing on the first day of each month thereafter until such amount has been paid in full. However, in the event the Reverse Merger Transaction is not consummated and the DIP Loan Conversion is entered into, Holders of Class 3C(ii) Claims shall receive an amount equal to ten (10%) percent of the amount of such Class 3C(ii) Claim, paid in twelve (12) equal monthly installments beginning on the first day of the month following the Effective Date and continuing on the first day of each month thereafter until such amount has been paid in full.
	Class 3C(iii)	Intercompany Claims	Not Applicable
	Class 3D	Equity Interests	With respect to both the Reverse Merger Transaction and the DIP Loan Conversion, there shall be no Distributions to Holders and Holders shall retain their Equity Interests.

E. Preservation of Causes of Action

Entry of the Confirmation Order shall not be deemed or construed as a waiver or release by any of the Debtors of any Causes of Action. In accordance with Section 1123(b)(3) of the Bankruptcy Code, all Causes of Action shall be either retained by the applicable Debtor that owns such Cause of Action on the Effective Date. Pursuant to the Plan and Section 1123(b)(3)(B) of the Bankruptcy Code, Wave2Wave shall be designated as the representative of each Debtor's estate for purposes of bringing, prosecuting and compromising all Avoidance Actions. Subject to the Plan, Reorganized Wave2Wave, Reorganized RNK or Reorganized

RNK VA, as applicable, or the applicable Debtor that owns such Causes of Action will determine whether to bring, settle, release, compromise, or enforce any rights (or decline to do any of the foregoing) with respect to any Causes of Action.

Except as expressly provided in the Plan, the failure of the Debtors to specifically list any Claim, Causes of Action, right of action, suit or proceeding in the Schedules, the Disclosure Statement or any Schedule to the Plan Supplement does not, and will not be deemed to, constitute a waiver or release by the Debtors of such Claim, Cause of Action, right of action, suit or proceeding, and either Reorganized Wave2Wave, Reorganized RNK or Reorganized RNK VA, as applicable, or the applicable Debtor that owns such Claims will retain the right to pursue such Claims, Causes of Action, rights of action, suits or proceeding in its sole discretion and, therefore, no preclusion doctrine, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable or otherwise) or laches will apply to such claim, right of action, and suit or proceeding upon or after the Confirmation or consummation of the Plan. Further, recovery of any proceeds of Causes of Action shall be deemed "for the benefit of the [applicable] estate" as set forth in Section 550(a) of the Bankruptcy Code.

Distributions under the Plan and Treatment of Disputed, Contingent and Unliquidated Claims and Equity Interests

1. **Method of Distributions Under the Plan**

a. **In General**

On the Effective Date, any cash distributions that are required to be made pursuant to the Plan shall be made by Reorganized Wave2Wave, Reorganized RNK or Reorganized RNK VA, as applicable.

b. **Timing of Distributions**

Any payment or distribution required to be made under the Plan on a day other than a Business Day shall be made on the next succeeding Business Day.

c. **Minimum Distributions**

No payment of Cash less than One Hundred Dollars ($100.00) shall be made by Reorganized Wave2Wave, Reorganized RNK or Reorganized RNK VA, as applicable, to any Holder of a Claim unless a request therefore is made in writing to the Reorganized Wave2Wave, Reorganized RNK or Reorganized RNK VA, as applicable.

d. **Fractional Dollars**

Any other provisions of the Plan to the contrary notwithstanding, no payments of fractions of dollars will be made. Whenever any payment of a fraction of a dollar would otherwise be called for, the actual payment shall reflect a rounding of such fraction to the nearest whole dollar (up or down).

e. **Unclaimed Distributions**

Any Distributions under the Plan that are unclaimed for a period of four (4) months after distribution thereof shall be revested in Reorganized Wave2Wave, Reorganized RNK or Reorganized RNK VA, as applicable, and any entitlement of any Holder of any Claim to such Distributions shall be extinguished and forever barred.

f. **Distributions to Holders as of the Record Date**

The Debtors, Reorganized Wave2Wave, Reorganized RNK and Reorganized RNK VA shall have no obligation to recognize any transfer of any Claims occurring after the Record Date unless written notice of such transfer is provided to the Disbursing Agent. The Debtors, Reorganized Wave2Wave, Reorganized RNK and Reorganized RNK VA shall be entitled to recognize and deal for all purposes under the Plan (except as to voting to accept or reject the

Plan) with only those record Holders stated on the Claims register as of the close of business on the Record Date and those parties that have provided written notice of any transfer to the Disbursing Agent.

g. **Setoffs and Recoupment**

Any of the Debtors, Reorganized Wave2Wave, Reorganized RNK and Reorganized RNK VA may, but shall not be required to, set off against or recoup from any Claim and the payments to be made pursuant to the Plan in respect of such Claim, any Claims of any nature whatsoever that such Debtor, Reorganized Wave2Wave, Reorganized RNK or Reorganized RNK VA, as the case may be, may have against the claimant, but neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Debtor, Reorganized Wave2Wave, Reorganized RNK or Reorganized RNK VA of any such Claim or right it may have against such Claimant.

h. **Procedures for resolving and treating contested claims**

(i) Objections to and Resolution of Disputed Administrative and Priority Claims: Reorganized Wave2Wave, Reorganized RNK or Reorganized RNK VA, as applicable, shall have the exclusive right to make and file objections to Administrative Expense Claims and Priority Claims after the Effective Date. All objections shall be litigated to Final Order; provided, however, that Reorganized Wave2Wave, Reorganized RNK or Reorganized RNK VA, as applicable, shall have the authority to compromise, settle, resolve or withdraw any objections, without approval of the Bankruptcy Court. Unless otherwise ordered by the Bankruptcy Court, Reorganized Wave2Wave, Reorganized RNK or Reorganized RNK VA, as applicable, shall file and serve all objections to Administrative Expense Claims and Priority Claims that are the subject of proofs of Claim or requests for payment filed with the Bankruptcy

Court no later than ninety (90) days after the Effective Date or such later date as may be approved by the Bankruptcy Court.

(ii) Objections to and Resolution of Disputed General Unsecured Claims: Reorganized Wave2Wave, Reorganized RNK or Reorganized RNK VA, as applicable, shall have the exclusive right to make and file objections to General Unsecured Claims after the Effective Date. All objections shall be litigated to Final Order; provided, however, that Reorganized Wave2Wave, Reorganized RNK or Reorganized RNK VA, as applicable, shall have the authority to compromise, settle, resolve or withdraw any objections, without approval of the Bankruptcy Court. Unless otherwise ordered by the Bankruptcy Court, Reorganized Wave2Wave, Reorganized RNK or Reorganized RNK VA, as applicable, shall file and serve all objections to General Unsecured Claims that are the subject of proofs of Claim or requests for payment filed with the Bankruptcy Court no later than one-hundred eighty (180) days after the Effective Date or such later date as may be approved by the Bankruptcy Court. Any Disputed General Unsecured Claim shall be defended and liquidated in the Bankruptcy Court or any other administrative or judicial tribunal of appropriate jurisdiction as selected by Reorganized Wave2Wave, Reorganized RNK or Reorganized RNK VA, as applicable, and approved by the Bankruptcy Court.

(iii) Procedure for Omnibus Objections to Claims: Notwithstanding Bankruptcy Rule 3007, Reorganized Wave2Wave, Reorganized RNK or Reorganized RNK VA, as applicable, is permitted to file omnibus objections to Claims (an "Omnibus Objection") on any grounds, including but not limited to those grounds specified in Bankruptcy Rule 3007(d). Reorganized Wave2Wave, Reorganized RNK or Reorganized RNK VA, as applicable, shall supplement each Omnibus Objection with particularized notices of objection (a "Notice") to the

specific person identified on the first page of each relevant proof of claim. For claims that have been transferred, a Notice shall be provided only to the person or persons listed as being the owner of such claim on the Debtors' claims register as of the date the objection is filed. The Notice shall include a copy of the relevant Omnibus Objection but not the exhibits thereto listing all claims subject to the objection thereby; rather, the Notice shall (a) identify the particular claim or claims filed by the claimant that are the subject of the Omnibus Objection, (b) provide a unique, specified and detailed basis for the objection, (c) explain the Debtors' proposed treatment of the claim, (d) notify such claimant of the steps that must be taken to contest the objection, and (e) otherwise comply with the Bankruptcy Rules.

(iv) Estimation of Claims: Reorganized Wave2Wave, Reorganized RNK or Reorganized RNK VA, as applicable, may, at any time, request that the Bankruptcy Court estimate any Disputed Claim pursuant to Section 502(c) of the Bankruptcy Code regardless of whether Reorganized Wave2Wave, Reorganized RNK or Reorganized RNK VA, as applicable, has previously objected to such claim or whether the Bankruptcy Court has ruled on any such objection. The Bankruptcy Court shall retain jurisdiction to estimate any Disputed Claim at any time during litigation concerning an objection to any Claim, including during the pendency of any appeal relating to any such objection. In the event the Bankruptcy Court estimates any Disputed Claim, that estimated amount will constitute the Allowed amount of such claim for all purposes under the Plan. All of the objection and estimation procedures set forth in the Plan are cumulative and not necessarily exclusive of one another. Claims may be estimated and subsequently comprised, settled, withdrawn or resolved by any mechanism approved by the Bankruptcy Court.

(v) Entitlement to Plan Distributions Upon Allowance: Notwithstanding any other provision of the Plan, no distribution shall be made with respect to any Claim to the extent it is a Disputed Claim, unless and until such Disputed Claim becomes an Allowed Claim. When a Claim that is not an Allowed Claim as of the Effective Date becomes an Allowed Claim (regardless of when), the holder of such Allowed Claim shall thereupon become entitled to distributions in respect of such Claim, the same as though such Claim has been an Allowed Claim on the Effective Date.

Treatment of Executory Contracts and Unexpired Leases

2. **Assumption or Rejection of Executory Contracts and Unexpired Leases**

(a) Executory Contracts and Unexpired Leases. Attached as Schedule A to the Plan is a list of Executory Contracts and unexpired leases that the Debtors propose to assume pursuant to Sections 365(a) and 1123(b)(2) of the Bankruptcy Code as of the Effective Date, which specifically exclude any Executory Contract or unexpired lease (i) which has been previously assumed pursuant to an Order of the Bankruptcy Court entered before the Confirmation Date, (ii) which has been previously rejected pursuant to an Order of the Bankruptcy Court entered before the Confirmation Date, or (iii) as to which a motion for assumption of the rejection of such Executory Contract or unexpired lease has been filed and served before the Confirmation Date (collectively, the "Assumed Contracts"). Any Executory Contract, other contract or agreement or any unexpired lease that exists between any of the Debtors and any Person that is not an Assumed Contract shall be deemed rejected by the Debtors as of the Confirmation Date pursuant to Sections 365(a) of the Bankruptcy Code. Nothing herein shall be deemed to be an admission by the Debtors that (i) any of the Assumed Contracts actually constitute an Executory Contract or unexpired lease under Section 365 of the Bankruptcy Code, or (ii) the Debtors have any

liability thereunder. The Debtors reserve all rights to amend, modify or supplement the Assumed Contracts set forth on Schedule A to the Plan leading up to the Confirmation Date and shall provide notice of any amendments to Schedule A to the Plan to the parties to the Assumed Contracts affected thereby. On the Confirmation Date, all Assumed Contracts set forth on Schedule A to the Plan shall be deemed assumed by the Debtors as of the Effective Date pursuant to Sections 365(a) and 1123(b)(2) of the Bankruptcy Code.

Each of the Assumed Contracts listed or to be listed on Schedule A to the Plan shall include modifications, amendments, supplements, restatements, or other agreements made directly or indirectly by any agreement, instrument, or other document that in any manner affect such Assumed Contracts, without regard to whether such agreement, instrument or other document is actually listed on Schedule A to the Plan.

(b) Approval of Assumption or Rejection of Executory Contracts and Unexpired Leases. Entry of the Confirmation Order shall constitute as of the Effective Date, the approval, pursuant to Sections 365(a) and 1123(b)(2) of the Bankruptcy Code, of the (i) assumption of the Assumed Contracts to be assumed pursuant to the terms hereof, and (ii) rejection of the Executory Contracts, other contracts or agreements or unexpired leases that exists between any of the Debtors and any of their subsidiaries and/or affiliates and any Person to be rejected pursuant to the terms hereof. Upon the Effective Date, each counterparty to an Assumed Contract listed on Schedule A to the Plan shall be deemed to have consented to assumption contemplated by Section 365(c)(1)(B) of the Bankruptcy Code, to the extent such consent is necessary for such assumption.

(c) Cure of Defaults. Schedule A to the Plan includes notice to the counterparties to the Assumed Contracts of the gross aggregate undisputed "cure amount," which the Debtors

assert based on their books and records is owed to cure any defaults existing under the Assumed Contracts as of the Filing Date under Section 365(b)(1) of the Bankruptcy Code (the gross aggregate undisputed "cure amount" shall be referred to herein as, the "Cure Amount"). The Debtors shall apply the Deposit certain facilities and usage carriers received in connection with the Debtors' Motion for an Order (a) Granting Interim Relief Pursuant to 11 U.S.C. § 366(b), (b) Authorizing the Payment of Adequate Assurance for Post-petition Utility Services, (c) Fixing Final Hearing Date to Determine Adequate Assurance, and (d) Granting Other Related Relief [Docket No. 14] against the Cure Amount. As such, the proposed Cure Amount is net of the Deposit.

If the Cure Amount associated with an Assumed Contract (or related group of Assumed Contracts between the Debtors and a counterparty and its affiliates) is less than $10,000, Reorganized Wave2Wave, Reorganized RNK or Reorganized RNK VA, as applicable, shall cure any and all undisputed defaults associated with such contracts pursuant to the Plan in accordance with Section 365(b)(1) of the Bankruptcy Code by making twelve (12) equal monthly installments beginning on the first day of the month following the Effective Date and continuing on the first day of each month thereafter or in accordance with agreements negotiated with the counterparties to such contracts.

If the Cure Amount associated with an Assumed Contract (or related group of Assumed Contracts between the Debtors and a counterparty and its affiliates) is greater than $10,000, the terms under which Reorganized Wave2Wave, Reorganized RNK or Reorganized RNK VA, as applicable, will cure any and all undisputed defaults associated with such contracts are currently being negotiated by the Debtors and the respective counterparties to such contracts. The Debtors will file with the Court and serve upon each counterparty affected hereby the agreed upon terms

under which Reorganized Wave2Wave, Reorganized RNK or Reorganized RNK VA, as applicable, will cure any and all undisputed defaults ten (10) days prior to the Confirmation Date. If a consensual resolution of the Debtors' cure obligations cannot be achieved, the Debtors will file with the Court and serve upon each counterparty affected hereby the Debtors' proposed treatment of its cure obligations ten (10) days prior to the Confirmation Date.

The Debtors will file with the Court and serve upon each counterparty affected hereby an updated Cure Amount (the "Updated Cure Amount") three (3) weeks prior to the Confirmation Date. To the extent an acceptable resolution cannot be achieved concerning the Updated Cure Amount, the Debtors reserve the right to amend, modify or supplement the Assumed Contracts set forth on Schedule A to the Plan to remove any counterparty to which the Debtors could not reach an acceptable resolution.

If a "$0.00" is placed on Schedule A to the Plan, the Debtors assert no Cure Amount is due based on their books and records.

(d) Bar Date for Filing Proofs of Claim Relating to Executory Contracts and Unexpired Leases Rejected Pursuant to the Plan. Claims arising out of the rejection of an Executory Contract or unexpired lease, after the Bar Date, pursuant to the terms of the Plan must be filed with the Bankruptcy Court and served upon the Clerk and the Debtors' counsel or as otherwise may be provided in the Confirmation Order, by no later than thirty (30) days after notice of entry of the Confirmation Order and/or notice of an amendment to Schedule A to the Plan. Any Claims not filed within such time will be forever barred from assertion against the Debtors and their Estates and Reorganized Wave2Wave, Reorganized RNK or Reorganized RNK VA, as applicable, and its property. Any Claim arising out of the rejection, prior to the Bar Date, of an Executory Contract or unexpired lease, shall have been filed with the Bankruptcy

Court and served upon the Debtors prior to the Bar Date or is forever barred from assertion against the Debtors and their Estates and Reorganized Wave2Wave, Reorganized RNK and Reorganized RNK VA and its property. Unless otherwise Ordered by the Bankruptcy Court, all Claims arising from the rejection of Executory Contracts and unexpired leases shall be treated as General Unsecured Claims under the Plan.

(e) Indemnification Obligations. For purposes of the Plan, the obligations of any of the Debtors to defend, indemnify, reimburse or limit the liability of any present member, manager, director, officer or employee who is or was a member, manager, director, officer or employee, respectively, on or after the Commencement Date against any Claims or obligations pursuant any to operating agreement, certificates of formation or similar corporate governance documents, applicable state law, or specific agreement, or any combination of the foregoing, shall: (i) be assumed by such Debtor; (ii) survive confirmation of the Plan; (iii) remain unaffected thereby; and (iv) not be discharged, irrespective of whether indemnification, defense, reimbursement or limitation is owed in connection with an event occurring before, on or after the Commencement Date.

Releases and Related Provisions

1. **Releases**

Pursuant to Section 1123(b) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan, for good and valuable consideration, on and after the Effective Date, the Debtors, Reorganized Wave2Wave, Reorganized RNK, Reorganized RNK VA, the Creditors' Committee, the members of the Creditors' Committee and all Holders of Claims and/or Interests and each of their respective affiliates, principals, officers, directors, partners, members, attorneys, accountants, financial advisors, advisory affiliates, employees and agents (each a "Released Party") shall each conclusively, absolutely, unconditionally, irrevocably, and forever

release and discharge each other Released Party from any and all Claims, obligations, rights, suits, damages, causes of action, remedies, and liabilities whatsoever, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity, or otherwise, that any Released Party would have been legally entitled to assert in their own right (whether individually or collectively), based on or relating to, or in any manner arising from, in whole or in part, the Debtors, Reorganized Wave2Wave, Reorganized RNK, Reorganized RNK VA, the Creditors' Committee, the members of the Creditors' Committee, the Chapter 11 Case, the Plan, the purchase, sale, or rescission of the purchase or sale of any assets of the Debtors, the subject matter of, or the transactions or events giving rise to, any Claim that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the restructuring of Claims and Equity Interests prior to or in the Chapter 11 Case, the negotiation, formulation, or preparation of the Plan and the Disclosure Statement, or any related agreements, instruments, or other documents, upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date, other than any Claims, direct actions, causes of action, demands, rights, judgments, debts, obligations, assessments, compensations, costs, deficiencies or other expenses of any nature whatsoever (including without limitation, attorneys' fees) (i) arising under or based on the Plan or any other documents, instrument or agreement to be executed or delivered therewith, or (ii) in the case of gross negligence, willful misconduct or fraud.

2. **Injunctions or Stays**

All injunctions or stays provided for in the Chapter 11 Cases under Sections 105 or 362 of the Bankruptcy Code and in the Plan, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date. Except as otherwise expressly provided in the Plan or to the extent necessary to enforce the terms and conditions of the Plan,

the Confirmation Order or a separate Order of the Bankruptcy Court, all entities, creditors and equity and/or interest holders who have held, hold, or may hold Claims against or Equity Interest in the Debtors, are permanently enjoined, on and after the Confirmation Date, from (i) commencing or continuing in any manner any action or other proceeding of any kind with respect to any such Claim or Equity Interest, (ii) the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree or Order against the Debtors, Reorganized Wave2Wave, Reorganized RNK or Reorganized RNK VA on account of any such Claim or Equity Interest, (iii) creating, perfecting or enforcing any encumbrance of any kind against the Debtors, Reorganized Wave2Wave, Reorganized RNK or Reorganized RNK VA or against the property or interests in property of the Debtors, Reorganized Wave2Wave, Reorganized RNK or Reorganized RNK VA on account of any such Claim or Equity Interest, and (iv) asserting any right of setoff, subrogation or recoupment of any kind against any obligation due from the Debtors, Reorganized Wave2Wave, Reorganized RNK or Reorganized RNK VA or against the property or interests in property of the Debtors, Reorganized Wave2Wave, Reorganized RNK and Reorganized RNK VA on account of any such Claim or Equity Interest. Such injunction shall extend to successors of the Debtors, Reorganized Wave2Wave, Reorganized RNK or Reorganized RNK VA and their respective properties and interests in property.

3. **Exculpation**

The Debtors, Reorganized Wave2Wave, Reorganized RNK, Reorganized RNK VA, the Creditors' Committee, each of the members of the Creditors' Committee, and their respective members, partners, officers, directors, employees and agents (including any attorneys, financial advisors, investment bankers and other professionals retained by such Persons) shall have no liability to any Holder of any Claim or Equity Interest for any act or omission in connection with,

or arising out of the Chapter 11 Cases, the Disclosure Statement, the Plan, the Plan Documents, the solicitation of votes for and the pursuit of confirmation of the Plan, the consummation of the Plan, or the administration of the Plan or the property to be distributed under the Plan, except for willful misconduct or gross negligence as determined by a Final Order of the Bankruptcy Court and, in all respects, shall be entitled to rely on the advice of counsel with respect to their duties and responsibilities under the Plan.

4. **Survival of the Debtors' Indemnification Obligations**

Any obligations of the Debtors pursuant to their corporate charters and bylaws or other organizational documents to indemnify current and former officers and directors of the Debtors with respect to all present and future actions, suits and proceedings against the Debtors or such directors and/or officers, based upon any act or omission for or on behalf of the Debtors shall not be discharged or impaired by confirmation of the Plan. To the extent provided in this section, such obligations shall be deemed and treated as executory contracts to be assumed by the Debtors hereunder and shall continue as obligations of Reorganized Wave2Wave, Reorganized RNK or Reorganized RNK VA, as applicable, Upon the Effective Date, except in the case of gross negligence, willful misconduct or fraud, the commencement or prosecution by any person or entity, whether directly, derivatively or otherwise, of any Claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action or liability subject to indemnification by the Debtors, Reorganized Wave2Wave, Reorganized RNK or Reorganized RNK VA shall be enjoined.

Miscellaneous Provisions

1. **Effectuating Documents and Further Transactions**

The Debtors, Reorganized Wave2Wave, Reorganized RNK and Reorganized RNK VA are each authorized to execute, deliver, file or record such contracts, instruments, releases, and

other agreements or documents and to take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan and any securities issued pursuant to the Plan.

2. **Post-Confirmation Date Fees and Expenses**

From and after the Confirmation Date, the Debtors, Reorganized Wave2Wave, Reorganized RNK and Reorganized RNK VA shall, in the ordinary course of business and without the necessity for any approval by the Bankruptcy Court, but only to the extent funds are available taking into account the reasonable working capital needs of Reorganized Wave2Wave, Reorganized RNK and Reorganized RNK VA, pay the reasonable fees and expenses of Professionals thereafter incurred by the Debtors, Reorganized Wave2Wave, Reorganized RNK and Reorganized RNK VA until its termination in accordance with the provisions of the Plan, including, without limitation, those fees and expenses incurred in connection with the implementation and consummation of the Plan.

3. **Amendment or Modification of the Plan**

Alterations, amendments or modifications of the Plan may be proposed in writing by the Debtors at any time before the Confirmation Date, provided that the Plan, as altered, amended or modified, satisfies the conditions of Sections 1122 and 1123 of the Bankruptcy Code, and the Debtors shall have complied with Section 1125 of the Bankruptcy Code.

4. **Severability**

In the event that the Bankruptcy Court determines, before the Confirmation Date, that any provision in the Plan is invalid, void or unenforceable, such provision shall be invalid, void or unenforceable with respect to the Holder or Holders of such Claims or Equity Interests as to which the provision is determined to be invalid, void or unenforceable. The invalidity,

voidability or unenforceability of any such provision shall in no way limit or affect the enforceability and operative effect of any other provision of the Plan.

5. **Binding Effect**

The Plan shall be binding upon and inure to the benefit of the Debtors, Reorganized Wave2Wave, Reorganized RNK, Reorganized RNK VA, the Holders of Claims, and Equity Interests, and their respective successors and assigns.

6. **Notices**

All notices, requests and demands to or upon the Debtors, Reorganized Wave2Wave, Reorganized RNK or Reorganized RNK VA to be effective shall be in writing and, unless otherwise expressly provided herein or in the Plan, shall be deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, addressed as follows:

If to the Debtors, Reorganized Wave2Wave, Reorganized RNK or Reorganized RNK VA:	Wave2Wave Communications, Inc. 433 Hackensack Avenue Hackensack, New Jersey 07601 Attention: Aaron Dobrinsky
with copies to:	Cole, Schotz, Meisel, Forman & Leonard, P.A. 25 Main Street P.O. Box 800 Hackensack, NJ 07602-0800 Attn: Michael D. Sirota, Esq. Warren A. Usatine, Esq. Telephone: (201) 489-3000 Facsimile: (201) 489-1536

7. **Governing Law**

Except to the extent the Bankruptcy Code, Bankruptcy Rules or other federal law is applicable, or to the extent an exhibit to the Plan provides otherwise, the rights and obligations

arising under the Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of New Jersey, without giving effect to the principles of conflicts of law of such jurisdiction.

8. **Withholding and Reporting Requirements**

In connection with the consummation of the Plan, the Debtors, Reorganized Wave2Wave, Reorganized RNK or Reorganized RNK VA, as the case may be, shall comply with all withholding and reporting requirements imposed by any federal, state, local or foreign taxing authority and all distributions hereunder shall be subject to any such withholding and reporting requirements.

9. **Plan Supplement**

Forms of all material agreements or documents related to any the Plan, including but not limited to those identified in the Plan, shall be contained in the Plan Supplement. The Plan Supplement shall be filed by the Debtors with the Clerk of the Bankruptcy Court no later than five days before the Voting Deadline. Upon its filing with the Bankruptcy Court, the Plan Supplement may be inspected in the office of the Clerk of the Bankruptcy Court during normal court hours. Holders of Claims, or Equity Interest may obtain a copy of the Plan Supplement upon written request to the Debtors' counsel.

10. **Allocation of Plan Distributions Between Principal and Interest**

To the extent that any Allowed Claim entitled to a Distribution under the Plan is comprised of indebtedness and accrued but unpaid interest thereon, such Distribution shall be allocated to the principal amount of the Claim first and then, to the extent the consideration exceeds the principal amount of the Claim, to accrued but unpaid interest.

11. **Headings**

Headings are used in the Plan for convenience and reference only, and shall not constitute a part of the Plan for any other purpose.

12. **Exhibits/Schedules**

All exhibits and schedules to the Plan, including the Plan Supplement, are incorporated into and are a part of the Plan as if set forth in full therein.

13. **Filing of Additional Documents**

On or before substantial consummation of the Plan, the Debtors shall file with the Bankruptcy Court such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

14. **No Admissions**

Notwithstanding anything herein to the contrary, nothing contained in the Plan shall be deemed as an admission by any Person or Entity with respect to any matter set forth therein.

15. **Successors and Assigns**

The rights, benefits and obligations of any Person or Entity named or referred to in the Plan shall be binding on, and shall inure to the benefit of any heir, executor, administrator, successor or assign of such Person or Entity.

16. **Reservation of Rights**

Except as expressly set forth in the Plan, the Plan shall have no force or effect unless the Bankruptcy Court shall enter the Confirmation Order. Neither the filing of the Plan, any statement or provision contained in the Plan, or the taking of any action by the Debtors with respect to the Plan shall be or shall be deemed to be an admission or waiver of any rights of the Debtors with respect to the Holders of Claims or Equity Interests before the Effective Date.

17. **Section 1145 Exemption**

Pursuant to Section 1145(a) of the Bankruptcy Code, the offer, issuance, transfer or exchange of any security under the Plan, or the making or delivery of an offering memorandum or other instrument of offer or transfer under the Plan, shall be exempt from Section 5 of the Securities Act of 1933 or any similar state or local law requiring the registration for offer or sale of a security or registration or licensing of an issuer or a security.

18. **Implementation**

The Debtors shall take all steps, and execute all documents, including appropriate releases, necessary to effectuate the provisions contained in the Plan.

19. **Inconsistency**

In the event of any inconsistency among the Plan, this Disclosure Statement, the Plan Documents, the Plan Supplement, or any other instrument or document created or executed pursuant to the Plan, the provisions of the Plan shall control.

20. **Compromise of Controversies**

Pursuant to Bankruptcy Rule 9019, and in consideration for the classification, distribution and other benefits provided under the Plan, the provisions of the Plan shall constitute a good faith compromise and settlement of all Claims or controversies resolved pursuant to the Plan. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of each of the foregoing compromises or settlements, and all other compromises and settlements provided for in the Plan, and the Bankruptcy Court's findings shall constitute its determination that such compromises and settlements are in the best interests of the Debtors, Reorganized Wave2Wave, Reorganized RNK, Reorganized RNK VA, the Estates, and all Holders of Claims and Equity Interests against the Debtors.

VI. VOTING AND CONFIRMATION PROCEDURES

The following is a brief summary regarding the acceptance and confirmation of the Plan. Holders of Claims and Interests are encouraged to review the relevant provisions of the Bankruptcy Code and/or to consult their own attorneys. Additional information regarding voting procedures is set forth in the notice accompanying this Disclosure Statement.

Voting Instructions

Accompanying this Disclosure Statement is a Ballot for acceptance or rejection of the Plan. Your Claims may be classified in multiple classes. When you vote and return your Ballot, please indicate the Class or Classes in which your Claims and/or Interests are classified by marking the appropriate space provided on your Ballot for such purpose.

The Bankruptcy Court has directed that, to be counted for voting purposes, Ballots for the acceptance or rejection of the Plan must be filed with Wave2Wave Ballot Processing, c/o KCC LLC, 2335 Alaska Ave., El Segundo, CA 90245, by the Voting Deadline. Ballots not received by the Voting Deadline may not be counted. A Ballot that partially rejects and partially accepts the Plan or a Ballot that improperly indicates or fails to indicate acceptance or rejection of the Plan will be counted as an acceptance.

If you have any questions regarding the procedure for voting, please contact:

Michael D. Sirota, Esq.
Warren A. Usatine, Esq.
Cole, Schotz, Meisel,
Forman & Leonard, P.A.
Court Plaza North
25 Main Street
Hackensack, New Jersey 07602-0800
tel #: (201) 489-3000
fax #: (201) 489-1536

It is important for all Creditors that are entitled to vote on the Plan to exercise their right to vote to accept or reject the Plan. Even if you do not vote to accept the Plan, you may be

bound by the Plan if it is accepted by the requisite Holders of Claims and confirmed by the Bankruptcy Court.

For all Holders:

By signing and returning a Ballot, each Holder of a Claim in each Class also will be certifying to the Debtors and to the Bankruptcy Court that, among other things:

• such Holder has received and reviewed (or has had the opportunity to do so on the website) a copy of this Disclosure Statement and related Ballot and acknowledges that the solicitation is being made pursuant to the terms and conditions set forth in the Plan;

• such Holder has cast the same vote on every Ballot completed by such Holder with respect to holdings of such Class of Claims;

• no other Ballots with respect to such Class of Claims have been cast or, if any other Ballots have been cast with respect to such Class of Claims, such earlier Ballots are thereby revoked;

• the Debtors have made available to such Holder or its agents all documents and information relating to the Plan and related matters reasonably requested by or on behalf of such Holder; and

• except for information the Debtors, or their own agents, have provided in writing, such Holder has not relied on any statements made or other information received from any person with respect to the Plan.

Parties in Interest Entitled to Vote

Any Holder of a Claim against the Debtors whose Claim has not been disallowed previously by the Bankruptcy Court is entitled to vote to accept or reject the Plan, if such Claim is impaired under the Plan and such Holder's Claim has been scheduled by the Debtors and is not scheduled as disputed, contingent or unliquidated. Any Claim to which an objection has been

filed is not entitled to vote. A vote may be disregarded if the Bankruptcy Court determines, after notice and a hearing, that such vote was not solicited or procured in good faith or in accordance with the provisions of the Bankruptcy Code.

1. **Definition of Impairment**

Pursuant to Section 1124 of the Bankruptcy Code, a Class of Claims or Interests is impaired under a the Plan unless, with respect to each Claim or Interest of such Class, the Plan:

- leaves unaltered the legal, equitable, and contractual rights of the Holder of such Claim or equity Interest; or
- notwithstanding any contractual provision or applicable law that entitles the Holder of a Claim or Interest to demand or receive accelerated payment of such Claim or Interest after the occurrence of a default:

- cures any such default that occurred before or after the commencement of the case under the Bankruptcy Code, other than a default of a kind specified in Section 365(b)(2) of the Bankruptcy Code or of a kind that Section 365(b)(2) expressly does not require to be cured;

- reinstates the maturity of such Claim or Interest as it existed before such default;

- compensates the Holder of such Claim or Interest for any damages incurred as a result of any reasonable reliance on such contractual provision or such applicable law;

- if such Claim or such Interest arises from any failure to perform a nonmonetary obligation, other than a default arising from failure to operate a nonresidential real property lease subject to Section 365(b)(1)(A), compensates the Holder of such Claim or such Interest (other than the debtor or an insider) for any actual pecuniary loss incurred by such Holder as a result of such failure; and

- does not otherwise alter the legal, equitable or contractual rights to which such Claim or Interest entitles the Holder of such Claim or Interest.

Voting Tabulation

In tabulating votes, the following rules shall be used to determine the Claim amount associated with a Creditor's vote:

• If the applicable Debtor or any other party in interest does not object to a Claim prior to the Voting Deadline, the Claim amount for voting purposes shall be the Claim amount contained on a timely filed proof of Claim or, if no proof of Claim was filed, the non-contingent, liquidated and undisputed Claim amount listed in its Schedules.

• If the applicable Debtor or any other party in interest objects to a Claim prior to the Voting Deadline, such Creditor's Ballot shall not be counted in accordance with Bankruptcy Rule 3018(a), unless temporarily Allowed by the Bankruptcy Court for voting purposes, after notice and a hearing.

• If a Creditor believes that it should be entitled to vote on the Plan, then such Creditor must serve on the Debtors, the Creditors' Committee and the UST and file with the Bankruptcy Court a motion for an Order pursuant to Bankruptcy Rule 3018(a) (a "Rule 3018(a) Motion") seeking temporary allowance for voting purposes. Such Rule 3018(a) Motion, with evidence in support thereof, must be filed by the Plan Objection Deadline (as hereinafter defined).

• The Claim amount established through the above process controls for voting purposes only and does not constitute the Allowed amount of any Claim for distribution purposes.

• To ensure that its vote is counted, each Holder of a Claim must (i) complete a Ballot; (ii) indicate the Holder's decision either to accept or reject the Plan in the boxes provided on the respective Ballot; and (iii) sign and return the Ballot to the address set forth above.

• The Ballot does not constitute, and shall not be deemed to be, a proof of Claim or an assertion or admission of a Claim.

• If a Holder holds Claims in more than one Class under the Plan, the Holder may receive one Ballot coded for each Class of Claims held by such Holder.

• A Ballot that partially rejects and partially accepts the Plan or a Ballot that improperly indicates or fails to indicate acceptance or rejection of the Plan will be counted as an acceptance.

• The Debtors may not accept or count Ballots received after the Voting Deadline in connection with its request for confirmation of the Plan. **The method of delivery of Ballots to be sent to KCC is at the election and risk of each Holder of a Claim**, provided that, except as otherwise provided in the Plan, such delivery will be deemed made only when the original executed Ballot is actually received by KCC. In all cases, sufficient time should be allowed to assure timely delivery. **Original executed Ballots are required. Delivery of a Ballot by facsimile, e-mail or any other electronic means will not be accepted. No Ballot should be sent to the Debtors, Debtors' counsel, the Creditors' Committee, or the Debtors' financial advisors.** The Debtors expressly reserve the right to amend, at any time and from time to time, the terms of the Plan (subject to compliance with the requirements of Section 1127 of the Bankruptcy Code and the Plan). If the Debtors make material changes in the terms of the Plan or if the Debtors waive a material condition, the Debtors will disseminate additional solicitation materials and will extend the solicitation, in each case, to the extent directed by the Bankruptcy Court.

• If multiple Ballots are received from or on behalf of an individual Holder of a Claim with respect to the same Claim prior to the Voting Deadline, the last Ballot timely received will be deemed to reflect the voter's intent and to supersede and revoke any prior Ballot.

• If a Ballot is signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation, or other person acting in a fiduciary or representative capacity, such person shall be required to (i) indicate such capacity when signing and (ii) unless the Debtors otherwise determine, submit proper evidence satisfactory to the Debtors to so act on behalf of a beneficial interest Holder.

• The Debtors, in their reasonable discretion, subject to contrary Order of the Bankruptcy Court, and consistent with the Plan, may waive any defect in any Ballot at any time, either before or after the close of voting, with the approval of the Creditors' Committee. Except as otherwise provided herein, unless the Ballot being furnished is timely submitted on or prior to the Voting Deadline, the Debtors may, with the approval of the Creditors' Committee, reject such Ballot as invalid and, therefore, not count it in connection with confirmation of the Plan.

• In the event a designation is requested under Section 1126(e) of the Bankruptcy Code, any vote to accept or reject the Plan cast with respect to such Claim will not be counted for purposes of determining whether the Plan has been accepted or rejected, unless the Bankruptcy Court orders otherwise.

• Any Holder of impaired Claims who has delivered a valid Ballot voting on the Plan may withdraw such vote solely in accordance with Bankruptcy Rule 3018(a).

• Subject to any contrary Order of the Bankruptcy Court, the Debtors reserve the right, with the approval of the Creditors' Committee, to reject any and all Ballots not proper in form, the acceptance of which would, in the Debtors' or their counsel's opinion, not be in accordance with the provisions of the Bankruptcy Code. Subject to any contrary Order of the Bankruptcy Court, the Debtors further reserve the right, with the approval of the Creditors' Committee, to waive any defects or irregularities or conditions of delivery as to any particular Ballot unless

otherwise directed by the Bankruptcy Court. Neither the Debtors, nor any other person or entity, will be under any duty to provide notification of defects or irregularities with respect to deliveries of Ballots nor will any of them incur any liabilities for failure to provide such notification. Unless otherwise directed by the Bankruptcy Court, delivery of such Ballots will not be deemed to have been made until such irregularities have been cured or waived. Ballots previously furnished (as to which any irregularities have not theretofore been cured or waived) will not be counted.

Voting Record Date

The record date for purposes of determining which Holders of Claims are entitled to vote on the Plan is May 17, 2012 ("Record Date"). As of the close of business on the Record Date, there shall be no further changes in the record Holders of any Claims. The Debtors shall have no obligation to recognize any transfer of any Claims occurring after the Record Date. The Debtors shall instead be entitled to recognize and deal for all purposes under the Plan with only those record Holders stated on the claims register as of the close of business on the Record Date.

The Confirmation Hearing

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a Confirmation Hearing. Section 1128(b) of the Bankruptcy Code provides that any party-in-interest may object to confirmation of the Plan.

The Bankruptcy Court has scheduled the Confirmation Hearing for _____, 2012, at __:__ _.__. (prevailing Eastern Time) before the Honorable Donald H. Steckroth, United States Bankruptcy Judge, at the United States Bankruptcy Court for the District of New Jersey, Martin Luther King, Jr. Federal Building, 50 Walnut Street, 3rd Floor, Newark, New Jersey 07102. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without

further notice except for an announcement of the adjourned date made at the Confirmation Hearing or any adjournment thereof.

Objections to confirmation of the Plan must be filed and served on or before _____, 2012, at __:__ _._. (prevailing Eastern Time) (the "Plan Objection Deadline") in accordance with the Confirmation Hearing notice served on you. UNLESS OBJECTIONS TO CONFIRMATION ARE TIMELY SERVED AND FILED IN COMPLIANCE WITH THE PROCEDURES SET FORTH IN THE CONFIRMATION HEARING NOTICE, THEY WILL NOT BE CONSIDERED BY THE BANKRUPTCY COURT.

Procedure for Objections

Any objection to confirmation of the Plan must be made in writing and specify in detail the name and address of the objector, all grounds for the objection and the amount of the Claim or Interest held by the objector. Any such objection must be filed with the Bankruptcy Court and served on the Debtors' counsel and all parties who have filed a notice of appearance by ___:___ _._. prevailing Eastern Time on _____, 2012. Unless an objection is timely filed and served, it may not be considered by the Bankruptcy Court.

Statutory Requirements for Confirmation of the Plan

At the Confirmation Hearing, the Bankruptcy Court shall determine whether the requirements of Section 1129 of the Bankruptcy Code have been satisfied. If so, the Bankruptcy Court shall enter the Confirmation Order. The Debtors believe that the Plan satisfies or will satisfy the applicable requirements, as follows:

• The Plan complies with the applicable provisions of the Bankruptcy Code.

• The Debtors, as Plan proponent, will have complied with the applicable provisions of the Bankruptcy Code.

• The Plan has been proposed in good faith and not by any means forbidden by law.

• Any payment made or promised under the Plan for services or for costs and expenses in, or in connection with, the Chapter 11 Cases, or in connection with the Plan and incident to the Chapter 11 Cases, has been disclosed to the Bankruptcy Court, and any such payment made before the confirmation of the Plan is reasonable, or if such payment is to be fixed after the confirmation of the Plan, such payment is subject to the approval of the Bankruptcy Court as reasonable.

• With respect to each Class of impaired Claims, either each Holder of a Claim of such Class has accepted the Plan, or will receive or retain under the Plan on account of such Claim, property of a value, as of the Effective Date of the Plan, that is not less than the amount that such Holder would receive or retain if the Debtors were liquidated on such date under Chapter 7 of the Bankruptcy Code.

• Each Class of Claims that is entitled to vote on the Plan has either accepted the Plan or is not impaired under the Plan, or the Plan can be confirmed without the approval of each voting Class pursuant to Section 1129(b) of the Bankruptcy Code.

• Except to the extent that the Holder of a particular Claim will agree to a different treatment of such Claim, the Plan provides that Allowed Administrative Expense Claims and Priority Claims will be paid in full on the Effective Date, or as soon thereafter as practicable.

• At least one Class of impaired Claims will accept the Plan, determined without including any acceptance of the Plan by any insider holding a Claim of such Class.

• All fees of the type described in 28 U.S.C. § 1930, including the fees of the United States Trustee, will be paid as of the Effective Date.

The Debtors believe that (i) the Plan satisfies or will satisfy all of the statutory requirements of Chapter 11 of the Bankruptcy Code, (ii) the Debtors have complied or will have

complied with all of the requirements of Chapter 11, and (iii) the Plan has been proposed in good faith.

2. **Best Interest of Creditors and Liquidation Analysis**

Pursuant to Section 1129(a)(7) of the Bankruptcy Code, for the plan to be confirmed, it must provide that Holders of Claims or Interests will receive at least as much under a plan as they would receive in a liquidation of the Debtors under Chapter 7 of the Bankruptcy Code (the "Best Interest Test"). The Best Interest Test with respect to each impaired class requires that each Holder of an Allowed Claim or Interest of such Class either: (i) accepts the Plan; or (ii) receives or retains under the plan property of a value, as of the effective date, that is not less than the value such Holder would receive or retain if the Debtors were liquidated under Chapter 7 of the Bankruptcy Code. The Bankruptcy Court will determine whether the value received under the Plan by the Holders of Allowed Claims in each Class or Equity Interests equals or exceeds the value that would be allocated to such Holders in a liquidation under Chapter 7 of the Bankruptcy Code.

The Debtors believe that the Plan meets the Best Interest Test and provides value which is greater than that which would be recovered by each such Holder in a Chapter 7 bankruptcy proceeding.

Generally, to determine what Holders of Allowed Claims and Equity Interests in each impaired Class would receive if the Debtors were liquidated, the Bankruptcy Court must determine what funds would be generated from the liquidation of Debtors' Assets and properties in the context of a Chapter 7 liquidation case, which for unsecured creditors would consist of the proceeds resulting from the disposition of the Assets of Debtor, augmented by the unencumbered Cash held by Debtor at the time of the commencement of the liquidation case. Such Cash amounts would be reduced by the costs and expenses of the liquidation and by such additional

Administrative Claims and Priority Claims as may result from the termination of Debtors' business and the use of Chapter 7 for the purpose of liquidation.

In a Chapter 7 liquidation, Holders of Allowed Claims would receive distributions based on the liquidation of the assets of Debtors. Such assets would include the same assets being collected and liquidated under the Plan – the interest of Debtors in the Cash, the Assets, and the Causes of Action. However, the net proceeds from the collection of property of the Estates available for distribution to Creditors would be reduced by any commission payable to the Chapter 7 trustee and the trustee's attorney's and accounting fees, as well as the unpaid administrative costs of the Chapter 11 estate (such as the compensation for Professionals). In a Chapter 7 case, the Chapter 7 trustee would be entitled to seek a sliding scale commission based upon the funds distributed by such trustee to creditors, even though the Debtors will have already accumulated much of the funds and the Estates will have already incurred many of the expenses associated with generating those funds. Accordingly, there is a reasonable likelihood that creditors would "pay again" for the funds accumulated by the Debtors because the Chapter 7 trustee would be entitled to receive a commission in some amount for all funds distributed from the Estates.

It is further anticipated that a Chapter 7 liquidation would result in delay in the payment to creditors. Among other things, a Chapter 7 case could trigger a new bar date for filing Claims that would be more than ninety days following conversion of the Chapter 11 Cases to Chapter 7. Fed. R. Bankr. P. 3002(c). Hence, a Chapter 7 liquidation would not only delay distribution but raise the prospect of additional claims that were not asserted in the Chapter 11 Cases.

Moreover, Claims that may arise in the Chapter 7 case or result from the Chapter 11 Cases would be paid in full from the Assets before the balance of the Assets would be made

available to pay pre-Chapter 11 Allowed Priority Claims, Allowed General Unsecured Claims, and Equity Interests. The distributions from the Assets would be paid Pro Rata according to the amount of the aggregate Claims held by each creditor. The Debtors believe that the most likely outcome under Chapter 7 would be the application of the "absolute priority rule." Under that rule, no junior creditor may receive any distribution until all senior creditors are paid in full, with interest, and no equity security holder would be entitled to receive any distribution until all creditors are paid in full. The Debtors have determined that confirmation of the Plan will provide each Holder of a Claim or Equity Interest with no less of a recovery than it would receive if Debtor were liquidated under a Chapter 7. This determination is based upon the effect that a Chapter 7 liquidation would have on the Assets available for distribution to Holders of Claims and Equity Interests, including: (i) the increased costs and expenses of a liquidation under Chapter 7 arising from fees payable to a trustee in bankruptcy and professional advisors to such trustee; and (ii) the amount of existing Claims and the potential increases in Claims that would have to be satisfied on a priority basis or on a parity basis with Holders of Claims in the Chapter 11 Cases. The Debtors also believe that the value of any distributions from the Assets to Allowed Claims in a Chapter 7 case would be less than the value of distributions under the Plan because such distributions in the Chapter 7 case would not occur for a substantial period of time. In the likely event litigation were necessary to resolve Claims asserted in the Chapter 7 case, the delay could be prolonged for several years. As described in the Debtors' Liquidation Analysis attached hereto as Exhibit D, when the cost of liquidation is considered, as well as the time delay in receiving distributions, the Debtors believe that certain Holders of Claims will receive substantially smaller distributions pursuant to a Chapter 7 liquidation than under the Plan.

3. **Financial Feasibility**

Section 1129(a)(11) of the Bankruptcy Code provides that a Chapter 11 plan may be confirmed only if the Bankruptcy Court finds that such plan is feasible. A feasible plan is one which will not lead to a need for further reorganization or liquidation of the debtor, unless reorganization or liquidation is proposed in the Plan. The Plan proposed by the Debtors provides for a liquidation of the Debtors' Assets and a distribution of Cash and other consideration to Creditors in accordance with the terms of the Plan. The Debtors' cash flow projections are attached as Exhibit C. In addition, the Debtors will be able to satisfy the conditions precedent to the Effective Date and will otherwise have sufficient funds to meet its post-Effective Date expenses, including payment for the costs of administering and fully consummating the Plan and closing the Chapter 11 Cases. Accordingly, the Debtors believe that the Plan satisfies the financial feasibility requirement imposed by the Bankruptcy Code.

4. **Acceptance by Impaired Classes**

The Bankruptcy Code requires, as a condition to confirmation, that each Class of Claims or Equity Interests that is impaired under a plan to accept the Plan, with the exception described in the following section. A Class that is not impaired under the Plan is deemed to have accepted the Plan and, therefore, solicitation of acceptances with respect to such Class is not required.

5. **Confirmation Without Acceptance by All Impaired Classes**

Section 1129(b) of the Bankruptcy Code allows a bankruptcy court to confirm a plan, even if such plan has not been accepted by all impaired classes entitled to vote on such plan, provided that such plan has been accepted by at least one impaired class (without considering the vote of an "insider" class). The Debtors will seek to confirm the Plan notwithstanding the nonacceptance or deemed nonacceptance of the Plan by any impaired Class of Claims.

Section 1129(b) of the Bankruptcy Code states that notwithstanding the failure of an impaired class to accept a plan, the plan shall be confirmed, on request of the proponent of the plan, in a procedure commonly known as "cram-down," so long as the plan does not "discriminate unfairly," and is "fair and equitable" with respect to each class of claims or equity interests that is impaired under, and has not accepted, the plan.

In general, a plan does not discriminate unfairly if it provides a treatment to the Class that is substantially equivalent to the treatment that is provided to other Classes that have equal rank. In determining whether a plan discriminates unfairly, courts will take into account a number of factors, including the effect of applicable subordination agreements between parties. Accordingly, two Classes of unsecured creditors could be treated differently without unfairly discriminating against either Class.

The condition that a plan be "fair and equitable" with respect to a non-accepting Class of secured claims includes the requirements that (i) the Holders of such secured claims retain the liens securing such claims to the extent of the allowed amount of the claims, whether the property subject to the liens is retained by debtor or transferred to another entity under the plan and (ii) each Holder of a secured claim in the class receives deferred cash payments totaling at least the allowed amount of such claim with a present value, as of the effective date of the plan, at least equivalent to the value of the secured claimant's interest in the debtors' property subject to the liens.

The condition that a plan be "fair and equitable" with respect to a non-accepting class of unsecured claims includes the following requirement that either: (i) the plan provides that each Holder of a claim of such class receive or retain on account of such claim property of a value, as of the effective date of the plan, equal to the allowed amount of such claim; or (ii) the Holder of

any claim or equity interest that is junior to the claims of such class will not receive or retain under the plan on account of such junior claim or equity interest any property.

THE DEBTORS BELIEVE THAT THE PLAN MAY BE CONFIRMED ON A NONCONSENSUAL BASIS (PROVIDED AT LEAST ONE IMPAIRED CLASS VOTES TO ACCEPT THE PLAN). ACCORDINGLY, THE DEBTORS WILL DEMONSTRATE AT THE CONFIRMATION HEARING THAT THE PLAN SATISFIES THE REQUIREMENTS OF SECTION 1129(b) OF THE BANKRUPTCY CODE AS TO ANY NON-ACCEPTING CLASS.

6. **Acceptance**

The Claims in Classes 1(A), 1C(i), 1D(ii), 2A, 2B(i), 2B(ii), 2B(iii), 2C(i), 2D, 3A, 3B(i), 3B(ii), 3B(iii), 3C(i) and 3D are not impaired under the Plan and as a result the Holders of such Claims are deemed to have accepted the Plan.

Claims in all other applicable Classes are impaired and will receive certain distributions under the Plan, and as a result, the Holders of such Claims and Equity Interests are entitled to vote thereon. Pursuant to Section 1129 of the Bankruptcy Code, the Claims in such Classes must accept the Plan in order for it to be confirmed without application of the "fair and equitable test," described above, to such Classes. As stated above, Classes of Claims will have accepted the Plan if the Plan is accepted by at least two-thirds in dollar amount and a majority in number of the Claims of each such Class (other than any Claims of Creditors designated under Section 1126(e) of the Bankruptcy Code that have voted to accept or reject the Plan.)

VII. PLAN-RELATED RISK FACTORS AND ALTERNATIVES TO CONFIRMING AND CONSUMMATING THE PLAN

ALL IMPAIRED HOLDERS SHOULD READ AND CAREFULLY CONSIDER THE FACTORS SET FORTH BELOW, AS WELL AS THE OTHER INFORMATION

SET FORTH OR OTHERWISE REFERENCED IN THIS DISCLOSURE STATEMENT, PRIOR TO VOTING TO ACCEPT OR REJECT THE PLAN.

The alternative to the Plan is the Debtors' liquidation under Chapter 7 of the Bankruptcy Code. As set forth above, after evaluating this alternative, the Debtors have concluded that the Plan is the best alternative and will maximize recoveries to claimants assuming confirmation of the Plan. Nonetheless, there are a number of risk factors that Holders of Claims should consider. Moreover, Holders should also consider the impact of a Chapter 7 alternative. Included above is a summary of the Debtors' analysis supporting its conclusion that such a Chapter 7 liquidation would not provide the highest value to claimants.

Certain Bankruptcy Considerations

1. **Parties in Interest May Object to The Debtors' Classification of Claims**

Section 1122 of the Bankruptcy Code provides that a plan may place a class or an interest in a particular class only if such claim or interest is substantially similar to the other claims or equity interests in such class. The Debtors believe that the classification of Claims and Equity Interests under the Plan complies with the requirements set forth in the Bankruptcy Code. However, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

2. **The Debtors May Not Be Able to Secure Confirmation of the Plan**

The Debtors cannot assure you that the Debtors will receive the requisite acceptances to confirm the Plan. Even if the Debtors receive the requisite acceptances, the Debtors cannot assure you that the Bankruptcy Court will confirm the Plan. A non-accepting Creditor might challenge the adequacy of this Disclosure Statement or the balloting procedures and results as not being in compliance with the Bankruptcy Code or Bankruptcy Rules. Even if the Bankruptcy Court determined that this Disclosure Statement and the balloting procedures and results were

appropriate, the Bankruptcy Court could still decline to confirm the Plan if it found that any of the statutory requirements for confirmation had not been met, including that the terms of the Plan are fair and equitable to non-accepting Classes. Section 1129 of the Bankruptcy Code sets forth the requirements for confirmation and requires, among other things, (i) a finding by the Bankruptcy Court that the plan "does not unfairly discriminate" and is "fair and equitable" with respect to any non-accepting classes, (ii) confirmation of the plan is not likely to be followed by a liquidation or a need for further financial reorganization and (iii) the value of distributions to non-accepting Holders of claims and equity interests within a particular class under the plan will not be less than the value of distributions such Holders would receive if the Debtors were liquidated under Chapter 7 of the Bankruptcy Code. Although there can be no assurance that these requirements will be met, the Debtors believe that the Plan will not be followed by a need for further financial reorganization and that non-accepting Holders within each Class under the Plan will receive distributions at least as great as would be received following a liquidation under Chapter 7 of the Bankruptcy Code when taking into consideration the higher value of assets under the Plan and all administrative expense claims and costs associated with any such Chapter 7 case. If the Plan is not confirmed, it is unclear what distributions Holders of Claims or Equity Interests ultimately would receive with respect to their Claims or Equity Interests. If an alternative reorganization could not be agreed to, it is possible that the Debtors would have to liquidate their assets under Chapter 7, in which case it is likely that Holders of Claims and Equity Interests would receive substantially less favorable treatment than they would receive under the Plan.

3. The Debtors May Object to the Amount or Classification of a Claim

The Debtors and the other parties as authorized in the Plan each reserve the right to object to the amount or classification of any Claim or Equity Interest. The estimates set forth in this

Disclosure Statement cannot be relied on by any Holder of a Claim or Equity Interest whose Claim or Equity Interest is subject to an objection. Any such Holder of a Claim or Equity Interest may not receive its specified share of the estimated distributions described in this Disclosure Statement.

Factors Affecting Distributions to Holders of Allowed Claims after the Effective Date

4. **Financial Information; Disclaimer.**

Although the Debtors have used their best efforts to ensure the accuracy of the financial information provided in this Disclosure Statement, all financial information contained in this Disclosure Statement has not been audited and is based upon an analysis of data available at the time of the preparation of the Plan and Disclosure Statement. Although the Debtors believe that such financial information fairly reflects the financial condition of the Debtors, the Debtors are unable to warrant or represent that the information contained herein and attached hereto is without inaccuracies.

5. **The Amount of Liabilities Projected Under the Plan Could Increase.**

The Debtors' management has assumed a certain dollar value of the Debtors' liabilities for purposes of allocating distribution to Holders of the several Classes of Claims under the Plan. Although these are good faith estimates as of the date of the Plan, there can be no certainty that either unknown liabilities may arise or the aggregate value of liabilities may increase. If the projected value of liabilities assumed by management underestimates actual liabilities or contingent liabilities or disputed claims arise that result in an increase in the dollar value of the Debtors' aggregate liabilities, the level of recovery for Holders of Claims and Equity Interests under the Plan could be negatively impacted.

6. **Certain Tax Consequences of the Plan Raise Unsettled and Complex Legal Issues and Involve Various Factual Determinations.**

Some of the material consequences of the Plan regarding United States federal income taxes are summarized in Article VII hereof. Many of these tax issues raise unsettled and complex legal issues, and also involve various factual determinations, that raise additional uncertainties. The Debtors cannot assure you that the IRS will not take a contrary view, and no ruling from the IRS has been or will be sought. The Debtors cannot assure you that the IRS will not challenge any position the Debtors have taken, or intend to take, with respect to any tax treatment, or that a court would not sustain such a challenge. FOR A MORE DETAILED DISCUSSION OF RISKS RELATING TO THE SPECIFIC POSITIONS THE DEBTORS INTEND TO TAKE WITH RESPECT TO VARIOUS TAX ISSUES, PLEASE REVIEW ARTICLE VII(C) HEREOF.

7. **Liquidation Under Chapter 7**

If no plan can be confirmed, the Chapter 11 Case may be converted to Case under Chapter 7 of the Bankruptcy Code in which a trustee would be elected or appointed to liquidate the Debtors' assets for distribution to the Holders of Claims in accordance with the priorities established by the Bankruptcy Code. A further description of the effect of the conversion of the Chapter 11 Case to a liquidation under Chapter 7 is set forth above.

THESE RISK FACTORS CONTAIN CERTAIN STATEMENTS THAT ARE "FORWARD-LOOKING STATEMENTS" WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. THESE STATEMENTS ARE SUBJECT TO A NUMBER OF ASSUMPTIONS, RISKS AND UNCERTAINTIES, MANY OF WHICH ARE BEYOND THE CONTROL OF THE DEBTORS, INCLUDING THE IMPLEMENTATION OF THE PLAN, EXISTING AND FUTURE GOVERNMENTAL

REGULATIONS AND ACTIONS OF GOVERNMENTAL BODIES, NATURAL DISASTERS, ACTS OF TERRORISM OR WAR, AND OTHER MARKET AND COMPETITIVE CONDITIONS. HOLDERS OF CLAIMS AND EQUITY INTERESTS ARE CAUTIONED THAT THE FORWARD-LOOKING STATEMENTS SPEAK AS OF THE DATE MADE AND ARE NOT GUARANTEES OF FUTURE PERFORMANCE. ACTUAL RESULTS OR DEVELOPMENTS MAY DIFFER MATERIALLY FROM THE EXPECTATIONS EXPRESSED OR IMPLIED IN THE FORWARD-LOOKING STATEMENTS, AND THE DEBTORS UNDERTAKE NO OBLIGATION TO UPDATE ANY SUCH STATEMENTS.

Certain Federal Income Tax Consequences of the Plan

8. **General**

The following discussion addresses certain United States federal income tax consequences of the consummation of the Plan. This discussion is based upon the Internal Revenue Code of 1986, as amended (the "Tax Code"), existing and proposed regulations thereunder, current administrative rulings, and judicial decisions as in effect on the date hereof, all of which are subject to change, possibly retroactively. No rulings or determinations by the Internal Revenue Service have been obtained or sought by the Debtors with respect to the Plan.

An opinion of counsel has not been obtained with respect to the tax aspects of the Plan. This discussion does not purport to address the federal income tax consequences of the Plan to particular classes of taxpayers (such as foreign persons, S corporations, mutual funds, small business investment companies, regulated investment companies, broker-dealers, insurance companies, tax-exempt organizations and financial institutions) or the state, local or foreign income and other tax consequences of the Plan.

NO REPRESENTATIONS ARE MADE REGARDING THE PARTICULAR TAX CONSEQUENCES OF THE PLAN TO ANY HOLDER OF A CLAIM OR EQUITY INTEREST. SUBSTANTIAL UNCERTAINTY EXISTS WITH RESPECT TO THE TAX ISSUES DISCUSSED BELOW. EACH HOLDER OF A CLAIM OR EQUITY INTEREST IS STRONGLY URGED TO CONSULT A TAX ADVISOR REGARDING THE FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE TRANSACTIONS DESCRIBED HEREIN AND IN THE PLAN.

9. Federal Income Tax Consequences to Holders of Claims and Equity Interests

A Holder of an Allowed Claim or Equity Interest will generally recognize ordinary income to the extent that the amount of Cash or property received (or to be received) under the Plan is attributable to interest that accrued on a Claim but was not previously paid by the Debtors or included in income by the Holder of the Allowed Claim or Equity Interest. A Holder of an Allowed Claim or Equity Interest will generally recognize gain or loss equal to the difference between the Holder's adjusted basis in its Claim and the amount realized by the Holder upon consummation of the Plan that is not attributable to accrued but unpaid interest. The amount realized will equal the sum of Cash and the fair market value of other consideration received (or to be received). The character of any gain or loss that is recognized will depend upon a number of factors, including the status of the Holder of the Claim, the nature of the Claim or Equity Interest in its hands, whether the Claim was purchased at a discount, whether and to what extent the Creditor has previously claimed a bad debt deduction with respect to the Claim, and the Creditor's holding period of the Claim or Equity Interest. If the Claim or Equity Interest in the Creditor's hands is a capital asset, the gain or loss realized will generally be characterized as a capital gain or loss. Such gain or loss will constitute long-term capital gain or loss if the Holder

of the Claim is a non-corporate taxpayer and held such Claim or Equity Interest for longer than one year or short-term capital gain or loss if the Holder of the Claim held such Claim or Equity Interest for less than one year.

A Holder of an Allowed Claim or Equity Interest who receives, in respect of its Claim, an amount that is less than its tax basis in such Claim or Equity Interest may be entitled to a bad debt deduction if either: (i) the Holder is a corporation; or (ii) the Claim or Equity Interest constituted (a) a debt created or acquired (as the case may be) in connection with a trade or business of the Holder or (b) a debt the loss from the worthlessness of which is incurred in the Holder's trade or business. A Holder that has previously recognized a loss or deduction in respect of its Claim or Equity Interest may be required to include in its gross income (as ordinary income) any amounts received under the Plan to the extent such amounts exceed the Holder's adjusted basis in such Claim or Equity Interest. Holders of Claims or Equity Interests who were not previously required to include any accrued but unpaid interest with respect to in their gross income on a Claim or Equity Interest may be treated as receiving taxable interest income to the extent any consideration they receive under the Plan is allocable to such interest. Holders previously required to include in their gross income any accrued but unpaid interest on a Claim may be entitled to recognize a deductible loss to the extent such interest is not satisfied under the Plan.

Holders of a Claim constituting any installment obligation for tax purposes may be required to currently recognize any gain remaining with respect to such obligation if, pursuant to the Plan, the obligation is considered to be satisfied at other than its face value, distributed, transmitted, sold or otherwise disposed of within the meaning of Section 453B of the Tax Code. General Unsecured Claims may receive only a partial distribution of their Allowed Claims

depending upon the aggregate dollar amount of Allowed Claims in each Class. Whether the Holder of such Claims or Equity Interests will recognize a loss, a deduction for worthless securities or any other tax treatment will depend upon facts and circumstances that are specific to the nature of the Holder and its Claims or Equity Interests. Accordingly, the Holders of Claims and Equity Interests should consult their own tax advisors. Under backup withholding rules, a Holder of an Allowed Claim may be subject to backup withholding at the rate of 31% with respect to payments made pursuant to the Plan unless such Holder (a) is a corporation or is otherwise exempt from backup withholding and, when required, demonstrates this fact or (b) provides a correct taxpayer identification and certifies under penalty of perjury that the taxpayer identification number is correct and that the Holder is not subject to backup withholding because of failure to report all dividend and interest income. Any amount withheld under these rules will be credited against the Holder's federal income tax liability. Holders of Claims may be required to establish an exemption from backup withholding or to make arrangements with regard to payment thereof.

10. **Importance of Obtaining Professional Tax Assistance**

The foregoing is intended to be only a summary of certain of the United States federal income tax consequences of the Plan and is not a substitute for careful tax planning with a tax professional. Holders of Claims or Equity Interests are strongly urged to consult with their own tax advisors regarding the federal, state, local and foreign income and other tax consequences of the Plan, including, in addition to the issues discussed above, whether a bad debt deduction may be available with respect to their Claims and if so, when such deduction or loss would be available.

THE FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN ARE COMPLEX. THE FOREGOING DISCUSSION OF CERTAIN FEDERAL INCOME

TAX CONSEQUENCES IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. THE FOREGOING SUMMARY DOES NOT DISCUSS ALL ASPECTS OF FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER IN LIGHT OF SUCH HOLDER'S CIRCUMSTANCES AND INCOME TAX SITUATION. ALL HOLDERS OF THE CLAIMS AND EQUITY INTERESTS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE TRANSACTION CONTEMPLATED BY THE RESTRUCTURING, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL OR FOREIGN TAX LAWS, AND OF ANY CHANGE IN APPLICABLE TAX LAWS.

VIII. RECOMMENDATION

In the Debtors' opinion, the Plan is preferable to the alternatives described herein because it provides for a larger distribution to the Holders than would otherwise result in a liquidation under Chapter 7 of the Bankruptcy Code. In addition any alternative other than confirmation of the Plan could result in extensive delays and increased administrative expenses resulting in smaller distributions to the Holders of Claims and Equity Interests. Accordingly, the Debtors recommend that Holders of Claims and Equity Interests entitled to vote on the Plan support confirmation of the Plan and vote to accept the Plan.

Dated: April 19, 2012

[*Signature pages of the Disclosure Statement follow*.]

WAVE2WAVE COMMUNICATIONS, INC.

By: _____
Name: Aaron Dobrinsky
Title: CEO

RNK, INC.

By: _____
Name: President / Aaron Dobrinsky
Title:

RNK VA, LLC

By: _____
Name: [illegible]
Title: CFO

Exhibit A

Debtors' Plan of Reorganization

[See attached]

COLE, SCHOTZ, MEISEL,
FORMAN & LEONARD, P.A.
A Professional Corporation
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Michael D. Sirota, Esq.
Warren A. Usatine, Esq.
Ryan T. Jareck, Esq.
Attorneys for Wave2Wave Communications, Inc., *et al.*,
Debtors-in-Possession

In re: WAVE2WAVE COMMUNICATIONS, INC., *et al.*, Debtors-in-Possession.	UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF NEW JERSEY HONORABLE DONALD H. STECKROTH CASE NO. 12-13896 (DHS) Chapter 11

PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

Dated: April 19, 2012

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INTRODUCTION TO PLAN

Wave2Wave Communications, Inc. ("Wave2Wave") and its affiliated debtors,[1] and the debtors-in-possession in the above-captioned Chapter 11 Cases, propose the following Plan of Reorganization pursuant to Chapter 11 of the Bankruptcy Code.[2] On the Commencement Date (February 17, 2012), the Debtors commenced their Chapter 11 Cases by filing voluntary petitions under Chapter 11 of the Bankruptcy Code. This document is the Chapter 11 joint plan of reorganization (together with exhibits and as amended from time to time, (the "Plan") proposed by the Debtors.

Filed contemporaneously with this Plan is the Debtors' Disclosure Statement Pursuant to Section 1125 of the Bankruptcy Code for the Chapter 11 Plan of Wave2Wave Communications, Inc., *et al*. (together with exhibits and as amended from time to time, the "Disclosure Statement"), which is provided to help you understand this Plan.[3] The Disclosure Statement contains, among other things, a discussion of the Debtors' history, business and a summary of this Plan.

THE DEBTORS URGE ALL HOLDERS OF CLAIMS AND EQUITY INTERESTS TO READ THIS PLAN AND THE DISCLOSURE STATEMENT IN THEIR ENTIRETY. NO SOLICITATION MATERIALS OTHER THAN THE DISCLOSURE STATEMENT AND ANY DOCUMENTS, SCHEDULES, EXHIBITS OR LETTERS ATTACHED THERETO OR

[1] The debtors in these cases are (collectively, the "Debtors"): Wave2Wave Communications, Inc., RNK, Inc. and RNK VA, LLC.

[2] Capitalized terms used herein shall have the meaning ascribed to them in Article I of this Plan.

[3] If you would like a copy of the Disclosure Statement sent to you at the Debtors' expense, please make such request in writing to Cole, Schotz, Meisel, Forman & Leonard P.A., c/o Frances Pisano, 25 Main Street, Hackensack, New Jersey 07601, or email to fpisano@coleschotz.com.

REFERENCED THEREIN HAVE BEEN AUTHORIZED BY THE DEBTORS OR THE BANKRUPTCY COURT FOR USE IN SOLICITING ACCEPTANCES OR REJECTIONS OF THIS PLAN.

The Distributions to be made to Holders of Claims, in each of the Classes of Claims and Equity Interests for the Debtor, are set forth in Article II. herein.

ARTICLE I.
RULES OF INTERPRETATION, COMPUTATION OF TIME AND DEFINED TERMS

A. Rules of Interpretation

For purposes herein: (a) any reference herein to a contract, instrument, release, indenture or other agreement or document being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions; (b) any reference herein to an existing document or exhibit filed, or to be filed, shall mean such document or exhibit, as it may have been or may be amended, modified or supplemented from time to time; (c) unless otherwise specified, all references herein to articles and sections are references to articles and sections of this Plan; (d) the words "herein," "hereof," and "hereto" refer to this Plan in its entirety rather than to a particular portion of this Plan; (e) captions and headings to articles and sections are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation hereof; (f) the rules of construction set forth in Section 102 of the Bankruptcy Code shall apply; (g) all exhibits to this Plan are incorporated into this Plan, and shall be deemed to be included in this Plan, regardless of when filed with the Bankruptcy Court; and (h) whenever a distribution of property is required to be made on a particular date, the distribution shall be made on such date, or as soon as reasonably practicable thereafter.

B. Computation of Time

In computing any period of time prescribed or allowed hereby, the provisions of Bankruptcy Rule 9006(a) shall apply.

C. Defined Terms

For purposes of this Plan, unless the context otherwise requires, all capitalized terms not otherwise defined shall have the meanings ascribed to them below. Any term used in this Plan that is not defined herein, but is defined in the Bankruptcy Code or the Bankruptcy Rules, shall have the meaning ascribed to that term in the Bankruptcy Code or Bankruptcy Rules, as applicable.

(1) "Administrative Expense Claim" means any right to payment constituting a cost or expense of administration of the Chapter 11 Cases under Sections 503(b) and 507(a)(2) of the Bankruptcy Code including, without limitation, any Claims arising under the DIP Facility, Section 503(b)(9) Administrative Claims, any actual and necessary costs and expenses of preserving the Debtors' Estate, any actual and necessary costs and expenses of operating the Debtors' businesses, any indebtedness or obligations incurred or assumed by the Debtors-in-Possession in connection with the conduct of its business including, without limitation, for the acquisition or lease of property or an interest in property or the rendition of services, all compensation and reimbursement of expenses to the extent Allowed by the Bankruptcy Court under Section 330 or 503 of the Bankruptcy Code, and any fees or charges assessed against the Debtors' Estate under Section 1930 of Chapter 123 of Title 28 of the United States Code.

(2) "Administrative Expense Claim Bar Date" means the date fixed by an Order of the Bankruptcy Court, by which all applications or requests for treatment of an Administrative Expense Claim as an Allowed Administrative Expense Claim, other than (i) Administrative Expense Claims of Professionals retained pursuant to Sections 327, 328 or 1103

of the Bankruptcy Code, (ii) all fees payable and unpaid pursuant to 28 U.S.C. § 1930, (iii) a liability incurred and payable in the ordinary course of business by any Debtor (and not past due); (iv) Administrative Expense Claims of all employees (other than insiders as that term is defined in Section 101(31) of the Bankruptcy Code) that are or were employed by the Debtors as of the date set forth in the Order, including claims for wages, salaries and commissions and for accrued but unused vacation, sick or personal days of such employees; (v) any Administrative Expense Claims that have already been paid by the Debtors; and (vi) Section 503(b)(9) Administrative Claims, must be filed with the Bankruptcy Court.

(3) "Administrative Order" means the Administrative Order establishing procedure for allowance and interim compensation of expenses to professionals.

(4) "Affiliate" shall have the meaning set forth in Section 101(2) of the Bankruptcy Code.

(5) "Allowed" means, with reference to any Claim or Equity Interests, any Claim or Equity Interests, proof of which was timely and properly filed or, if no proof of Claim or Equity Interest was filed, which has been or hereafter is listed by the Debtors in their Schedules, as such Schedules may be amended by the Debtors from time to time in accordance with Bankruptcy Rule 1009, as liquidated in amount and not disputed or contingent and, in each case, as to which: (A) no objection to allowance has been interposed within the applicable period fixed by this Plan, the Bankruptcy Code, the Bankruptcy Rules, or the Bankruptcy Court, or (B) an objection has been interposed and such Claim has been allowed, in whole or in part, by a Final Order; provided, however, that any Claims allowed solely for the purpose of voting to accept or reject this Plan pursuant to an Order of the Bankruptcy Court shall not be considered "Allowed Claims" hereunder. Unless otherwise specified herein or by Order of the Bankruptcy

Court, "Allowed Administrative Expense Claim," or "Allowed Claim," shall not, for purposes of computation of distributions under this Plan, include interest on such Administrative Expense Claim or Claim from and after the Commencement Date.

(6) "Assumed Contracts" means contracts and unexpired leases to be assumed in accordance with the terms of this Plan pursuant to Section 365 of the Bankruptcy Code.

(7) "Avoidance Actions" means any and all Causes of Action that the Debtors may assert under Chapter 5 of the Bankruptcy Code or any similar applicable law, regardless of whether or not such Causes of Action are commenced as of the Effective Date.

(8) "Ballot" means the form of ballot to be distributed with the Disclosure Statement and this Plan to each Holder of an impaired Claim in a Class entitled to vote on this Plan on which is to be indicated acceptance or rejection of this Plan.

(9) "Bankruptcy Code" means title 11 of the United States Code, as amended from time to time, as applicable to these Chapter 11 Cases.

(10) "Bankruptcy Court" means the United States Bankruptcy Court for the District of New Jersey, having jurisdiction over these Chapter 11 Cases, or if such Court ceases to exercise jurisdiction over these Chapter 11 Cases, such court or adjunct thereof that exercises jurisdiction over these Chapter 11 Cases in lieu of the United States Bankruptcy Court for the District of New Jersey.

(11) "Bankruptcy Rules" means the Federal Rules of Bankruptcy Procedure as promulgated by the United States Supreme Court under Section 2075 of Title 28 of the United States Code, and any Local Rules of the Bankruptcy Court, as amended from time to time, and as applicable to these Chapter 11 Cases.

(12) "Bar Date" means April 30, 2012, the last date fixed by an order of the Bankruptcy Court for Creditors to file proofs of Claim in these Chapter 11 Cases and August 15, 2012, the last date fixed by an order of the Bankruptcy Court for a Governmental Unit to file proofs of Claim in these Chapter 11 Cases.

(13) "Borrowers" shall have the meaning set forth in the Credit Agreement.

(14) "Brookville" means Brookville Special Purpose Fund, LLC.

(15) "Brookville Guaranty" means the guaranty of the Brookville Loan by RNK, Inc. and RNK VA, LLC, among others, pursuant to the terms of the Brookville Loan Agreement.

(16) "Brookville Loan" means that certain loan in the original principal amount of $11,200,000 made by Brookville to Wave2Wave pursuant to the Brookville Loan Agreement.

(17) "Brookville Loan Agreement" means that certain Financing Agreement dated March 24, 2011, as amended, by and between, among others, Wave2Wave and Brookville and the other documents executed or delivered in connection therewith.

(18) "Business Day" means any day other than a Saturday, Sunday or any other day on which commercial banks in New York, New York are required or authorized to close by law or executive order.

(19) "Cash" means legal tender of the United States of America or the equivalent thereof, including bank deposits, checks and wire transfers.

(20) "Causes of Action" means any and all causes of action, grievances, arbitrations, actions, suits, demands, demand letters, claims, complaints, notices of non-compliance or violation, enforcement actions, investigations or proceedings of the Debtors

and/or the Estates that are or may be pending on the Effective Date or that may be instituted or prosecuted by Debtors.

(21) "Chapter 11 Cases" means the cases under Chapter 11 of the Bankruptcy Code commenced by the Debtors on February 17, 2012.

(22) "Claim" shall have the meaning set forth in Section 101(5) of the Bankruptcy Code.

(23) "Class" means any group of substantially similar Claims or Equity Interests classified by this Plan pursuant to Section 1123(a)(1) of the Bankruptcy Code.

(24) "Clerk" means the clerk of the Bankruptcy Court.

(25) "Closing Date" means the date on which the transactions with Reorganized Wave2Wave, Reorganized RNK and Reorganized RNK VA as set forth in this Plan are consummated.

(26) "Common Equity Interests" means all issued common stock of Wave2Wave together with any warrants, options or contract rights to purchase or acquire such interests at any time.

(27) "Commencement Date" means February 17, 2012, the date on which the Debtors commenced their Chapter 11 Cases.

(28) "Confirmation Date" means the date upon which the Bankruptcy Court enters the Confirmation Order on its docket.

(29) "Confirmation Hearing" means the duly noticed hearing to be held in accordance with Section 1128(a) of the Bankruptcy Code at which confirmation of this Plan is considered by the Bankruptcy Court, as such hearing may be adjourned or continued from time to time.

(30) "Confirmation Order" means the order of the Bankruptcy Court confirming this Plan pursuant to Section 1129 of the Bankruptcy Code.

(31) "Credit Agreement" means that certain Secured Super-Priority Debtor-in-Possession Loan Agreement dated as of March 19, 2012, by and among the Borrowers and Lender.

(32) "Creditor" means any Person that is the Holder of a Claim against the Debtors.

(33) "Creditors' Committee" means the statutory committee of unsecured creditors appointed in these Chapter 11 Cases pursuant to Section 1102 of the Bankruptcy Code.

(34) "Cure" means with respect to the assumption of an Executory Contract or unexpired lease pursuant to Section 365(b) of the Bankruptcy Code, (A) the distribution of Cash, or the distribution of such other property as may be agreed upon by the parties or ordered by the Bankruptcy Court, in an amount equal to all unpaid monetary obligations, without interest, or such other amount as may be agreed upon by the parties under an Executory Contract or unexpired lease, to the extent such obligations are enforceable under the Bankruptcy Code and applicable bankruptcy law or (B) the taking of such other actions as may be agreed upon by the parties or ordered by the Bankruptcy Court.

(35) "Debtors" has the meaning set forth in the Introduction to the Plan.

(36) "Debtors-in-Possession" means the Debtors in their capacity as debtors-in-possession in these Chapter 11 Cases pursuant to Sections 1101, 1107(a) and 1108 of the Bankruptcy Code.

(37) "DIP Loan" means that certain $3,500,000 credit facility made by Lender to Borrowers pursuant to the Credit Agreement.

(38) "DIP Loan Guaranty" means the guaranty of the DIP Loan by RNK, Inc. and RNK VA, LLC, among others, pursuant to the terms of the Credit Agreement.

(39) "Disbursing Agent" means Reorganized Wave2Wave.

(40) "Disclosure Statement" means the Disclosure Statement relating to this Plan including, without limitation, all exhibits and schedules thereto, as approved by the Bankruptcy Court pursuant to Section 1125 of the Bankruptcy Code.

(41) "Disputed" means, with reference to any Claim or Equity Interest, any Claim or Equity Interest proof of which was timely and properly filed and which has been or hereafter is listed on the Schedules as unliquidated, disputed or contingent and, in either case, or in the case of an Administrative Expense Claim, any Administrative Expense Claim, Claim or Equity Interest which is disputed under this Plan or as to which any of the Debtors or, if not prohibited by this Plan, any other party in interest has interposed a timely objection and/or request for estimation in accordance with Section 502(c) of the Bankruptcy Code and Bankruptcy Rule 3018, which objection and/or request for estimation has not been withdrawn or determined by a Final Order, and any Claim or Equity Interest proof of which was required to be filed by Order of the Bankruptcy Court but as to which a proof of claim or interest was not timely or properly filed.

(42) "Disputed Claim" means that portion (including, when appropriate, the whole) of a Claim to which an objection has been filed by the applicable deadline for bringing such objection and which objection has not been resolved in accordance with the procedures set forth in this Plan.

(43) "Disputed Claim Amount" means the amount set forth in the proof of Claim relating to a Disputed Claim or, if an amount is estimated with respect to a Disputed

Claim in accordance with Section 502(c) of the Bankruptcy Code and Bankruptcy Rule 3018, the amount so estimated pursuant to an Order of the Bankruptcy Court.

(44) "Docket" means the dockets in these Chapter 11 Cases maintained by the Clerk.

(45) "Effective Date" means the date which is (i) at least one (1) day after the Confirmation Order becomes a Final Order, and (ii) all conditions to the Effective Date set forth in this Plan have been satisfied or, if waivable, waived.

(46) "Entity" means an entity as defined in Section 101(15) of the Bankruptcy Code.

(47) "Equity Interests" means all equity interests in the Debtors including, but not limited to, all issued, unissued, authorized or outstanding shares of stock together with any warrants, options or contract rights to purchase or acquire such interests at any time.

(48) "Estates" means the estates created upon the commencement of these Chapter 11 Cases pursuant to Section 541 of the Bankruptcy Code.

(49) "Executory Contract" means any executory contract or unexpired lease as of the Commencement Date, subject to Section 365 of the Bankruptcy Code, between the Debtors and any other Person or Persons, specifically excluding contracts and agreements entered into pursuant to this Plan or subject to Section 1113 of the Bankruptcy Code.

(50) "Fee Application" means an application by a Professional for a Professional Compensation and Reimbursement Claim.

(51) "Final Order" means an Order of the Bankruptcy Court or a Court of competent jurisdiction to hear appeals from the Bankruptcy Court, that has not been reversed, stayed, modified or amended and as to which the time to appeal, to petition for certiorari, or to

move for reargument, rehearing or reconsideration has expired and as to which no appeal, petition for certiorari, or other proceedings for reargument, rehearing or reconsideration shall then be pending or, if pending, as to which any right to appeal, petition for certiorari, reargue, rehear or reconsider shall have been waived in writing, provided, however, that the possibility that a motion under Rule 59 or Rule 60 of the Federal Rules of Civil Procedure, or any analogous rules under the Bankruptcy Rules or applicable state court rules of civil procedure, may be filed with respect to such Order shall not cause such Order to not be a Final Order.

(52) "General Unsecured Claim" means any Unsecured Claim against the Debtors that is not a Secured Claim, Other Secured Claim, Administrative Expense Claim, Priority Tax Claim, or Other Priority Claim, but including, without limitation, Claims arising from the rejection of an unexpired lease or Executory Contract pursuant to this Plan or otherwise.

(53) "Governmental Unit" shall have the meaning set forth in Section 101(27) of the Bankruptcy Code.

(54) "Holder" means the beneficial Holder of any Claim or Equity Interest.

(55) "Intercompany Claims" means a Claim by a Debtor against another Debtor.

(56) "KCC" means Kurtzman Carson Consultants, LLC.

(57) "Lender" means The Robert DePalo Special Opportunity Fund, LLC, a Delaware limited liability company.

(58) "Lien" shall have the meaning set forth in Section 101(37) of the Bankruptcy Code.

(59) "M Brothers" means M Brothers (formerly Hideaway Partners).

(60) "M Brothers Loan" means that certain loan in the original principal amount of $250,000 made by M Brothers to Wave2Wave pursuant to that certain Promissory Note dated June 22, 2007.

(61) "Mennen Trust" means the Wilmington Trust Company and George Jeff Mennen as co-trustees u/a/d November 25, 1970, as amended for the benefit of John Henry Mennen.

(62) "Mennen Trust Guaranty" means the guaranty of the Mennen Trust Loan by RNK, Inc. and RNK VA, LLC, among others, pursuant to the terms of the Mennen Trust Loan Agreement.

(63) "Mennen Trust Loan" means that certain loan with a principal amount of $20,430,958.50 made by Mennen Trust to Wave2Wave pursuant to the Mennen Trust Loan Agreement.

(64) "Mennen Trust Loan Agreement" means that certain Loan and Security Agreement dated October 12, 2007 by and between, among others, Wave2Wave and Mennen Trust (as successor in interest to Greystone Business Credit II, L.L.C.) and the other documents executed or delivered in connection therewith.

(65) "Order" means an order or judgment of the Bankruptcy Court as entered on the Docket.

(66) "Other Priority Claim" means any Claim, other than an Administrative Expense Claim or a Priority Tax Claim, entitled to priority in right of payment under Section 507(a) of the Bankruptcy Code.

(67) "Other Secured Claim" means any Secured Claim arising prior to the Commencement Date against any of the Debtors, other than a Secured Claim of a claimant

separately classified under this Plan and not otherwise paid or satisfied by any other Order authorizing the payment of such Other Secured Claim before the Effective Date.

(68) "Person" shall have the meaning set forth in Section 101(41) of the Bankruptcy Code.

(69) "Plan" means this Joint Plan of Reorganization under Chapter 11 of the Bankruptcy Code, including, without limitation and all exhibits, supplements, appendices and schedules hereto, either in their present form or as the same may be altered, amended or modified from time to time.

(70) "Plan Documents" mean the agreements, documents and instruments entered into on or as of the Effective Date as contemplated by, and in furtherance of, the Plan.

(71) "Post-Petition Administrative Trade Claims" means all liabilities of the Debtors for post-Commencement Date ordinary course obligations and trade payables of the Debtors' business as of the Effective Date (excluding any expenses incurred with respect to the administration of these Chapter 11 Cases such as Professional Compensation and Reimbursement Claims) which would qualify as Allowed Administrative Expense Claims under Section 503(b) of the Bankruptcy Code.

(72) "Preferred Equity Interests" means all issued preferred stock of Wave2Wave together with any warrants, options or contract rights to purchase or acquire such interests at any time.

(73) "Priority Claim" means a Priority Tax Claim or Other Priority Claim.

(74) "Priority Tax Claim" means any Claim of a Governmental Unit of the kind specified in Sections 502(i) and 507(a)(8) of the Bankruptcy Code.

(75) "Professional" means a Person or Entity employed pursuant to a Final Order in accordance with Sections 327 or 1103 of the Bankruptcy Code and to be compensated for services rendered prior to the Confirmation Date, pursuant to Sections 327, 328, 329, 330 and/or 331 of the Bankruptcy Code, or for which compensation and reimbursement has been Allowed by the Bankruptcy Court pursuant to Section 503(b)(4) of the Bankruptcy Code.

(76) "Professional Compensation and Reimbursement Claim" means a Claim of a Professional for compensation or reimbursement of costs and expenses relating to services incurred after the Commencement Date and prior to and including the Effective Date.

(77) "Proposed Merger Date" means the date by which the Debtors anticipate going public through a Reverse Merger.

(78) "Pro Rata, Ratable or Ratable Share" each mean a number (expressed as a percentage) equal to the proportion that an Allowed Claim in a particular Class bears to the aggregate amount of or number of: (a) Allowed Claims plus (b) Disputed Claims (in their aggregate face or, if applicable, estimated amount) in such Class as of the date of determination.

(79) "Record Date" shall have the meaning set forth in the Disclosure Statement.

(80) "Reorganized RNK" means RNK, Inc. on and after the Effective Date.

(81) "Reorganized RNK VA" means RNK VA, LLC on and after the Effective Date.

(82) "Reorganized Wave2Wave" means Wave2Wave Communications, Inc. on and after the Effective Date.

(83) "Reverse Merger" means a transaction that would be effectuated pursuant to an Agreement and Plan of Merger (the "Merger Agreement") among Reorganized

Wave2Wave, a newly-formed, wholly-owned subsidiary of Reorganized Wave2Wave ("Merger Sub") and a public company ("Target"), pursuant to which Merger Sub would merge with and into Target, with Target being the surviving corporation (the "Surviving Corporation") through an exchange of capital stock of Reorganized Wave2Wave for capital stock of Target (the "Merger").

(84) "Reverse Merger Conditions" means (i) the raising of capital/indebtedness to satisfy the Debtors' obligations under Section 1129 of the Bankruptcy Code to confirm the Plan upon closing of the Reverse Merger; (ii) (a) the conversion of each share of then-outstanding common stock of Reorganized Wave2Wave into a number of shares of Target common stock ("Target Common Stock") equal to the appropriate common stock exchange ratio, and (b) the conversion of each share of then-outstanding preferred stock of Reorganized Wave2Wave into the same number of shares of Target preferred Stock ("Target Preferred Stock"); (iii) the satisfaction of the conditions set forth in the Merger Agreement; (iv) the receipt of all necessary consents or approvals, and (v) the filing of all necessary documents with any governmental authorities, including the Securities and Exchange Commission.

(85) "Schedules" means the schedules of assets and liabilities, the list of Holders of Equity Interests and the statements of financial affairs filed by the Debtors under Section 521 of the Bankruptcy Code and Bankruptcy Rule 1007, and all amendments and modifications thereto through the Confirmation Date.

(86) "Section 503(b)(9) Administrative Claim" means a Claim against the Debtors alleged to be entitled to an administrative expense priority under Section 503(b)(9) of the Bankruptcy Code for goods sold to the Debtors in the ordinary course of the Debtor's or business and received by the Debtors within 20 days before the Commencement Date.

(87) "Secured Claim" means a Claim that is secured by a lien on property in which the Estates have an interest, which lien is valid, perfected and enforceable under applicable law or by reason of a Final Order, or that is subject to setoff under Section 553 of the Bankruptcy Code, to the extent of the value of the Creditor's interest in the Estates' interest in such property or to the extent of the amount subject to setoff, as applicable, as determined pursuant to Section 506(a) of the Bankruptcy Code, provided, however, that a Secured Claim shall not include any portion of the Claim to the extent that the value of such entity's Collateral is less than the amount of such Claim.

(88) "Unsecured Claim" means any Claim against the Debtors that arose or is deemed by the Bankruptcy Code or Bankruptcy Court, as the case may be, to have arisen before the Commencement Date and that is not a Secured Claim, Other Secured Claim, Administrative Expense Claim, Priority Tax Claim or Other Priority Claim.

(89) "Veritas" means Veritas High Yield Fund, LLC.

(90) "Veritas Guaranty" means the guaranty of the Veritas Loan by RNK, Inc. and RNK VA, LLC, among others, pursuant to the terms of the Veritas Loan Agreement.

(91) "Veritas Loan" means that certain loan in the maximum principal amount of $5,000,000 made by Veritas to Wave2Wave pursuant to that Veritas Loan Agreement.

(92) "Veritas Loan Agreement" means that certain Loan Agreement dated August 25, 2011 by and between, among others, Wave2Wave and Veritas and the other documents executed or delivered in connection therewith.

(93) "Voting Deadline" means the date fixed by the Court pursuant to an Order: (i) Approving the Disclosure Statement Pursuant to Section 1125(b) of the Bankruptcy Code; (ii) Fixing a Record Date for Voting and Procedures for Filing Objections to the Plan and

Temporary Allowance of Claims; (iii) Scheduling a Hearing and Approving Notice and Objection Procedures in Respect of Plan Confirmation; (iv) Approving Solicitation Packages and Procedures for Distribution Thereof; and (v) Approving the Form of Ballot and Establishment of Procedures for Voting on the Plan.

ARTICLE II.
CLASSIFICATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS

A. Overview

The Debtors are entering into two viable alternative transactions under this Plan. Under the first transaction (the "Reverse Merger Transaction" or "RMT") the Debtors shall consummate the Reverse Merger if the Reverse Merger Conditions are satisfied by the Proposed Merger Date. If the Reverse Merger Conditions are not satisfied by the Proposed Merger Date, the Debtors shall enter into an alternative transaction pursuant to which, among other items, the DIP Loan will be converted into a term loan in exchange for 70% of the outstanding equity of Reorganized Wave2Wave (the "DIP Loan Conversion" or "DLC"). A more detailed description of the Reverse Merger Transaction and the DIP Loan Conversion, and the implementation thereof, is set forth in Article VII below. Both the Reverse Merger Transaction and the DIP Loan Conversion require the Debtors to raise additional capital/indebtedness to consummate either of those transactions for which the Debtors currently have no commitment to raise such additional capital/indebtedness.

Accordingly, this section classifies Claims and Equity Interests -- except for Administrative Expense Claims and Priority Tax Claims, which are not classified -- for all purposes, including voting, confirmation and distribution under the Plan. This section also provides whether each Class of Claims or Equity Interests is impaired or unimpaired, and provides the treatment each Class will receive under the Plan. References in this Plan to the

amount of Claims are based on information reflected in the Debtors' Schedules or in filed proofs of Claim, and are not intended to be admissions regarding the Allowed amount of the Claims or waivers of the Debtors or their respective successors' rights to assert any otherwise available objection, defense, recoupment, setoff, claim, or counterclaim against any Claim.

The following table ("Claims Treatment Table") summarizes the Classes of Claims and Equity Interests under the Plan:

CLASS	TRANSACTION	DESCRIPTION	IMPAIRED / UNIMPAIRED	VOTING STATUS
None	RMT and DLC	Administrative Expense Claims	Unimpaired	Not Entitled to Vote
None	RMT and DLC	Priority Tax Claims	Unimpaired	Not Entitled to Vote
Claims Against Wave2Wave Communications, Inc.				
Class 1(A)	RMT and DLC	DePalo DIP Loan Claims	Impaired	Entitled to Vote
Class 1B(i)	RMT and DLC	Veritas Claims	Impaired	Entitled to Vote
Class 1B(ii)	RMT and DLC	Brookville Claims	Impaired	Entitled to Vote
Class 1B(iii)	RMT and DLC	Mennen Trust Claims	Impaired	Entitled to Vote
Class 1C(i)	RMT and DLC	Unsecured Priority Claims	Unimpaired	Not Entitled to Vote
Class 1C(ii)	RMT and DLC	Unsecured Non-Priority Claims	Impaired	Entitled to Vote
Class 1C(iii)	RMT and DLC	M Brothers Claims	Impaired	Entitled to Vote
Class 1C(iv)	RMT and DLC	Intercompany Claims	Impaired	Deemed to Reject
Class 1D(i)	RMT and DLC	Common Equity Interests	Impaired	Entitled to Vote
Class 1D(ii)	RMT and DLC	Preferred Equity Interests	Unimpaired	Entitled to Vote
Claims Against RNK, Inc.				
Class 2A	RMT and DLC	DePalo DIP Loan Guaranty Claims	Unimpaired	Not Entitled to Vote
Class 2B(i)	RMT and DLC	Veritas Guaranty Claims	Unimpaired	Not Entitled to Vote
Class 2B(ii)	RMT and DLC	Brookville Guaranty Claims	Unimpaired	Not Entitled to Vote
Class 2B(iii)	RMT and DLC	Mennen Trust	Unimpaired	Not Entitled to Vote

		Guaranty Claims		
Class 2C(i)	RMT and DLC	Unsecured Priority Claims	Unimpaired	Not Entitled to Vote
Class 2C(ii)	RMT and DLC	Unsecured Non-Priority Claims	Impaired	Entitled to Vote
Class 2C(iii)	RMT and DLC	Intercompany Claims	Impaired	Deemed to Reject
Class 2D	RMT and DLC	Equity Interests	Unimpaired	Not Entitled to Vote
Claims Against RNK VA, LLC				
Class 3A	RMT and DLC	DePalo DIP Loan Guaranty Claims	Unimpaired	Not Entitled to Vote
Class 3B(i)	RMT and DLC	Veritas Guaranty Claims	Unimpaired	Not Entitled to Vote
Class 3B(ii)	RMT and DLC	Brookville Guaranty Claims	Unimpaired	Not Entitled to Vote
Class 3B(iii)	RMT and DLC	Mennen Trust Guaranty Claims	Unimpaired	Not Entitled to Vote
Class 3C(i)	RMT and DLC	Unsecured Priority Claims	Unimpaired	Not Entitled to Vote
Class 3C(ii)	RMT and DLC	Unsecured Non-Priority Claims	Impaired	Entitled to Vote
Class 3C(iii)	RMT and DLC	Intercompany Claims	Not Applicable	Not Applicable
Class 3D	RMT and DLC	Equity Interests	Unimpaired	Not Entitled to Vote

B. Unclassified Claims

Certain types of Claims are not placed into voting classes; instead they are unclassified. Such Claims are not considered impaired, and Holders of such claims do not vote on this Plan because their claims are automatically entitled to specific treatment provided under the Bankruptcy Code. As such, the Debtors have not placed such Claims in a Class. The treatment of these Claims is provided below:

(1) Administrative Expense Claims

Administrative Expense Claims are Claims against the Debtors constituting a cost or expense of administration of these Chapter 11 Cases allowed under Sections 503(b) and 507(a)(2) of the Bankruptcy Code, including any actual and necessary costs and expenses of

operating the Debtors' businesses, any indebtedness or obligations incurred or assumed by the Debtors in connection with the conduct of their businesses, any allowance of compensation or reimbursement of expenses for Professionals to the extent allowed by the Bankruptcy Court under Sections 330 and 331 of the Bankruptcy Code, and fees or charges assessed against the Debtors' Estates under Section 1930, Chapter 12, Title 28 of the United States Code ("Statutory Fees") which are treated separately below) and Allowed Section 503(b)(9) Administrative Claims.

Subject to the allowance procedures and the deadlines provided herein, and except to the extent that any entity entitled to payment of any Allowed Administrative Expense Claim agrees to a different treatment, Allowed Administrative Expense Claims (excluding Assumed liabilities, which include but are not limited to Allowed 503(b)(9) Administrative Claims and Post-Petition Administrative Trade Claims) shall be paid Cash in full by the Debtors on the later of: (a) twenty (20) days after the Effective Date; or (b) thirty (30) days from the date of entry of a Final Order determining and Allowing such Claim as an Administrative Expense Claim, or as soon thereafter as is practicable.

Allowed Administrative Expense Claims representing Post-Petition Administrative Trade Claims shall be paid in full and/or performed by the Debtors in the ordinary course of business in accordance with the terms and subject to the conditions of any agreements or Bankruptcy Court Orders governing, instruments evidencing or other documents relating to, such transactions.

Allowed Section 503(b)(9) Administrative Claims shall be paid in full and/or performed by the Debtors within 120 days from the later of the Closing Date or the date such Section 503(b)(9) Administrative Claims become Allowed by the Bankruptcy Court.

(2) Professional Compensation and Reimbursement Claims

Any Person seeking an award by the Bankruptcy Court of compensation for services rendered or reimbursement of expenses incurred through and including the Confirmation Date under Sections 503(b)(2), 503(b)(3), 503(b)(4) or 503(b)(5) of the Bankruptcy Code: (i) shall file respective final Fee Applications for services rendered and reimbursement of expenses incurred through the Confirmation Date no later than sixty (60) days after the Confirmation Date or such other date as may be fixed by the Bankruptcy Court and, (ii) if granted such an award by the Bankruptcy Court, shall be paid by Reorganized Wave2Wave in full in such amounts as are Allowed by the Bankruptcy Court (a) seven days after such Professional Compensation and Reimbursement Claim becomes an Allowed Professional Compensation and Reimbursement Claim, or as soon thereafter as is practicable, or (b) upon such other terms as may be mutually agreed upon between such Holder of an Allowed Professional Compensation and Reimbursement Claim and the Debtors, on and after the Effective Date.

Notwithstanding anything herein to the contrary, and except as otherwise provided by prior Order of the Bankruptcy Court: (i) payment of a Professional Compensation and Reimbursement Claim that is an Allowed Claim as of the Confirmation Date shall be made on the Effective Date; and (ii) payment of a Professional Compensation and Reimbursement Claim that becomes an Allowed Claim following the Effective Date shall be made on or before the date that is the earlier of (a) the date such Professional Compensation and Reimbursement Claim is required to be paid in accordance with the Administrative Order or (b) seven (7) days after an Order deeming such Professional Compensation and Reimbursement Claim an Allowed Claim is entered by the Bankruptcy Court.

(3) Payment of Statutory Fees

Notwithstanding anything herein to the contrary, all fees due and payable to the Clerk's Office pursuant to Section 1930 of Title 28 of the United States Code, including, without limitation, any United States Trustee quarterly fees incurred pursuant to Section 1930(a)(6) of Title 28 of the United States Code shall be paid on the Effective Date.

(4) Priority Tax Claims

Each Holder of an Allowed Priority Tax Claim shall receive, in full, final and complete satisfaction of such Allowed Priority Tax Claim, an amount equal to the Allowed Priority Tax Claim payable in regular quarterly installments over a period of five (5) years with interest at the rate permitted under the Internal Revenue Code pursuant to Section 1129(a)(9)(C) of the Bankruptcy Code; provided, however, that any Claim or demand for payment of a penalty (other than a penalty of the type specified in Section 507(a)(8)(G) of the Bankruptcy Code) shall be disallowed pursuant to this Plan and the Holder of an Allowed Priority Tax Claim shall not assess or attempt to collect such penalty from the Debtors, their Estates, or any property of such entities.

ARTICLE III.
CLASSIFICATION OF CLAIMS AND EQUITY INTERESTS

Claims, other than Administrative Expense Claims, Professional Compensation and Reimbursement Claims and Priority Tax Claims are classified for all purposes, including voting, confirmation and distribution pursuant to the Plan, as follows:

Except for the Administrative Expense Claims, Professional Compensation and Reimbursement Claims and Priority Tax Claims discussed above, all Claims against, and Equity Interests in, the Debtors and with respect to all property of the Debtors and their Estates, are defined and hereinafter designated in respective Classes. A Claim or Equity Interest is classified

in a particular Class only to the extent that the Claim or Equity Interest qualifies within the description of that Class, and is classified in another Class or Classes, to the extent that any remainder of the Claim or Equity Interest qualifies within the description of such other Class or Classes. A Claim or Equity Interest is classified in a particular Class only to the extent that the Claim or Equity Interest is an Allowed Claim[4] or Allowed Equity Interest in that Class and has not been paid, released or otherwise satisfied or waived before the Effective Date. Notwithstanding anything to the contrary contained in this Plan, no Distribution shall be made on account of any Claim that is not an Allowed Claim.

This Plan is intended to deal with all Claims against and Equity Interests in the Debtors of whatever character, whether known or unknown, whether or not with recourse, whether or not contingent or unliquidated, and whether or not previously Allowed by the Bankruptcy Court pursuant to Section 502 of the Bankruptcy Code. However, only Holders of Allowed Claims will receive any distribution under this Plan. For purposes of determining Pro Rata distributions under this Plan and in accordance with this Plan, Disputed Claims shall be included in the Class in which such Claims would be included if Allowed, until such Claims are finally disallowed.

ARTICLE I.

TREATMENT OF CLASSIFIED CLAIMS AND EQUITY INTERESTS

The treatment of the classified Claims and Equity Interests under the Plan shall be as follows:

[4] For purposes of this Plan, any general reference to "Allowed Claim" shall include Allowed Administrative Expense Claims.

A. Wave2Wave Communications, Inc.

(1) **Class 1(A): DePalo DIP Loan Claims**

(i) Classification. The Claims in Class 1(A) are the DePalo DIP Loan Claims.

(ii) Treatment. In the event the Reverse Merger Transaction is consummated, the Holder of a Class 1(A) Claim shall, in full, final, and complete satisfaction of such Class 1(A) Claim, (i) convert its existing DIP Loan into a four year term loan pursuant to the terms of that certain Conversion Agreement, and (ii) receive forty-five (45%) percent of the outstanding equity of Reorganized Wave2Wave (calculated prior to consummating the Reverse Merger Transaction) on a fully diluted basis. However, in the event the Reverse Merger Transaction is not consummated and the DIP Loan Conversion is entered into, the Holder of a Class 1(A) Claim shall, in full, final, and complete satisfaction of such Class 1(A) Claim, (i) convert its existing DIP Loan into a four year term loan pursuant to the terms of that certain Conversion Agreement, and (ii) receive seventy (70%) percent of the outstanding equity of Reorganized Wave2Wave on a fully diluted basis.

(iii) Impairment and Voting. With respect to both the Reverse Merger Transaction and the DIP Loan Conversion,, Class 1(A) is impaired and Holders of Allowed Class 1(A) Claims are entitled to vote to accept or reject this Plan.

(2) **Class 1B(i): Veritas Loan Claims**

(i) Classification. Class 1B(i) consists of Claims arising under the Veritas Loan.

(ii) Treatment. With respect to both the Reverse Merger Transaction and the DIP Loan Conversion, Reorganized Wave2Wave shall reaffirm and reinstate its obligations under the Veritas Loan; provided, however, that any unpaid principal that has

accrued after the Commencement Date shall be amortized through the maturity date of the Veritas Loan (August 25, 2015) and repaid in equal monthly installments (with interest at the then stated interest rate), which monthly installments shall be paid simultaneously with the payment of the regularly scheduled monthly principal and interest payments under the Veritas Loan.

(iii) Impairment and Voting. With respect to both the Reverse Merger Transaction and the DIP Loan Conversion, Class 1(B)(i) is impaired and Holders of Allowed Class 1(B)(i) Claims are entitled to vote to accept or reject this Plan.

(3) **Class 1B(ii): Brookville Loan Claims**

(i) Classification. Class 1B(ii) consists of Claims arising under the Brookville Loan.

(ii) Treatment. In the event the Reverse Merger Transaction is consummated, the Holder of the Class 1B(ii) Claim shall receive a payment of Five Million ($5,000,000) Dollars which shall be applied to reduce the outstanding principal balance of the Brookville Loan. However, in the event the Reverse Merger Transaction is not consummated and the DIP Loan Conversion is entered into, Reorganized Wave2Wave shall reaffirm and reinstate its obligations under the Brookville Loan; provided, however, that any unpaid principal that has accrued after the Commencement Date shall be amortized through the maturity date of the Brookville Loan (April 1, 2013) and repaid in equal monthly installments (with interest at the then stated interest rate), which monthly installments shall be paid simultaneously with the payment of the regularly scheduled monthly principal and interest payments under the Brookville Loan.

(iii) Impairment and Voting. With respect to both the Reverse Merger Transaction and the DIP Loan Conversion, Class 1(B)(ii) is impaired and Holders of Allowed Class 1(B)(ii) Claims are entitled to vote to accept or reject this Plan.

(4) **Class 1B(iii): Mennen Trust Loan Claims**

(i) Classification. Class 1B(iii) consists of Claims arising under the Mennen Trust Loan.

(ii) Treatment. With respect to both the Reverse Merger Transaction and the DIP Loan Conversion, the Holder of a Class 1B(iii) Claim shall, in full, final, and complete satisfaction of such Class 1B(iii) Claim, (i) reduce the outstanding principal amount of the Mennen Trust Loan to $8,000,000, and (ii) receive twenty (20%) percent of the outstanding equity of Reorganized Wave2Wave (calculated prior to consummating the Reverse Merger Transaction, if applicable) on a fully diluted basis.

(iii) Impairment and Voting. With respect to both the Reverse Merger Transaction and the DIP Loan Conversion, Class 1B(iii) is impaired and Holders of Allowed Class 1B(iii) Claims are entitled to vote to accept or reject this Plan.

(5) **Class 1C(i): Unsecured Priority Claims**

(i) Classification. Class 1C(i) shall consist of unsecured Priority Claims.

(ii) Treatment. With respect to both the Reverse Merger Transaction and the DIP Loan Conversion, each Holder of a Class 1C(i) Claim shall, in full, final, and complete satisfaction of such Class 1C(i) Claim, be paid in full in Cash in accordance with Section 507 of the Bankruptcy Code within ten (10) days after the Proposed Merger Date (with

respect to the Reverse Merger Transaction) or the Effective Date (with respect to the DIP Loan Conversion).

(iii) Impairment and Voting. With respect to both the Reverse Merger Transaction and the DIP Loan Conversion, Class 1C(i) is unimpaired by this Plan. Therefore, the Holders of Class 1C(i) Claims are not entitled to vote to accept or reject this Plan and are conclusively deemed to have accepted this Plan pursuant to Section 1126(f) of the Bankruptcy Code.

(6) **Class 1C(ii): Unsecured Non-Priority Claims**

(i) Classification. Class 1C(ii) consists of all unsecured non-priority Claims.

(ii) Treatment. In the event the Reverse Merger Transaction is consummated, in full, final, and complete satisfaction of Class 1C(ii) Claims, Holders of Class 1C(ii) Claims shall receive an amount equal to fifteen (15%) percent of the amount of such Class 1C(ii) Claim, paid in twelve (12) equal monthly installments beginning on the first day of the month following the Proposed Merger Date and continuing on the first day of each month thereafter until such amount has been paid in full. However, in the event the Reverse Merger Transaction is not consummated and the DIP Loan Conversion is entered into, in full, final, and complete satisfaction of Class 1C(ii) Claims, Holders of Class 1C(ii) Claims shall receive an amount equal to ten (10%) percent of the amount of such Class 1C(ii) Claim, paid in twelve (12) equal monthly installments beginning on the first day of the month following the Effective Date and continuing on the first day of each month thereafter until such amount has been paid in full.

(iii) Impairment and Voting. With respect to both the Reverse Merger Transaction and the DIP Loan Conversion, Class 1C(ii) is impaired, and the Holders of Allowed Class 1C(ii) Claims are entitled to vote to accept or reject this Plan.

(7) **Class 1C(iii): M Brothers Claims**

(i) Classification. Class 1C(iii) consists of Claims arising under the M Brothers Loan.

(ii) Treatment. The Class 1C(iii) Claim shall be deemed an Unsecured Non-Priority Claim and given the same treatment as set forth in subsection (6) above.

(iii) Impairment and Voting. With respect to both the Reverse Merger Transaction and the DIP Loan Conversion, Class 1C(iii) is impaired, and the Holder of Allowed Class 1C(iii) Claims is entitled to vote to accept or reject this Plan.

(8) **Class 1C(iv): Intercompany Claims**

(i) Classification. Class 1C(iv) is comprised of Intercompany Claims.

(ii) Treatment. With respect to both the Reverse Merger Transaction and the DIP Loan Conversion, Holders of Class 1C(iv) Claims will not receive any Distribution of property under the Plan and any and all Intercompany Claims shall be extinguished as of the Effective Date.

(iii) Impairment and Voting. With respect to both the Reverse Merger Transaction and the DIP Loan Conversion, Class 1C(iv) is impaired and Holders of Allowed Class 1C(iv) Claims are deemed to have rejected the Plan.

(9) **Class 1D(i): Common Equity Interests**

(i) Classification. Class 1D(i) is comprised of the Common Equity Interests in Wave2Wave.

(ii) Treatment. In the event the Reverse Merger Transaction is consummated, Holders of Class 1D(i) Common Equity Interests will not receive any Distribution of property under this Plan and all such Common Equity Interests in Wave2Wave shall be cancelled and converted into the right to receive a certain number of shares of common stock in Target determined based upon the applicable common stock exchange ratio. However, in the event the Reverse Merger Transaction is not consummated and the DIP Loan Conversion is entered into, Holders of Class 1D(i) Common Equity Interests will not receive any Distribution of property nor retain any property under this Plan and all such Common Equity Interests in Wave2Wave shall be cancelled on the Effective Date without the payment of any monies or consideration.

(iii) Impairment and Voting. With respect to both the Reverse Merger Transaction and the DIP Loan Conversion, Class 1D(i) is impaired, and a Holder of Allowed Class 1D(i) Claims is entitled to vote to accept or reject this Plan.

(10) **Class 1D(ii): Preferred Equity Interests**

(i) Classification. Class 1D(ii) is comprised of the Preferred Equity Interests in Wave2Wave.

(ii) Treatment. In the event the Reverse Merger Transaction is consummated, Holders of Class 1D(ii) Preferred Equity Interests will not receive any Distribution of property under this Plan and all such Preferred Equity Interests in Wave2Wave shall be cancelled and converted into the right to receive a certain number of shares of preferred stock in Target determined based upon the applicable preferred stock exchange ratio. However, in the event the Reverse Merger Transaction is not consummated and the DIP Loan Conversion is entered into, Holders of Class 1D(ii) Preferred Equity Interests shall enter into an Amended

and Restated Preferred Shareholder Agreement (as described in more detail in Section VII(B)(4) below) and all such Preferred Equity Interests shall be retained by such Holder.

(iii) Impairment and Voting. With respect to both the Reverse Merger Transaction and the DIP Loan Conversion, Class 1D(ii) is unimpaired by this Plan. Therefore, the Holders of Class 1D(ii) Claims are not entitled to vote to accept or reject this Plan and are conclusively deemed to have accepted this Plan pursuant to Section 1126(f) of the Bankruptcy Code.

B. RNK, Inc.

(1) **Class 2A: DePalo DIP Loan Guaranty Claims**

(i) Classification. Class 2A consists of the DePalo DIP Loan Guaranty Claim.

(ii) Treatment. With respect to both the Reverse Merger Transaction and the DIP Loan Conversion, Reorganized RNK shall reaffirm the guaranty obligations of RNK, Inc. under the DIP Loan Guaranty.

(iii) Impairment and Voting. With respect to both the Reverse Merger Transaction and the DIP Loan Conversion, Class 2A is unimpaired by this Plan. Therefore, the Holders of Class 2A Claims are not entitled to vote to accept or reject this Plan and are conclusively deemed to have accepted this Plan pursuant to Section 1126(f) of the Bankruptcy Code.

(2) **Class 2B(i): Veritas Guaranty Claims**

(i) Classification. Class 2B(i) consists of the Veritas Guaranty Claim.

(ii) Treatment. With respect to both the Reverse Merger Transaction and the DIP Loan Conversion, Reorganized RNK shall reaffirm the guaranty obligations of RNK, Inc. under the Veritas Guaranty.

(iii) Impairment and Voting. With respect to both the Reverse Merger Transaction and the DIP Loan Conversion, Class 2B(i) is unimpaired by this Plan. Therefore, the Holders of Class 2B(i) Claims are not entitled to vote to accept or reject this Plan and are conclusively deemed to have accepted this Plan pursuant to Section 1126(f) of the Bankruptcy Code.

(3) **Class 2B(ii): Brookville Guaranty Claims**

(i) Classification. Class 2B(ii) consists of the Brookville Guaranty Claim.

(ii) Treatment. With respect to both the Reverse Merger Transaction and the DIP Loan Conversion, Reorganized RNK shall reaffirm the guaranty obligations of RNK, Inc. under the Brookville Guaranty.

(iii) Impairment and Voting. With respect to both the Reverse Merger Transaction and the DIP Loan Conversion, Class 2B(ii) is unimpaired by this Plan. Therefore, the Holders of Class 2B(ii) Claims are not entitled to vote to accept or reject this Plan and are conclusively deemed to have accepted this Plan pursuant to Section 1126(f) of the Bankruptcy Code.

(4) **Class 2B(iii): Mennen Trust Guaranty Claims**

(i) Classification. Class 2B(iii) consists of the Mennen Trust Guaranty Claim.

(ii) Treatment. With respect to both the Reverse Merger Transaction and the DIP Loan Conversion, Reorganized RNK shall reaffirm the guaranty obligations of RNK, Inc. under the Mennen Trust Guaranty.

(iii) Impairment and Voting. With respect to both the Reverse Merger Transaction and the DIP Loan Conversion, Class 2B(iii) is unimpaired by this Plan. Therefore, the Holders of Class 2B(iii) Claims are not entitled to vote to accept or reject this Plan and are conclusively deemed to have accepted this Plan pursuant to Section 1126(f) of the Bankruptcy Code.

(5) **Class 2C(i): Unsecured Priority Claims**

(i) Classification. Class 2C(i) shall consist of unsecured Priority Claims.

(ii) Treatment. With respect to both the Reverse Merger Transaction and the DIP Loan Conversion, each Holder of a Class 2C(i) Claim shall, in full, final, and complete satisfaction of such Class 2C(i) Claim, be paid in full in Cash in accordance with Section 507 of the Bankruptcy Code within ten (10) days after the Proposed Merger Date (with respect to the Reverse Merger Transaction) or the Effective Date (with respect to the DIP Loan Conversion).

(iii) Impairment and Voting. With respect to both the Reverse Merger Transaction and the DIP Loan Conversion, Class 2C(i) is unimpaired by this Plan. Therefore, the Holders of Class 2C(i) Claims are not entitled to vote to accept or reject this Plan and are conclusively deemed to have accepted this Plan pursuant to Section 1126(f) of the Bankruptcy Code.

(6) **Class 2C(ii): Unsecured Non-Priority Claims**

(i) Classification. Class 2C(ii) consists of all unsecured non-priority Claims.

(ii) Treatment. In the event the Reverse Merger Transaction is consummated, in full, final, and complete satisfaction of Class 2C(ii) Claims, Holders of Class 2C(ii) Claims shall receive an amount equal to fifteen (15%) percent of the amount of such Class 2C(ii) Claim, paid in twelve (12) equal monthly installments beginning on the first day of the month following the Proposed Merger Date and continuing on the first day of each month thereafter until such amount has been paid in full. However, in the event the Reverse Merger Transaction is not consummated and the DIP Loan Conversion is entered into, in full, final, and complete satisfaction of Class 2C(ii) Claims, Holders of Class 2C(ii) Claims shall receive an amount equal to ten (10%) percent of the amount of such Class 2C(ii) Claim, paid in twelve (12) equal monthly installments beginning on the first day of the month following the Effective Date and continuing on the first day of each month thereafter until such amount has been paid in full.

(iii) Impairment and Voting. With respect to both the Reverse Merger Transaction and the DIP Loan Conversion, Class 2C(ii) is impaired, and the Holders of Allowed Class 2C(ii) Claims are entitled to vote to accept or reject this Plan.

(7) **Class 2C(iii): Intercompany Claims**

(i) Classification. Class 2C(iii) is comprised of Intercompany Claims.

(ii) Treatment. With respect to both the Reverse Merger Transaction and the DIP Loan Conversion, Holders of Class 2C(iii) Claims will not receive any Distribution of property under the Plan and any and all Intercompany Claims shall be extinguished as of the Effective Date.

(iii) Impairment and Voting. With respect to both the Reverse Merger Transaction and the DIP Loan Conversion, Class 2C(iii) is impaired and Holders of Allowed Class 2C(iii) Claims are deemed to have rejected the Plan.

(8) **Class 2D: Equity Interests**

(i) Classification. Class 2D is comprised of the Equity Interests in RNK, Inc.

(ii) Treatment. With respect to both the Reverse Merger Transaction and the DIP Loan Conversion, Holders of Class 2D Equity Interests will not receive any Distribution of property under this Plan and all Equity Interests in RNK, Inc. shall be retained by such Holder.

(iii) Impairment and Voting. With respect to both the Reverse Merger Transaction and the DIP Loan Conversion, Class 2D is unimpaired by this Plan. Therefore, the Holders of Class 2D Claims are not entitled to vote to accept or reject this Plan and are conclusively deemed to have accepted this Plan pursuant to Section 1126(f) of the Bankruptcy Code.

C. RNK VA, LLC

(1) **Class 3A: DePalo DIP Loan Guaranty Claims**

(i) Classification. Class 3A consists of the DePalo DIP Loan Guaranty Claim.

(ii) Treatment. With respect to both the Reverse Merger Transaction and the DIP Loan Conversion, Reorganized RNK VA shall reaffirm the guaranty obligations of RNK VA under the DIP Loan Guaranty.

(iii) Impairment and Voting. With respect to both the Reverse Merger Transaction and the DIP Loan Conversion, Class 3A is unimpaired by this Plan. Therefore, the Holders of Class 3A Claims are not entitled to vote to accept or reject this Plan and are conclusively deemed to have accepted this Plan pursuant to Section 1126(f) of the Bankruptcy Code.

(2) **Class 3B(i): Veritas Guaranty Claims**

(i) Classification. Class 3B(i) consists of the Veritas Guaranty Claim.

(ii) Treatment. With respect to both the Reverse Merger Transaction and the DIP Loan Conversion, Reorganized RNK VA shall reaffirm the guaranty obligations of RNK VA, LLC under the Veritas Guaranty.

(iii) Impairment and Voting. With respect to both the Reverse Merger Transaction and the DIP Loan Conversion, Class 3B(i) is unimpaired by this Plan. Therefore, the Holders of Class 3B(i) Claims are not entitled to vote to accept or reject this Plan and are conclusively deemed to have accepted this Plan pursuant to Section 1126(f) of the Bankruptcy Code.

(3) **Class 3B(ii): Brookville Guaranty Claims**

(i) Classification. Class 3B(ii) consists of the Brookville Guaranty Claim.

(ii) Treatment. With respect to both the Reverse Merger Transaction and the DIP Loan Conversion, Reorganized RNK VA shall reaffirm the guaranty obligations of RNK VA, LLC under the Brookville Guaranty.

(iii) Impairment and Voting. With respect to both the Reverse Merger Transaction and the DIP Loan Conversion, Class 3B(ii) is unimpaired by this Plan. Therefore, the Holders of Class 3B(ii) Claims are not entitled to vote to accept or reject this Plan and are conclusively deemed to have accepted this Plan pursuant to Section 1126(f) of the Bankruptcy Code.

(4) **Class 3B(iii): Mennen Trust Guaranty Claims**

(i) Classification. Class 3B(iii) consists of the Mennen Trust Guaranty Claim.

(ii) Treatment. With respect to both the Reverse Merger Transaction and the DIP Loan Conversion, Reorganized RNK VA shall reaffirm the guaranty obligations of RNK VA, LLC under the Mennen Trust Guaranty.

(iii) Impairment and Voting. With respect to both the Reverse Merger Transaction and the DIP Loan Conversion, Class 3B(iii) is unimpaired by this Plan. Therefore, the Holders of Class 3B(iii) Claims are not entitled to vote to accept or reject this Plan and are conclusively deemed to have accepted this Plan pursuant to Section 1126(f) of the Bankruptcy Code.

(5) **Class 3C(i): Unsecured Priority Claims**

(i) Classification. Class 3C(i) shall consist of unsecured Priority Claims.

(ii) Treatment. With respect to both the Reverse Merger Transaction and the DIP Loan Conversion, each Holder of a Class 3C(i) Claim shall, in full, final, and complete satisfaction of such Class 3C(i) Claim, be paid in full in Cash in accordance with Section 507 of the Bankruptcy Code within ten (10) days after the Proposed Merger Date (with respect to the Reverse Merger Transaction) or the Effective Date (with respect to the DIP Loan Conversion).

(iii) Impairment and Voting. With respect to both the Reverse Merger Transaction and the DIP Loan Conversion, Class 3C(i) is unimpaired by this Plan. Therefore, the Holders of Class 3C(i) Claims are not entitled to vote to accept or reject this Plan and are

conclusively deemed to have accepted this Plan pursuant to Section 1126(f) of the Bankruptcy Code.

(6) **Class 3C(ii): Unsecured Non-Priority Claims**

(i) Classification. Class 3C(ii) consists of all unsecured non-priority Claims.

(ii) Treatment. In the event the Reverse Merger Transaction is consummated, in full, final, and complete satisfaction of Class 3C(ii) Claims, Holders of Class 3C(ii) Claims shall receive an amount equal to fifteen (15%) percent of the amount of such Class 3C(ii) Claim, paid in twelve (12) equal monthly installments beginning on the first day of the month following the Proposed Merger Date and continuing on the first day of each month thereafter until such amount has been paid in full. However, in the event the Reverse Merger Transaction is not consummated and the DIP Loan Conversion is entered into, in full, final, and complete satisfaction of Class 3C(ii) Claims, Holders of Class 3C(ii) Claims shall receive an amount equal to ten (10%) percent of the amount of such Class 3C(ii) Claim, paid in twelve (12) equal monthly installments beginning on the first day of the month following the Effective Date and continuing on the first day of each month thereafter until such amount has been paid in full.

(iii) Impairment and Voting. With respect to both the Reverse Merger Transaction and the DIP Loan Conversion, Class 3C(ii) is impaired, and the Holders of Allowed Class 3C(ii) Claims are entitled to vote to accept or reject this Plan.

(7) **Class 3C(iii): Intercompany Claims.** There are no Class 3C(iii) Claims.

(8) **Class 3D: Equity Interests**

(i) Classification. Class 3D is comprised of the Equity Interests in RNK VA, LLC

(ii) Treatment. With respect to both the Reverse Merger Transaction and the DIP Loan Conversion, Holders of Class 3D Equity Interests will not receive any Distribution of property under this Plan and all Equity Interests in RNK VA, LLC shall be retained by such Holder.

(iii) Impairment and Voting. With respect to both the Reverse Merger Transaction and the DIP Loan Conversion, Class 3D is unimpaired by this Plan. Therefore, the Holders of Class 3D Claims are not entitled to vote to accept or reject this Plan and are conclusively deemed to have accepted this Plan pursuant to Section 1126(f) of the Bankruptcy Code.

ARTICLE IV.
EXECUTORY CONTRACTS AND UNEXPIRED LEASES

A. Assumption or Rejection of Executory Contracts and Unexpired Leases.

(1) Executory Contracts and Unexpired Leases.

Attached as Schedule A is a list of Executory Contracts and unexpired leases that the Debtors propose to assume pursuant to Sections 365(a) and 1123(b)(2) of the Bankruptcy Code as of the Effective Date, which specifically exclude any Executory Contract or unexpired lease (i) which has been previously assumed pursuant to an Order of the Bankruptcy Court entered before the Confirmation Date, (ii) which has been previously rejected pursuant to an Order of the Bankruptcy Court entered before the Confirmation Date, or (iii) as to which a motion for assumption of the rejection of such Executory Contract or unexpired lease has been filed and served before the Confirmation Date (collectively, the "Assumed Contracts"). Any Executory Contract, other contract or agreement or any unexpired lease that exists between any of the Debtors and any Person that is not an Assumed Contract shall be deemed rejected by the Debtors as of the Confirmation Date pursuant to Sections 365(a) of the Bankruptcy Code. Nothing herein

shall be deemed to be an admission by the Debtors that (i) any of the Assumed Contracts actually constitute an Executory Contract or unexpired lease under Section 365 of the Bankruptcy Code, or (ii) the Debtors have any liability thereunder. The Debtors reserve all rights to amend, modify or supplement the Assumed Contracts set forth on Schedule A hereto leading up to the Confirmation Date and shall provide notice of any amendments to Schedule A to the parties to the Assumed Contracts affected thereby. On the Confirmation Date, all Assumed Contracts set forth on Schedule A shall be deemed assumed by the Debtors as of the Effective Date pursuant to Sections 365(a) and 1123(b)(2) of the Bankruptcy Code.

Each of the Assumed Contracts listed or to be listed on Schedule A shall include modifications, amendments, supplements, restatements, or other agreements made directly or indirectly by any agreement, instrument, or other document that in any manner affect such Assumed Contracts, without regard to whether such agreement, instrument or other document is actually listed on Schedule A.

(2) Insurance Policies.

Each of the Debtors' insurance policies and any agreements, documents or instruments relating thereto are treated as Executory Contracts under the Plan. Notwithstanding the foregoing, distributions under the Plan to any Holder of a Claim covered by any of such insurance policies and related agreements, documents or instruments that are assumed hereunder, shall be in accordance with the treatment provided under this Plan. Nothing contained in this Article shall constitute or be deemed a waiver of any Cause of Action that any of the Debtors may hold against any entity including, without limitation, the insurer under any of the Debtors' policies of insurance.

(3) Approval of Assumption or Rejection of Executory Contracts and Unexpired Leases

Entry of the Confirmation Order shall constitute as of the Effective Date, the approval, pursuant to Sections 365(a) and 1123(b)(2) of the Bankruptcy Code, of the (i) assumption of the Assumed Contracts to be assumed pursuant to Article V(A)(1) hereof, and (ii) rejection of the Executory Contracts, other contracts or agreements or unexpired leases that exists between any of the Debtors and any of their subsidiaries and/or affiliates and any Person to be rejected pursuant to Article V(A)(1) hereof. Upon the Effective Date, each counterparty to an Assumed Contract listed on Schedule A shall be deemed to have consented to assumption contemplated by Section 365(c)(1)(B) of the Bankruptcy Code, to the extent such consent is necessary for such assumption.

(4) Cure of Defaults

Schedule A includes notice to the counterparties to the Assumed Contracts of the gross aggregate undisputed "cure amount," which the Debtors assert based on their books and records is owed to cure any defaults existing under the Assumed Contracts as of the Filing Date under Section 365(b)(1) of the Bankruptcy Code (the gross aggregate undisputed "cure amount" shall be referred to herein as, the "Cure Amount"). The Debtors shall apply the Deposit certain facilities and usage carriers received in connection with the Debtors' Motion for an Order (a) Granting Interim Relief Pursuant to 11 U.S.C. § 366(b), (b) Authorizing the Payment of Adequate Assurance for Post-petition Utility Services, (c) Fixing Final Hearing Date to Determine Adequate Assurance, and (d) Granting Other Related Relief [Docket No. 14] against the Cure Amount. As such, the proposed Cure Amount is net of the Deposit.

If the Cure Amount associated with an Assumed Contract (or related group of Assumed Contracts between the Debtors and a counterparty and its affiliates) is less than $10,000, Reorganized Wave2Wave, Reorganized RNK or Reorganized RNK VA, as applicable, shall cure any and all undisputed defaults associated with such contracts pursuant to the Plan in accordance with Section 365(b)(1) of the Bankruptcy Code by making twelve (12) equal monthly installments beginning on the first day of the month following the Effective Date and continuing on the first day of each month thereafter or in accordance with agreements negotiated with the counterparties to such contracts.

If the Cure Amount associated with an Assumed Contract (or related group of Assumed Contracts between the Debtors and a counterparty and its affiliates) is greater than $10,000, the terms under which Reorganized Wave2Wave, Reorganized RNK or Reorganized RNK VA, as applicable, will cure any and all undisputed defaults associated with such contracts are currently being negotiated by the Debtors and the respective counterparties to such contracts. The Debtors will file with the Court and serve upon each counterparty affected hereby the agreed upon terms under which Reorganized Wave2Wave, Reorganized RNK or Reorganized RNK VA, as applicable, will cure any and all undisputed defaults ten (10) days prior to the Confirmation Date. If a consensual resolution of the Debtors' cure obligations cannot be achieved, the Debtors will file with the Court and serve upon each counterparty affected hereby the Debtors' proposed treatment of its cure obligations ten (10) days prior to the Confirmation Date.

The Debtors will file with the Court and serve upon each counterparty affected hereby an updated Cure Amount (the "Updated Cure Amount") three (3) weeks prior to the Confirmation Date. To the extent an acceptable resolution cannot be achieved concerning the Updated Cure Amount, the Debtors reserve the right to amend, modify or supplement the Assumed Contracts

set forth on Schedule A to remove any counterparty to which the Debtors could not reach an acceptable resolution.

If a " $ - " is placed on Schedule A, the Debtors assert no Cure Amount is due based on their books and records.

(5) Cure Procedure

The Plan and Schedule A shall constitute notice to any counterparty to any Assumed Contract of the amount of the Cure Amount owed, if any, under the applicable Assumed Contract. **Any counterparty that fails to respond or object on or before the deadline scheduled by the Bankruptcy Court for objections to the Plan, shall be deemed to have consented to such proposed Cure Amount for all purposes in these Chapter 11 Cases.**

(6) Bar Date for Filing Proofs of Claim Relating to Executory Contracts and Unexpired Leases Rejected Pursuant to the Plan

Claims arising out of the rejection of an Executory Contract or unexpired lease, after the Bar Date, pursuant to Article V(A)(1) of this Plan must be filed with the Bankruptcy Court and served upon the Clerk and the Debtors' counsel or as otherwise may be provided in the Confirmation Order, by no later than thirty (30) days after notice of entry of the Confirmation Order and/or notice of an amendment to Schedule A. Any Claims not filed within such time will be forever barred from assertion against the Debtors and their Estates and Reorganized Wave2Wave, Reorganized RNK, Reorganized RNK VA and their respective property. Any Claim arising out of the rejection, prior to the Bar Date, of an Executory Contract or unexpired lease, shall have been filed with the Bankruptcy Court and served upon the Debtors prior to the Bar Date or is forever barred from assertion against the Debtors and their Estates and Reorganized Wave2Wave, Reorganized RNK, Reorganized RNK VA and their respective

property. Unless otherwise Ordered by the Bankruptcy Court, all Claims arising from the rejection of Executory Contracts and unexpired leases shall be treated as General Unsecured Claims under the Plan.

(7) Indemnification Obligations.

For purposes of the Plan, the obligations of any of the Debtors to defend, indemnify, reimburse or limit the liability of any present member, manager, director, officer or employee who is or was a member, manager, director, officer or employee, respectively, on or after the Commencement Date against any Claims or obligations pursuant any to operating agreement, certificates of formation or similar corporate governance documents, applicable state law, or specific agreement, or any combination of the foregoing, shall: (i) be assumed by such Debtor; (ii) survive confirmation of the Plan; (iii) remain unaffected thereby; and (iv) not be discharged, irrespective of whether indemnification, defense, reimbursement or limitation is owed in connection with an event occurring before, on or after the Commencement Date.

ARTICLE V.
ACCEPTANCE OR REJECTION OF THIS PLAN

A. Voting Classes

Holders of Allowed Claims in each impaired Class are entitled to vote as a class to accept or reject this Plan. Each Holder of an Allowed Claim in the applicable Classes delineated in the Claims Treatment Table are entitled to vote to accept or reject this Plan.

B. Acceptance by Impaired Classes

An impaired Class of Claims shall be deemed to have accepted this Plan if (i) the Holders (other than any Holder designated under Section 1126(e) of the Bankruptcy Code) of at least two-thirds in amount of the Allowed Claims actually voting in such Class have voted to accept this Plan and (ii) the Holders (other than any Holder designated under Section 1126(e) of the

Bankruptcy Code) of more than one-half in number of the Allowed Class voting in such Class have voted to accept this Plan.

C. Non Consensual Confirmation

At the Debtors' request, this Plan may be confirmed under the so-called "cram down" provisions set forth in Section 1129(b) of the Bankruptcy Code if, in addition to satisfying the other requirements for confirmation, this Plan "does not discriminate unfairly" and is determined to be "fair and equitable" with respect to each Class of Claims or Equity Interests that has not accepted this Plan (*i.e.*, dissenting Classes). Because certain Classes are deemed to have rejected this Plan, the Debtors are requesting confirmation of this Plan, as it may be modified from time to time in accordance with the terms of this Plan, under Section 1129(b) of the Bankruptcy Code. The Debtors also will request confirmation under this provision for any impaired Class that rejects this Plan. The Debtors reserve the right to alter, amend, modify, revoke or withdraw this Plan or any amendment or supplement thereto, including to amend or modify it to satisfy the requirements of Section 1129(b) of the Bankruptcy Code, if necessary, in accordance with Section 1127 of the Bankruptcy Code and this Plan.

ARTICLE VI.
IMPLEMENTATION OF PLAN

A. Reverse Merger Transaction / DIP Loan Conversion

(1) Reverse Merger Transaction. In addition to the provisions set forth elsewhere in the Plan, the following shall constitute certain means for the implementation of the Reverse Merger Transaction assuming that the Reverse Merger Conditions are satisfied by the Proposed Merger Date:

A. Reverse Merger.

Wave2Wave has been engaged in talks with an investment banker, pursuant to which Wave2Wave anticipates going public through a Reverse Merger with a soon to be identified public company, simultaneously with raising of capital/indebtedness to satisfy the Debtors' obligations under Section 1129 of the Bankruptcy Code to confirm the Plan upon closing of the Reverse Merger. As is customary for transactions of this nature, it is anticipated that such Reverse Merger would be effectuated pursuant to a Merger Agreement by and among Wave2Wave, Merger Sub and Target, pursuant to which Merger Sub would merge with and into Target, with Target being the Surviving Corporation through an exchange of capital stock of Wave2Wave for capital stock of Target (the "Merger").

Upon completion of such Merger, (i) each share of then-outstanding common stock of the company ("Wave2Wave Common Stock") would be automatically converted into the right to receive the number of shares of Target common stock ("Target Common Stock") equal to the appropriate common stock exchange ratio and (ii) each share of then-outstanding preferred stock of Wave2Wave ("Wave2Wave Preferred Stock" and together with the Wave2Wave Common Stock, "Wave2Wave Capital Stock") would be automatically converted into the right to receive the same number of shares of Target preferred Stock ("Target Preferred Stock"). The Target

Preferred Stock to be issued to the holders of Wave2Wave Preferred Stock would have the powers, designations, preferences and other rights as will be set forth in a Certificate of Designations, Preferences and Rights of Preferred Stock to be filed by Target prior to closing, which rights would be the same as they currently exist in favor of the holders of the Wave2Wave Preferred Stock. The Common Stock Exchange Ratio would be set at a number such that the shareholders of Wave2Wave prior to closing would own up to 99% of Target after closing, on a fully-diluted basis. At the effective time of the Merger, each outstanding and unexercised option to purchase Wave2Wave Common Stock (each a "Wave2Wave Stock Option"), whether vested or unvested would be converted into and become an option to purchase Target Common Stock and Target would assume such Wave2Wave Stock Option in accordance with the terms of Wave2Wave's stock option plans. After the effective time of the Merger, (a) each Wave2Wave Stock Option assumed by Target would be exercisable solely for shares of Target Common Stock and (b) the number of shares of Target Common Stock and the exercise price subject to each Wave2Wave Stock Option assumed by Target would be determined by the Common Stock Exchange Ratio.

In addition, at the effective time of the Merger, each outstanding and unexercised warrant to purchase Wave2Wave Common Stock (each a "Wave2Wave Warrant"), whether vested or unvested, would be converted into and become a warrant to purchase Target Common Stock and Target would assume such Wave2Wave Warrant in accordance with the terms of such Wave2Wave Warrant. After the effective time of the Merger, (a) each Wave2Wave Warrant assumed by Target would be exercisable solely for shares of Target Common Stock, and (b) the number of shares of Target Common Stock and the exercise price subject to each Wave2Wave Warrant assumed by Target would be determined by the Common Stock Exchange Ratio.

In transactions of this nature, a Merger Agreement would typically contain customary representations and warranties of each of Target and Wave2Wave (many of which may be qualified by concepts of knowledge, materiality and/or dollar thresholds and would be further modified and limited by confidential disclosure schedules exchanged by the parties), as applicable, relating to, among other things, (a) organization and qualification; (b) subsidiaries; (c) capital structure; (d) authorization, performance and enforceability of the Merger Agreement; (e) board approval and required vote; (f) financial statements; (g) absence of undisclosed liabilities and minimum cash; (h) absence of changes or events; (i) agreements, contracts and commitments; (j) employee and employee benefit plans; (k) taxes; (l) interested party transactions; and (m) brokers. A typical Merger Agreement would also contain certain agreements of the parties including, among other things, that (i) each party will allow reasonable access to their books and records until the closing of the Merger; (ii) each party will maintain in confidence any non-public information received from the other party; and (iii) the parties will take all action to appoint certain individuals to serve on the board of directors of Target and as officers of Target.

The obligations of each of Target and Wave2Wave to consummate such Merger would be subject to the satisfaction or waiver of certain additional conditions, including, among other things, (a) the representations and warranties of the other party contained in the Merger Agreement being true and correct in all material respects; (b) the other party shall have performed or complied in all material respects with all agreements and covenants under the Merger Agreement; (c) the receipt of all necessary consents or approvals; and (d) the filing of all necessary documents with any governmental authorities, including the Securities and Exchange Commission;.

The Merger Agreement would typically contain a termination provision, whereby the Merger Agreement may be terminated at any time prior to the closing, as follows: (a) by mutual written consent of Target, Merger Sub and Wave2Wave; (b) by either Target or Wave2Wave if the closing had not occurred by a specified date; (c) by either Target or Wave2Wave if any law enacted by a governmental authority prohibits the consummation of the Merger, or any governmental authority has issued an order or taken any other action which restrains, enjoins or otherwise prohibits the Merge; or (d) by either party if the other party is in material breach of its obligations or representations or warranties under the Agreement.

B. Mennen Trust Loan.

The Mennen Trust shall enter into a Note Exchange and Modification Agreement pursuant to which it agrees to reduce the outstanding principal amount of the Mennen Trust Loan to $8,000,000 in exchange for 20% of the outstanding equity of Reorganized Wave2Wave (calculated prior to consummating the Reverse Merger Transaction) on a fully diluted basis.

C. Conversion of DePalo DIP Loan

Pursuant to that certain Conversion Agreement, Lender shall agree to convert the DIP Loan into a 4-year term loan ("Term Loan") in exchange for 45% of the outstanding equity of Reorganized Wave2Wave (calculated prior to consummating the Reverse Merger Transaction) on a fully diluted basis. Interest on the Term Loan accrues at the rate of 10% per annum on the outstanding balance and is paid monthly in arrears. Unpaid interest accrues and compounds monthly.

D. Post Confirmation Board of Directors

On or promptly following the Effective Date, the post-confirmation Board of Directors of Reorganized Wave2Wave will include Steven Asman and Robert DePalo.

(2) DIP Loan Conversion. Notwithstanding the foregoing, in the event the Reverse Merger Conditions are not satisfied by the Proposed Merger Date and the Reverse Merger Transaction is not consummated, the following shall constitute certain means for the implementation of the DIP Loan Conversion:

A. Conversion of DePalo DIP Loan

Pursuant to that certain Conversion Agreement, Lender shall agree to convert the DIP Loan into the Term Loan in exchange for 70% of the outstanding equity of Reorganized Wave2Wave on a fully diluted basis. Interest on the Term Loan accrues at the rate of 10% per annum on the outstanding balance and is paid monthly in arrears. Unpaid interest accrues and compounds monthly.

B. Mennen Trust Loan

The Mennen Trust shall enter into a Note Exchange and Modification Agreement pursuant to which it agrees to reduce the outstanding principal amount of the Mennen Trust Loan to $8,000,000 in exchange for 20% of the outstanding equity of Reorganized Wave2Wave on a fully diluted basis.

C. Additional Capital/Indebtedness

The DIP Loan Conversion requires the Debtors to raise additional capital/indebtedness in order to satisfy the conditions necessary to consummate the DIP Loan Conversion.

D. Post Confirmation Board of Directors

On or promptly following the Effective Date, (i) the post-confirmation Board of Directors of Reorganized Wave2Wave will include Steven Asman (the "Shareholder Appointee") and Robert DePalo (the "Lender Appointee"), and (ii) the Bylaws of Reorganized Wave2Wave shall be amended so that the Board of Directors shall consist of two (2) individuals and that the

Shareholder Appointee shall control 49% of the vote of the Board of Directors and the Lender Appointee shall control 51% of the vote of the Board of Directors.

E. Allied International Fund, Inc.

Allied International Fund, Inc. ("Allied") is the owner of 100% of the Debtors' Series A Preferred Stock, which amounts to 1,000 shares. The President and sole shareholder of Allied is Rosemarie DePalo. Ms. DePalo is the wife of Robert DePalo, the managing member of the DIP Lender.

Wave2Wave and Allied shall enter into an Amended and Restated Preferred Shareholder Agreement which will include, among other items, a payment of one (1%) percent of all monthly gross revenues of Reorganized Wave2Wave to Allied on a monthly basis, with a minimum guaranteed amount of $45,000 per month.

F. Management Incentive Plan

Wave2Wave's current 2009 Employee and Director Equity Inventive Plan shall be terminated on the Effective Date and in exchange thereof, Reorganized Wave2Wave shall enter into a Management Incentive Plan which shall include, among other items, provisions pursuant to which management of Reorganized Wave2Wave will be awarded 10% of the outstanding equity of Reorganized Wave2Wave on a fully diluted basis.

B. Further Implementation of the Plan.

In addition to Section A above, as applicable, the following shall constitute further means for implementation of the Plan:

(1) Amendment to Veritas Loan Agreement.

The Veritas Loan Agreement shall be amended so that the Veritas Loan shall be repaid in thirty-eight (38) equal monthly installments of principal and interest in the amount of $123,655 beginning on the first full calendar month following the Effective Date, and on the first day of

each month thereafter until August 25, 2015, at which time all remaining amounts outstanding under the Veritas Loan shall be paid in full.

(2) Amendment to Brookville Loan Agreement.

The Brookville Loan Agreement shall be amended so that the Brookville Loan shall be repaid in nine (9) equal monthly installments of principal and interest (i) in the amount of $140,516 with respect to the Reverse Merger Transaction, or (ii) in the amount of $277,149 with respect to the DIP Loan Conversion, beginning on the first full calendar month following the Effective Date, and on the first day of each month thereafter until April 1, 2013, at which time all remaining amounts outstanding under the Brookville Loan shall be paid in full.

(3) Dissolution of Creditors' Committee

The Plan and the Confirmation Order will provide that upon the occurrence of the Effective Date, the Creditors' Committee shall dissolve automatically, whereupon its members, professionals and agents shall be released from any duties and responsibilities in these cases and under the Bankruptcy Code (except with respect to (i) obligations arising under confidentiality agreements, which shall remain in full force and effect, (ii) applications for the payment of fees and reimbursement of expenses, and (iii) any pending motions or any motions or other actions seeking enforcement of implementation of the provisions of the Plan).

(4) Transfer Taxes.

To the fullest extent permitted under Section 1146(a) of the Bankruptcy Code and applicable law, the sale, transfer, conveyance and/or assignment of any assets, equity, real property and interests in real property pursuant to the Plan shall not be taxed under any law imposing any such tax.

(5) Corporate Action for the Debtors and Reorganized Wave2Wave, Reorganized RNK and Reorganized RNK VA. On the Effective Date, all matters and actions provided for under the Plan that would otherwise require approval of the members, partners, managers, officers and/or directors of the Debtors or Reorganized Wave2Wave, Reorganized RNK or Reorganized RNK VA, or their successors-in-interest under the Plan and all other Plan Documents, and the election or appointment, as the case may be, of managers or officers of Reorganized Wave2Wave, Reorganized RNK or Reorganized RNK VA, pursuant to the Plan, shall be deemed to have been authorized and effective in all respects as provided herein and shall be taken without any requirement for further action by members, managers or directors of Reorganized Wave2Wave. Reorganized RNK or Reorganized RNK VA.

(6) Approval of Agreements

The solicitation of votes on the Plan also shall be deemed as a solicitation for the approval of the Plan Documents and all transactions contemplated by the Plan. Entry of the Confirmation Order shall constitute approval of the Plan Documents and Plan Supplement and all transactions contemplated thereby.

(7) Special Procedures for Lost, Stolen, Mutilated or Destroyed Instruments

In addition to any requirements under any certificate of incorporation or bylaws or other similar governance document, any Holder of a Claim evidenced by an instrument that has been lost, stolen, mutilated or destroyed will, in lieu of surrendering such instrument, deliver to the Disbursing Agent: (i) evidence satisfactory to the Disbursing Agent, the Debtors, Reorganized Wave2Wave, Reorganized RNK, Reorganized RNK VA, as the case may be, of the loss, theft, mutilation or destruction; and (ii) such security or indemnity as may be required by the Disbursing Agent to hold the Disbursing Agent, the Debtors, Reorganized Wave2Wave,

Reorganized RNK, Reorganized RNK VA, as the case may be, harmless from any damages, liabilities or costs incurred in treating such individual as a Holder of an instrument. Upon compliance with this Article, the Holder of a Claim evidenced by any such lost, stolen, mutilated or destroyed instrument will, for all purposes under the Plan, be deemed to have surrendered such instrument.

(8) Operation of the Debtors-in-Possession Between the Confirmation Date and the Effective Date

The Debtors shall each continue to operate as Debtors-in-Possession, subject to the supervision of the Bankruptcy Court, pursuant to the Bankruptcy Code, during the period from the Confirmation Date through and until the Effective Date.

(9) Vesting of Assets.

From and after the Effective Date, Reorganized Wave2Wave, Reorganized RNK and Reorganized RNK VA may operate its business, and may use, acquire and dispose of property without supervision or approval by the Bankruptcy Court and free of any restrictions imposed by the Bankruptcy Code, but subject to the continuing jurisdiction of the Bankruptcy Court as set forth in this Plan.

(10) Discharge of Debtors

The rights afforded herein and the treatment of all Claims and Equity Interests herein shall be in exchange for and in complete satisfaction, discharge and release of Claims and Equity Interests of any nature whatsoever, including any interest accrued on such Claims from and after the Commencement Date, against the Debtors and the Debtors-in-Possession, their Estates, or any of their assets or properties. Except as otherwise provided herein, (A) on the Effective Date, all such Claims against and Equity Interests in any of the Debtors shall be satisfied, discharged

and released in full, and (B) all Persons are precluded and enjoined from asserting against Reorganized Wave2Wave, Reorganized RNK, Reorganized RNK VA and their respective successors, or its assets or properties any other or further Claims or Equity Interests based upon any act or omission, transaction or other activity of any kind or nature that occurred before the Confirmation Date.

(11) Injunctions or Stays

All injunctions or stays provided for in the Chapter 11 Cases under Sections 105 or 362 of the Bankruptcy Code and in the Plan, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date. Except as otherwise expressly provided in the Plan or to the extent necessary to enforce the terms and conditions of the Plan, the Confirmation Order or a separate Order of the Bankruptcy Court, all entities, creditors and equity and/or interest holders who have held, hold, or may hold Claims against or Equity Interest in the Debtors, are permanently enjoined, on and after the Confirmation Date, from (i) commencing or continuing in any manner any action or other proceeding of any kind with respect to any such Claim or Equity Interest, (ii) the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree or Order against the Debtors, Reorganized Wave2Wave, Reorganized RNK or Reorganized RNK VA on account of any such Claim or Equity Interest, (iii) creating, perfecting or enforcing any encumbrance of any kind against the Debtors, Reorganized Wave2Wave, Reorganized RNK or Reorganized RNK VA or against the property or interests in property of the Debtors, Reorganized Wave2Wave, Reorganized RNK or Reorganized RNK VA on account of any such Claim or Equity Interest, and (iv) asserting any right of setoff, subrogation or recoupment of any kind against any obligation due from the Debtors, Reorganized Wave2Wave, Reorganized RNK or Reorganized

RNK VA or against the property or interests in property of the Debtors, Reorganized Wave2Wave, Reorganized RNK and Reorganized RNK VA on account of any such Claim or Equity Interest. Such injunction shall extend to successors of the Debtors, Reorganized Wave2Wave, Reorganized RNK or Reorganized RNK VA and their respective properties and interests in property.

(12) Exculpation

The Debtors, Reorganized Wave2Wave, Reorganized RNK, Reorganized RNK VA, the Creditors' Committee, each of the members of the Creditors' Committee, and their respective members, partners, officers, directors, employees and agents (including any attorneys, financial advisors, investment bankers and other professionals retained by such Persons) shall have no liability to any Holder of any Claim or Equity Interest for any act or omission in connection with, or arising out of the Chapter 11 Cases, the Disclosure Statement, the Plan, the Plan Documents, the solicitation of votes for and the pursuit of confirmation of this Plan, the consummation of this Plan, or the administration of this Plan or the property to be distributed under this Plan, except for willful misconduct or gross negligence as determined by a Final Order of the Bankruptcy Court and, in all respects, shall be entitled to rely on the advice of counsel with respect to their duties and responsibilities under this Plan.

(13) Survival of the Debtors' Indemnification Obligations

Any obligations of the Debtors pursuant to their corporate charters and bylaws or other organizational documents to indemnify current and former officers and directors of the Debtors with respect to all present and future actions, suits and proceedings against the Debtors or such directors and/or officers, based upon any act or omission for or on behalf of the Debtors shall not be discharged or impaired by confirmation of the Plan. To the extent provided in this section,

such obligations shall be deemed and treated as executory contracts to be assumed by the Debtors hereunder and shall continue as obligations of Reorganized Wave2Wave, Reorganized RNK or Reorganized RNK VA, as applicable. Upon the Effective Date, except in the case of gross negligence, willful misconduct or fraud, the commencement or prosecution by any person or entity, whether directly, derivatively or otherwise, of any Claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action or liability subject to indemnification by the Debtors, Reorganized RNK or Reorganized RNK VA, as applicable, shall be enjoined.

ARTICLE VII.
DISTRIBUTIONS UNDER THE PLAN AND TREATMENT OF DISPUTED, CONTINGENT AND UNLIQUIDATED CLAIMS AND EQUITY INTERESTS

A. Method of Distributions Under the Plan

(1) In General

On the Effective Date, any cash distributions that are required to be made pursuant to the Plan shall be made by Reorganized Wave2Wave, Reorganized RNK or Reorganized RNK VA, as applicable.

(2) Timing of Distributions

Any payment or distribution required to be made under the Plan on a day other than a Business Day shall be made on the next succeeding Business Day.

(3) Minimum Distributions

No payment of Cash less than One Hundred Dollars ($100.00) shall be made by Reorganized Wave2Wave, Reorganized RNK or Reorganized RNK VA, as applicable, to any Holder of a Claim unless a request therefore is made in writing to Reorganized Wave2Wave, Reorganized RNK or Reorganized RNK VA, as applicable.

(4) Fractional Dollars

Any other provisions of the Plan to the contrary notwithstanding, no payments of fractions of dollars will be made. Whenever any payment of a fraction of a dollar would otherwise be called for, the actual payment shall reflect a rounding of such fraction to the nearest whole dollar (up or down).

(5) Unclaimed Distributions

Any Distributions under the Plan that are unclaimed for a period of four (4) months after distribution thereof shall be revested in Reorganized Wave2Wave, Reorganized RNK or Reorganized RNK VA, as applicable, and any entitlement of any Holder of any Claim to such Distributions shall be extinguished and forever barred.

(6) Distributions to Holders as of the Record Date

As of the close of business on the Record Date, the claims register shall be closed. The Debtors, Reorganized Wave2Wave, Reorganized RNK and Reorganized RNK VA shall have no obligation to recognize any transfer of any Claims occurring after the Record Date unless written notice of such transfer is provided to the Disbursing Agent. The Debtors, Reorganized Wave2Wave, Reorganized RNK and Reorganized RNK VA shall be entitled to recognize and deal for all purposes under the Plan (except as to voting to accept or reject the Plan) with only those record Holders stated on the Claims register as of the close of business on the Record Date and those parties that have provided written notice of any transfer to the Disbursing Agent.

(7) Setoffs and Recoupment

Any of the Debtors, Reorganized Wave2Wave, Reorganized RNK and Reorganized RNK VA may, but shall not be required to, set off against or recoup from any Claim and the payments to be made pursuant to the Plan in respect of such Claim, any Claims of any nature whatsoever

that such Debtor, Reorganized Wave2Wave, Reorganized RNK or Reorganized RNK VA, as the case may be, may have against the claimant, but neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Debtor, Reorganized Wave2Wave, Reorganized RNK or Reorganized RNK VA of any such Claim or right it may have against such Claimant.

(8) Procedures for Resolving and Treating Contested Claims

(i) Objections to and Resolution of Disputed Administrative and Priority Claims: Reorganized Wave2Wave, Reorganized RNK or Reorganized RNK VA, as applicable, shall have the exclusive right to make and file objections to Administrative Expense Claims and Priority Claims after the Effective Date. All objections shall be litigated to Final Order; provided, however, that Reorganized Wave2Wave, Reorganized RNK or Reorganized RNK VA, as applicable, shall have the authority to compromise, settle, resolve or withdraw any objections, without approval of the Bankruptcy Court. Unless otherwise ordered by the Bankruptcy Court, Reorganized Wave2Wave, Reorganized RNK or Reorganized RNK VA, as applicable, shall file and serve all objections to Administrative Expense Claims and Priority Claims that are the subject of proofs of Claim or requests for payment filed with the Bankruptcy Court no later than ninety (90) days after the Effective Date or such later date as may be approved by the Bankruptcy Court.

(ii) Objections to and Resolution of Disputed General Unsecured Claims: Reorganized Wave2Wave, Reorganized RNK or Reorganized RNK VA, as applicable, shall have the exclusive right to make and file objections to General Unsecured Claims after the Effective Date. All objections shall be litigated to Final Order; provided, however, that Reorganized Wave2Wave, Reorganized RNK or Reorganized RNK VA, as applicable, shall

have the authority to compromise, settle, resolve or withdraw any objections, without approval of the Bankruptcy Court. Unless otherwise ordered by the Bankruptcy Court, Reorganized Wave2Wave, Reorganized RNK or Reorganized RNK VA, as applicable, shall file and serve all objections to General Unsecured Claims that are the subject of proofs of Claim or requests for payment filed with the Bankruptcy Court no later than one-hundred eighty (180) days after the Effective Date or such later date as may be approved by the Bankruptcy Court. Any Disputed General Unsecured Claim shall be defended and liquidated in the Bankruptcy Court or any other administrative or judicial tribunal of appropriate jurisdiction as selected by Reorganized Wave2Wave, Reorganized RNK or Reorganized RNK VA, as applicable, and approved by the Bankruptcy Court.

(iii) Procedure for Omnibus Objections to Claims: Notwithstanding Bankruptcy Rule 3007, Reorganized Wave2Wave, Reorganized RNK or Reorganized RNK VA, as applicable, is permitted to file omnibus objections to Claims (an "Omnibus Objection") on any grounds, including but not limited to those grounds specified in Bankruptcy Rule 3007(d). Reorganized Wave2Wave, Reorganized RNK or Reorganized RNK VA, as applicable, shall supplement each Omnibus Objection with particularized notices of objection (a "Notice") to the specific person identified on the first page of each relevant proof of claim. For claims that have been transferred, a Notice shall be provided only to the person or persons listed as being the owner of such claim on the Debtors' claims register as of the date the objection is filed. The Notice shall include a copy of the relevant Omnibus Objection but not the exhibits thereto listing all claims subject to the objection thereby; rather, the Notice shall (a) identify the particular claim or claims filed by the claimant that are the subject of the Omnibus Objection, (b) provide a unique, specified and detailed basis for the objection, (c) explain the Debtors' proposed

treatment of the claim, (d) notify such claimant of the steps that must be taken to contest the objection, and (e) otherwise comply with the Bankruptcy Rules.

(iv) Estimation of Claims: Reorganized Wave2Wave, Reorganized RNK or Reorganized RNK VA, as applicable, may, at any time, request that the Bankruptcy Court estimate any Disputed Claim pursuant to Section 502(c) of the Bankruptcy Code regardless of whether Reorganized Wave2Wave, Reorganized RNK or Reorganized RNK VA, as applicable, has previously objected to such claim or whether the Bankruptcy Court has ruled on any such objection. The Bankruptcy Court shall retain jurisdiction to estimate any Disputed Claim at any time during litigation concerning an objection to any Claim, including during the pendency of any appeal relating to any such objection. In the event the Bankruptcy Court estimates any Disputed Claim, that estimated amount will constitute the Allowed amount of such claim for all purposes under the Plan. All of the objection and estimation procedures set forth in the Plan are cumulative and not necessarily exclusive of one another. Claims may be estimated and subsequently comprised, settled, withdrawn or resolved by any mechanism approved by the Bankruptcy Court.

(v) Entitlement to Plan Distributions Upon Allowance: Notwithstanding any other provision of the Plan, no distribution shall be made with respect to any Claim to the extent it is a Disputed Claim, unless and until such Disputed Claim becomes an Allowed Claim. When a Claim that is not an Allowed Claim as of the Effective Date becomes an Allowed Claim (regardless of when), the holder of such Allowed Claim shall thereupon become entitled to distributions in respect of such Claim, the same as though such Claim has been an Allowed Claim on the Effective Date.

(vi) Reserve. Reorganized Wave2Wave, Reorganized RNK or Reorganized RNK VA, as applicable, shall reserve from the Distributions to be made to Holders of Allowed General Unsecured Claims an amount equal to 100% of the Distribution to which Holders of Disputed Claims would be entitled to under the Plan if such Disputed Claims were Allowed Claims in their Disputed Claim Amount or such other amount as is ordered by the Bankruptcy Court after notice and hearing (the "Reserve"). The creation of any such Reserve shall not delay or impair the Distributions to all Holders of Allowed General Unsecured Claims.

ARTICLE VIII.
CAUSES OF ACTION

A. Preservation of Causes of Action

Entry of the Confirmation Order shall not be deemed or construed as a waiver or release by any of the Debtors of any Causes of Action. In accordance with Section 1123(b)(3) of the Bankruptcy Code, all Causes of Action shall be either retained by the applicable Debtor that owns such Cause of Action on the Effective Date. Pursuant to the Plan and Section 1123(b)(3)(B) of the Bankruptcy Code, Reorganized Wave2Wave shall be designated as the representative of each Debtor's estate for purposes of bringing, prosecuting and compromising all Avoidance Actions. All Retained Actions shall be retained by Reorganized Wave2Wave.

Except as expressly provided in this Plan, the failure of the Debtors to specifically list any Claim, Causes of Action, right of action, suit or proceeding in the Schedules, the Disclosure Statement or any Schedule to the Plan Supplement does not, and will not be deemed to, constitute a waiver or release by the Debtors of such Claim, Cause of Action, right of action, suit or proceeding, and either Reorganized Wave2Wave or the applicable Debtor that owns such Claims, as applicable, will retain the right to pursue such Claims, Causes of Action, rights of action, suits or proceeding in its sole discretion and, therefore, no preclusion doctrine, collateral

estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable or otherwise) or laches will apply to such claim, right of action, and suit or proceeding upon or after the Confirmation or consummation of the Plan. Further, recovery of any proceeds of Causes of Action shall be deemed "for the benefit of the [applicable] estate" as set forth in Section 550(a) of the Bankruptcy Code.

ARTICLE IX.
CONDITIONS TO CONFIRMATION AND EFFECTIVE DATE

(1) Conditions to Confirmation. The following conditions shall be met before Confirmation of the Plan:

a) An Order shall have been entered finding that:

(1) The Disclosure Statement contains adequate information pursuant to Section 1125 of the Bankruptcy shall have been issued by the Bankruptcy Court; and

(2) The Debtors, the Creditors' Committee and their respective principals, officers, directors, attorneys, accountants, financial advisors, advisory affiliates, employees, and agents solicited acceptance or rejection of the Plan in good faith pursuant to 11 U.S.C. § 1125(e); and

b) The proposed Confirmation Order shall be in form and substance reasonably satisfactory to the Debtors and shall have been signed by the Bankruptcy Court and entered on the docket of this Chapter 11 Cases.

(2) Conditions Precedent to the Effective Date. The Plan shall not become effective unless and until the following conditions shall have been satisfied or waived:

a) The Confirmation Order shall authorize and direct that the Debtors and the Creditors' Committee take all actions necessary or appropriate to enter into, implement and consummate the contracts, instruments, releases, leases and other agreements or documents

created in connection with the Plan, including the Plan Documents and the transactions contemplated thereby.

b) The Confirmation Order, and each Order referred to herein, shall have become a Final Order.

c) The statutory fees owing to the United States Trustee shall have been paid in full.

d) All other actions, authorizations, consents and regulatory approvals required (if any) and all Plan Documents necessary to implement the provisions of the Plan shall have been obtained, effected or executed in a manner acceptable to the Debtors or, if waivable, waived by the Person or Persons entitled to the benefit thereof.

(3) Effect of Failure of Conditions. If each condition to the Effective Date has not been satisfied or duly waived within one year after the Confirmation Date, then upon motion by any party in interest, made before the time that each of the conditions has been satisfied or duly waived and upon notice to such parties in interest as the Bankruptcy Court may direct, the Confirmation Order will be vacated by the Bankruptcy Court. If the Confirmation Order is vacated pursuant to this Article, the Plan shall be deemed null and void in all respects including, without limitation, the discharge of Claims pursuant to Section 1141 of the Bankruptcy Code and the assumptions or rejections of Executory Contracts and unexpired leases provided for herein, and nothing contained herein shall (i) constitute a waiver or release of any Claims by or against any of the Debtors or (ii) prejudice in any manner the rights of any of the Debtors.

(4) Waiver of Conditions to Confirmation and Effective Date. Each of the conditions to Confirmation and the Effective Date may be waived in writing, in whole or in part, by any of the Debtors at any time, without notice or an Order of the Bankruptcy Court, but only

after consultation with the Creditors' Committee. The failure of any of the Debtors to exercise any of the foregoing rights will not be deemed a waiver of any other rights, and each such right will be deemed an ongoing right that may be asserted at any time.

(5) Limitation of Liability. Neither the Debtors, Reorganized Wave2Wave, Reorganized RNK, Reorganized RNK VA, the Creditors' Committee, the members of the Creditors' Committee, the Disbursing Agent, nor any of their respective post-Commencement Date employees, officers, directors, agents or representatives, or any Professional (which, for the purposes of this Article, shall include any counsel of the Debtors, Reorganized Wave2Wave, Reorganized RNK, Reorganized RNK VA or the Creditors' Committee) employed by any of them, shall have or incur any liability to any Person whatsoever, including, specifically, any Holder of a Claim or Equity Interests, under any theory of liability (except for any Claim based upon willful misconduct or gross negligence), for any act taken or omission made in good faith directly related to formulating, negotiating, preparing, disseminating, implementing, confirming or consummating the Plan, the Plan Documents, the Confirmation Order, or any contract, instrument, release, or other agreement or document created or entered into, or any other act taken or omitted to be taken in connection with the Plan Documents, provided that nothing in this paragraph shall limit the liability of any Person for breach of any express obligation it has under the terms of the Plan, the Plan Documents, or under any agreement or other document entered into by such Person either after the Commencement Date or in accordance with the terms of the Plan or for any breach of a duty of care owed to any other Person occurring after the Effective Date. In all respects, the Debtors, Reorganized Wave2Wave, Reorganized RNK, Reorganized RNK VA, the Creditors' Committee, the Disbursing Agent, and each of their respective members, managers, officers, directors, employees, advisors and agents shall be

entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan.

(6) Subordination. The classification and manner of satisfying all Claims and Equity Interests and the respective distributions and treatments under the Plan take into account or conform to the relative priority and rights of the Claims and Equity Interests in each Class in connection with any contractual, legal and equitable subordination rights relating thereto, whether arising under general principles of equitable subordination, Section 510(b) of the Bankruptcy Code or otherwise, and any and all such rights are settled, compromised and released pursuant to the Plan. The Confirmation Order shall permanently enjoin, effective as of the Effective Date, all Persons from enforcing or attempting to enforce any such contractual, legal and equitable subordination rights satisfied, compromised and settled pursuant to this Article X.

(7) Mutual Releases. Pursuant to Section 1123(b) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan, for good and valuable consideration, on and after the Effective Date, the Debtors, Reorganized Wave2Wave, Reorganized RNK, Reorganized RNK VA, the Creditors' Committee, the members of the Creditors' Committee and all Holders of Claims and/or Interests and each of their respective affiliates, principals, officers, directors, partners, members, attorneys, accountants, financial advisors, advisory affiliates, employees and agents (each a "Released Party") shall each conclusively, absolutely, unconditionally, irrevocably, and forever release and discharge each other Released Party from any and all Claims, obligations, rights, suits, damages, causes of action, remedies, and liabilities whatsoever, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity, or otherwise, that any Released Party would have been legally entitled to assert in their own right (whether individually or collectively), based on or relating to, or in any manner

arising from, in whole or in part, the Debtors, Reorganized Wave2Wave, Reorganized RNK, Reorganized RNK VA, the Creditors' Committee, the members of the Creditors' Committee, the Chapter 11 Case, the Plan, the purchase, sale, or rescission of the purchase or sale of any assets of the Debtors, the subject matter of, or the transactions or events giving rise to, any Claim that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the restructuring of Claims and Equity Interests prior to or in the Chapter 11 Case, the negotiation, formulation, or preparation of the Plan and the Disclosure Statement, or any related agreements, instruments, or other documents, upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date, other than any Claims, direct actions, causes of action, demands, rights, judgments, debts, obligations, assessments, compensations, costs, deficiencies or other expenses of any nature whatsoever (including without limitation, attorneys' fees) (i) arising under or based on the Plan or any other documents, instrument or agreement to be executed or delivered therewith, or (ii) in the case of gross negligence, willful misconduct or fraud.

ARTICLE X.
RETENTION OF JURISDICTION

The Bankruptcy Court shall have exclusive jurisdiction of all matters arising out of, and related to, the Chapter 11 Cases and the Plan pursuant to, and for the purposes of, Sections 105(a) and 1142 of the Bankruptcy Code and for, among other things, the following purposes:

a) To hear and determine all matters with respect to the assumption or rejection of any Executory Contract or unexpired lease to which any of the Debtors is a party or with respect to which any of the Debtors may be liable, including, if necessary, the nature or amount of any required Cure or the liquidation or allowance of any Claims arising therefrom;

b) To hear and determine any and all adversary proceedings, applications and contested matters, including, without limitation, adversary proceedings and contested matters arising in connection with the prosecution of the Avoidance Actions, to the extent specifically reserved in accordance with the terms of the Plan, and all other Causes of Action, whether commenced before or after the Effective Date;

c) To hear and determine any objections to Claims and to address any issues relating to Disputed Claims;

d) To enter and implement such Orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified or vacated;

e) To issue such Orders in aid of execution and consummation of the Plan, to the extent authorized by Section 1142 of the Bankruptcy Code;

f) To consider any amendments to or modifications of the Plan, to cure any defect or omission, or reconcile any inconsistency in any Order of the Bankruptcy Court, including, without limitation, the Confirmation Order;

g) To hear and determine all Fee Applications; provided, however, that from and after the Effective Date, the payment of the fees and expenses of the retained Professionals of Reorganized Wave2Wave, Reorganized RNK or Reorganized RNK VA shall be made in the ordinary course of business and shall not be subject to the approval of the Bankruptcy Court;

h) To hear and determine disputes arising in connection with the interpretation, implementation or enforcement of the Plan;

i) Except as otherwise limited herein, to recover all assets of the Debtors and property of the Debtors' Estates, wherever located;

j) To hear and determine matters concerning state, local and federal taxes in accordance with Sections 346, 505 and 1146 of the Bankruptcy Code;

k) To hear any other matter not inconsistent with the Bankruptcy Code;

l) To enter a final decree closing the Chapter 11 Cases;

m) To ensure that Distributions to Holders of Allowed Claims are accomplished pursuant to the provisions of the Plan;

n) To decide or resolve any motions, adversary proceedings, contested or litigated matters pending in the Bankruptcy Court and any other matters pending in the Bankruptcy Court and grant or deny any applications involving the Debtors that may be pending in the Bankruptcy Court on the Effective Date;

o) To issue injunctions, enter and implement other Orders or take such other actions as may be necessary or appropriate to restrain interference by any Person or Entity with the occurrence of the Effective Date or enforcement of the Plan, except as otherwise provided herein;

p) To determine any other matters that may arise in connection with or relate to the Plan, the Disclosure Statement, the Confirmation Order or any contract, instrument, release, indenture or other agreement or document created in connection with the Plan or the Disclosure Statement, including the Plan Documents;

q) To enforce, interpret, and determine any disputes arising in connection with any stipulations, orders, judgments, injunctions, releases, exculpations, indemnifications, and rulings entered in connection with the Chapter 11 Cases (whether or not the Chapter 11 Cases have been closed);

r) To resolve disputes concerning any reserves with respect to Disputed Claims, Disputed Equity Interests or the administration thereof;

s) To resolve any disputes concerning whether a Person or Entity had sufficient notice of the Chapter 11 Cases, the Claims Bar Date, the hearing on the approval of the Disclosure Statement as containing adequate information, the hearing on the confirmation of the Plan for the purpose of determining whether a Claim or Equity Interest is discharged hereunder or for any other purpose; and

t) To issue Orders pursuant to Section 363(b) of the Bankruptcy Code; provided, however, that Bankruptcy Court approval is not required to consummate any sales after confirmation of the Plan.

ARTICLE XI.
MISCELLANEOUS PROVISIONS

A. Effectuating Documents and Further TransactionsThe Debtors, Reorganized Wave2Wave, Reorganized RNK and Reorganized RNK VA are each authorized to execute, deliver, file or record such contracts, instruments, releases, and other agreements or documents and to take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan and any securities issued pursuant to the Plan.

B. Exemption from Transfer TaxesPursuant to Section 1146(a) of the Bankruptcy Code, the issuance, transfer or exchange of notes or equity securities under the Plan, the creation of any mortgage, deed of trust or other security interest, the making or assignment of any lease or sublease, or the making or delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with the Plan, including, without limitation, any merger agreements or agreements of consolidation, deeds, bills of sale or assignments executed in

connection with any of the transactions contemplated under the Plan shall not be subject to any stamp, real estate transfer, mortgage recording or other similar tax.

C. Post-Confirmation Date Fees and ExpensesFrom and after the Confirmation Date, the Debtors, Reorganized Wave2Wave, Reorganized RNK and Reorganized RNK VA shall, in the ordinary course of business and without the necessity for any approval by the Bankruptcy Court, pay the reasonable fees and expenses of Professionals thereafter incurred by the Debtors, Reorganized Wave2Wave, Reorganized RNK and Reorganized RNK VA until its termination in accordance with the provisions of the Plan, including, without limitation, those fees and expenses incurred in connection with the implementation and consummation of the Plan.

D. Payment of Statutory FeesAll fees payable pursuant to Section 1930 of the title 28 of the United States Code, as determined by the Bankruptcy Court at the Confirmation Hearing, shall be paid in Cash equal to the amount of such fees on the Effective Date. Reorganized Wave2Wave, Reorganized RNK or Reorganized RNK VA, as applicable, shall timely pay post-confirmation quarterly fees assessed pursuant to 28 U.S.C. § 1930(a)(6) until such time as the Bankruptcy Court enters a final decree closing the Chapter 11 Cases, or enters an Order either converting this case to a case under Chapter 7 or dismissing this case. After the Confirmation Date, Reorganized Wave2Wave, Reorganized RNK or Reorganized RNK VA, as applicable, shall file with the Bankruptcy Court and shall transmit to the United States Trustee a true and correct statement of all disbursements made by Reorganized Wave2Wave, Reorganized RNK or Reorganized RNK VA, as applicable, on a quarterly basis, or portion thereof, that the Chapter 11 Cases remains open in a format prescribed by the United States Trustee.

E. Amendment or Modification of the PlanAlterations, amendments or modifications of the Plan may be proposed in writing by the Debtors at any time before the Confirmation Date,

provided that the Plan, as altered, amended or modified, satisfies the conditions of Sections 1122 and 1123 of the Bankruptcy Code, and the Debtors shall have complied with Section 1125 of the Bankruptcy Code.

F. Severability In the event that the Bankruptcy Court determines, before the Confirmation Date, that any provision in the Plan is invalid, void or unenforceable, such provision shall be invalid, void or unenforceable with respect to the Holder or Holders of such Claims or Equity Interests as to which the provision is determined to be invalid, void or unenforceable. The invalidity, voidability or unenforceability of any such provision shall in no way limit or affect the enforceability and operative effect of any other provision of the Plan.

G. Revocation or Withdrawal of the Plan Each of the Debtors reserves the right to revoke or withdraw the Plan before the Confirmation Date. If any of the Debtors revokes or withdraws the Plan before the Confirmation Date, then the Plan shall be deemed null and void. In such event, nothing contained herein shall constitute or be deemed a waiver or release of any Claims by or against any of the Debtors or any other Person or to prejudice in any manner the rights of any of the Debtors or any Person in any further proceedings involving any of the Debtors.

H. Binding Effect The Plan shall be binding upon and inure to the benefit of the Debtors, the Holders of Claims, and Equity Interests, and their respective successors and assigns.

I. Notices All notices, requests and demands to or upon the Debtors, Reorganized Wave2Wave, Reorganized RNK and Reorganized RNK VA to be effective shall be in writing and, unless otherwise expressly provided herein or in the Plan, shall be deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, addressed as follows:

If to the Debtors, Reorganized Wave2Wave, Reorganized RNK or Reorganized RNK VA:	Wave2Wave Communications, Inc. 433 Hackensack Avenue Hackensack, New Jersey 07601 Attn: Aaron Dobrinsky Eric Mann
with copies to:	Cole, Schotz, Meisel, Forman & Leonard, P.A. 25 Main Street P.O. Box 800 Hackensack, NJ 07602-0800 Attn: Michael D. Sirota, Esq. Warren A. Usatine, Esq. Telephone: (201) 489-3000 Facsimile: (201) 489-1536

J. Governing LawExcept to the extent the Bankruptcy Code, Bankruptcy Rules or other federal law is applicable, or to the extent an exhibit to the Plan provides otherwise, the rights and obligations arising under the Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of New Jersey, without giving effect to the principles of conflicts of law of such jurisdiction.

K. Withholding and Reporting RequirementsIn connection with the consummation of the Plan, the Debtors, Reorganized Wave2Wave, Reorganized RNK and Reorganized RNK VA, as the case may be, shall comply with all withholding and reporting requirements imposed by any federal, state, local or foreign taxing authority and all distributions hereunder shall be subject to any such withholding and reporting requirements.

L. Plan SupplementForms of all material agreements or documents related to any the Plan, including but not limited to those identified in this Plan, shall be contained in the Plan Supplement. The Plan Supplement shall be filed by the Debtors with the Clerk of the Bankruptcy Court no later than five days before the Voting Deadline. Upon its filing with the Bankruptcy Court, the Plan Supplement may be inspected in the office of the Clerk of the

Bankruptcy Court during normal court hours. Holders of Claims, or Equity Interest may obtain a copy of the Plan Supplement upon written request to the Debtors' counsel.

M. Allocation of Plan Distributions Between Principal and InterestTo the extent that any Allowed Claim entitled to a Distribution under the Plan is comprised of indebtedness and accrued but unpaid interest thereon, such Distribution shall be allocated to the principal amount of the Claim first and then, to the extent the consideration exceeds the principal amount of the Claim, to accrued but unpaid interest.

N. HeadingsHeadings are used in the Plan for convenience and reference only, and shall not constitute a part of the Plan for any other purpose.

O. Exhibits/Schedulesll exhibits and schedules to the Plan, including the Plan Supplement, are incorporated into and are a part of the Plan as if set forth in full therein.

P. Filing of Additional DocumentsOn or before substantial consummation of the Plan, the Debtors shall file with the Bankruptcy Court such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

Q. No AdmissionsNotwithstanding anything herein to the contrary, nothing contained in the Plan shall be deemed as an admission by any Person or Entity with respect to any matter set forth therein.

R. Successors and AssignsThe rights, benefits and obligations of any Person or Entity named or referred to in the Plan shall be binding on, and shall inure to the benefit of any heir, executor, administrator, successor or assign of such Person or Entity.

S. Reservation of RightsExcept as expressly set forth in the Plan, the Plan shall have no force or effect unless the Bankruptcy Court shall enter the Confirmation Order. Neither the

filing of the Plan, any statement or provision contained in the Plan, or the taking of any action by the Debtors with respect to the Plan shall be or shall be deemed to be an admission or waiver of any rights of the Debtors with respect to the Holders of Claims or Equity Interests before the Effective Date.

T. Section 1145 ExemptionPursuant to Section 1145(a) of the Bankruptcy Code, the offer, issuance, transfer or exchange of any security under the Plan, or the making or delivery of an offering memorandum or other instrument of offer or transfer under the Plan, shall be exempt from Section 5 of the Securities Act of 1933 or any similar state or local law requiring the registration for offer or sale of a security or registration or licensing of an issuer or a security.

U. ImplementationThe Debtors shall take all steps, and execute all documents, including appropriate releases, necessary to effectuate the provisions contained in this Plan.

V. InconsistencyIn the event of any inconsistency among the Plan, the Disclosure Statement, the Plan Documents, the Plan Supplement, or any other instrument or document created or executed pursuant to the Plan, the provisions of the Plan shall control.

W. Compromise of ControversiesPursuant to Bankruptcy Rule 9019, and in consideration for the classification, distribution and other benefits provided under the Plan, the provisions of the Plan shall constitute a good faith compromise and settlement of all Claims or controversies resolved pursuant to the Plan. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of each of the foregoing compromises or settlements, and all other compromises and settlements provided for in the Plan, and the Bankruptcy Court's findings shall constitute its determination that such compromises and settlements are in the best interests of the Debtors, Reorganized Wave2Wave, Reorganized RNK, Reorganized RNK VA, the Estates, and all Holders of Claims and Equity Interests against the Debtors.

DATED: April 19, 2012

[*Signature pages to the Joint Plan of Reorganization follow*.]

WAVE2WAVE COMMUNICATIONS, INC.

By: /s/ Aaron Dobrinsky
Name: Aaron Dobrinsky
Title: CEO

RNK, INC.

By: /s/ Aaron Dobrinsky
Name: Aaron Dobrinsky
Title: President

RNK VA, LLC

By: /s/
Name: Eric Mann
Title: CFO

Exhibit B

Disclosure Statement Approval Order of the Bankruptcy Court

[To be submitted]

Exhibit C

Debtors' Cash Flow Projections

[To be submitted]

Exhibit D

Debtors' Liquidation Analysis

[See attached]

Wave2Wave Communications, Inc.
RNK, Inc.

Consolidated Chapter 7 Liquidation Analysis
Prepared: April 19, 2012

Background

The accompanying Liquidation Analysis (the "Analysis") demonstrates the likely outcome if the Debtors were to liquidate in a forced liquidation under Chapter 7 ("Chapter 7 Liquidation").

The Chapter 7 Liquidation is based on a number of assumptions and estimates. Actual facts and events may differ materially from the assumptions utilized herein, and if so the financial outcome of the liquidation would yield significantly different results than those set forth herein.

The Chapter 7 Liquidation assumes an immediate shut down of the business, conversion of the Chapter 11 Cases to Chapter 7, and the prompt liquidation and sale of tangible assets within a 30 day period.

General Assumptions – Chapter 7 Liquidation

1. Accounts Receivable: As the Company generally bills in advance of providing service, it has been assumed that only 25% and 10% of accounts receivable would be collected, in the best and least case scenarios respectively.

2. Equipment: Recovery percentages on the Company's equipment takes into account removal costs, general condition, and technological risk and obsolescence. Amounts due to equipment lessors have been deducted from the proceeds, limited up to the value of the equipment.

3. Wind Down Expenses - Sufficient internal resources are assumed to provide a 30 day window for the liquidation of the tangible assets. It is assumed that the Chapter 7 Trustee would utilize a portion of the Company's staff in order to accomplish this objective.

Chapter 7 Liquidation Analysis

	Net Book Value	Best Case %	Best Case Recovery	Least Case %	Least Case Recovery
Tangible Assets:					
Accounts Receivable	$ 5,700	25%	$ 1,425	10%	$ 570
Equipment	7,005	25%	1,751	10%	700
Total	$ 12,705		3,176		1,270
Lease Obligations, Limited to the Realization Proceeds			(275)		(110)
Cost of Liquidation (12.5%)			(397)		(159)
30 Days of Wind Down Expenses			(300)		(600)
Proceeds before Chapter 7 Trustee Commission and Expenses:			2,204		402
Chapter 7 Trustee Commission (3%)			(66)		(12)
Chapter 7 Professional Fees			(250)		(250)
Net Proceeds Available to Pay Secured Creditors			$ 1,888		$ 140

	Chapter 7 Liquidation					
	Best Case			Least Case		
	Claim	Allocated Net Proceeds	Recovery %	Claim	Allocated Net Proceeds	Recovery %
Secured Creditors:						
DIP Loan	$ 3,500	$ 1,888	54%	$ 3,500	$ 140	4%
Brookville Special Purpose Fund, LLC	10,251		0%	10,251	-	0%
Veritas High Yield Fund, LLC	4,525	-	0%	4,525	-	0%
Subtotal Depalo Entities	18,276	1,888	10%	18,276	140	1%
Mennen Trust	20,100	-	0%	20,100	-	0%
M Brothers	285	-	0%	285	-	0%
Total Secured Creditors	38,661	1,888	5%	38,661	140	0%
Administrative Creditors:						
Post-petition Carrier Payables	1,485		0%	1,485		0%
Cure Costs						
Total Administrative Creditors	1,485	-	0%	1,485	-	0%
Prepetition Unsecured Creditors	18,500		-	18,500		-
Grand Total	$ 58,646	$ 1,888	3%	$ 58,646	$ 140	0%