

**UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF TENNESSEE
EASTERN DIVISION**

In re

WISPER II, LLC

Case No. 16-10594-jlc

Debtor.

Chapter 11

**DISCLOSURE STATEMENT
OF
WISPER II, LLC**

GLANKLER BROWN, PLLC

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I.

INTRODUCTION

The Debtor, Wisper II, LLC (the “*Debtor*”), provides this Disclosure Statement to all known creditors to disclose that information deemed by the Debtor to be material, important and necessary for his creditors to arrive at a reasonably informed decision in exercising their right to vote for acceptance of the Plan of Reorganization (the “*Plan*”). Neither the Debtor nor the Bankruptcy Court has authorized the communication of any information about the Plan other than the information contained in this Disclosure Statement and the related materials transmitted herewith or filed with the Bankruptcy Court. No solicitation of votes on the Plan from a Creditor in an Impaired Class may be made, unless, at the time of or before such solicitation, this Disclosure Statement, in the form approved by the Bankruptcy Court for dissemination, is transmitted to such Persons.

NO REPRESENTATIONS CONCERNING THE DEBTOR (PARTICULARLY AS TO ITS FUTURE BUSINESS OPERATIONS, VALUE OF PROPERTY, OR THE PLAN) ARE AUTHORIZED BY THE DEBTOR OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT. ANY REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE YOUR ACCEPTANCE WHICH ARE OTHER THAN AS CONTAINED IN THIS DISCLOSURE STATEMENT SHOULD NOT BE RELIED UPON BY YOU IN ARRIVING AT YOUR DECISIONS, AND SUCH ADDITIONAL REPRESENTATIONS AND INDUCEMENTS SHOULD BE REPORTED TO COUNSEL FOR THE DEBTOR WHO IN TURN SHALL DELIVER SUCH INFORMATION TO THE BANKRUPTCY COURT FOR SUCH ACTION AS MAY BE DEEMED APPROPRIATE. THE INFORMATION CONTAINED HEREIN HAS NOT BEEN SUBJECT TO A CERTIFIED AUDIT. THE RECORDS KEPT BY THE DEBTOR ARE DEPENDENT UPON INTERNAL ACCOUNTING PERFORMED BY THE DEBTOR. FOR THE FOREGOING REASON, THE DEBTOR IS UNABLE TO WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN IS WITHOUT ANY INACCURACY. IN ADDITION TO THIS DISCLOSURE STATEMENT, THE ATTACHED PLAN OF REORGANIZATION SHOULD ALSO BE REVIEWED FOR A BETTER UNDERSTANDING OF THE TREATMENT

OF ALL CLASSES OF CREDITORS. THE PLAN IS INCORPORATED HEREIN BY REFERENCE.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED BY THE DEBTOR IN GOOD FAITH AND IN COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE BANKRUPTCY CODE. NO REPRESENTATIONS BY ANY PERSON OR ENTITY CONCERNING THE DEBTOR, HIS OPERATIONS, FUTURE SALES, PROFITABILITY, VALUES OR OTHERWISE, OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT, HAVE BEEN AUTHORIZED.

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS BELIEVED TO BE CORRECT AT THE TIME OF THE FILING OF THIS DISCLOSURE STATEMENT. ANY INFORMATION, REPRESENTATION, OR INDUCEMENT MADE TO SECURE OR OBTAIN ACCEPTANCES OR REJECTIONS OF THE PLAN WHICH ARE, OTHER THAN, OR ARE INCONSISTENT WITH, THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT OR OTHER MATERIALS AUTHORIZED TO BE TRANSMITTED BY THE BANKRUPTCY COURT SHOULD NOT BE RELIED UPON BY ANY PERSON IN ARRIVING AT A DECISION TO VOTE FOR OR AGAINST THE PLAN. ANY SUCH ADDITIONAL INFORMATION, REPRESENTATIONS, AND INDUCEMENTS SHOULD BE IMMEDIATELY REPORTED TO THE ATTENTION OF THE DEBTOR AND THE BANKRUPTCY COURT.

EXCEPT WITH RESPECT TO THE PROJECTIONS AND EXCEPT AS OTHERWISE SPECIFICALLY AND EXPRESSLY INDICATED HEREIN, THIS DISCLOSURE STATEMENT DOES NOT REFLECT ANY EVENTS THAT MAY OCCUR SUBSEQUENT TO THE DATE HEREOF AND THAT MAY HAVE A MATERIAL IMPACT ON THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT. THE DEBTOR DOES NOT INTEND TO UPDATE THE PROJECTIONS; NOR DOES THE DEBTOR ANTICIPATE THAT ANY AMENDMENTS OR SUPPLEMENTS TO THIS DISCLOSURE STATEMENT WILL BE DISTRIBUTED TO REFLECT SUCH OCCURRENCES, UNLESS OTHERWISE ORDERED BY THE BANKRUPTCY COURT. ACCORDINGLY, THE DELIVERY OF THIS DISCLOSURE STATEMENT SHALL NOT UNDER ANY CIRCUMSTANCE IMPLY THAT THE INFORMATION CONTAINED THEREIN IS CORRECT OR COMPLETE AS OF ANY TIME SUBSEQUENT TO THE DATE HEREOF.

THIS DISCLOSURE STATEMENT CONTAINS SUMMARIES OF CERTAIN PROVISIONS OF THE PLAN, CERTAIN STATUTORY PROVISIONS, CERTAIN RELATED DOCUMENTS, CERTAIN EVENTS,

AND CERTAIN FINANCIAL INFORMATION. WHILE THE DEBTOR BELIEVES THAT THE PLAN AND RELATED DOCUMENT SUMMARIES ARE FAIR AND ACCURATE, SUCH SUMMARIES ARE QUALIFIED TO THE EXTENT THAT THEY DO NOT SET FORTH THE ENTIRE TEXT OF SUCH DOCUMENTS OR STATUTORY PROVISIONS. EXCEPT AS OTHERWISE SPECIFICALLY NOTED, FACTUAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN PROVIDED BY A REVIEW OF THE CERTAIN PARTS OF THE RECORD IN THE CASE AND BY CERTAIN PERSONS HAVING A FAMILIARITY WITH THE DEBTOR'S BUSINESS. THE FINANCIAL INFORMATION CONTAINED HEREIN HAS NOT BEEN SUBJECT TO AN AUDIT. NEITHER THE DEBTOR NOR COUNSEL FOR THE DEBTOR ARE ABLE TO WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN, INCLUDING THE FINANCIAL INFORMATION, IS WITHOUT ANY INACCURACY OR OMISSION.

As a Creditor or interest holder, your vote is important. The Plan can be confirmed by the Court if it is accepted by the holders of two-thirds (2/3) in amount and more than one-half (1/2) in number of claims in each impaired Class of claims or interests voting on the Plan. The Plan may also be confirmed over the objection of a creditor and despite a class' rejection of the plan in accordance with 11 U.S.C. § 1129(b). The purpose of this statement is to provide the holders of claims against or interests in the Debtor with adequate information about the Debtor and the Plan to make an informed judgment when voting on the Plan.

II.

FINANCIAL INFORMATION CONCERNING THE DEBTOR

A. DEBTOR'S BUSINESS HISTORY

The Debtor, Wisper, II, LLC ("Wisper II") is a Tennessee Limited Liability Company which is in the business of providing wireless internet access service to customers in a large area of West Tennessee. Wisper II's principal place of business is at 1378 N. Cavalier Drive, Alamo, Tennessee 38001. The Debtor's general manager is Thomas P. Farrell. Wisper II's directors are

Thomas P. Farrell, Linda George, Lutti Heidelbaugh, Heinz Steinmann, Robbie Russell and Rance Barnes. Wisper II's members are:

Ally Finance P.O. Box 1976 Wrightwood, CA 92397	Broadband Properties Corp. 8602 Front Gate Lane Indianapolis, IN 46265
NTCH-West Tenn, Inc. 1970 North Highland Jackson, Tennessee 38305	Samuel T. Bryant 1331 Lower Brownsville Road Jackson, TN 38301
Rance Barnes 105 Grayson Circle Union City, Tennessee 38261	Halls Investment Group P.O. Box 276 Halls, Tennessee 38040
Barry Carter P.O. Box 328 Maury City, Tennessee 38050	Jerry Hughes 2142 Pennington Road Gates, Tennessee 38037
Cary Carter 148 North College Street Maury City, TN 38050	Timothy Morris 2295 Lower Brownsville Road Jackson, Tennessee 38301
Carter Edwards P.O. Box 7 Maury City, Tennessee 38050	Eva Miller 1101 Floyd Avenue Gates, Tennessee 38037
Barbara Edwards P.O. Box 7 Maury City, Tennessee 38050	Ray Roberts P.O. Box 8 Medina, Tennessee 38355
Crockett Gin Company 17 Broadway Street Maury City, Tennessee 38050	Robbie Russell 414 Preston Drive Brownsville, Tennessee 38012
Charles & Linda Bartels 1903 Salem Road Humboldt, TN 38343	Chris Todd 421 Scarborough Loop Humboldt, Tennessee 38343
Donnie Bearden 3008 Lynn Street Union City, Tennessee 38261	Thomas Will Wade, III 101 Grayson Circle Union City, Tennessee 38261

B. DEBTOR'S ASSETS AND LIABILITIES

The Debtor's principal assets consist of its customer accounts, leasehold interests relating to tower leases and ownership of towers, and equipment related to providing wireless internet service.

1. **Assets.** The specific assets owned by the Debtor and their corresponding fair market/ going concern values as of March 29, 2016 are as follows:

a.	Bank Accounts -	\$ 26,757.76
b.	Security Deposits	\$ 2,000.00
d.	Accounts Receivable	\$ 8,920.07
e.	Vehicles	\$ 14,110.00
f.	Machinery/ Equipment	\$ 30,000.00
g.	Tower Equipment & Parts	\$ 176,849.00
h.	Office equipment/ Furnishings	\$ 13,654.12
i.	Inventory	\$ 10,000.00
j.	Tower site leases and Towers	\$ 170,000.00
k.	Abernathy Judgment	\$ 292,830.00
l.	Clartalk Contract	\$ 1,000.00
m.	Subscriber Accounts	<u>\$ 700,000.00</u>

Total - \$1,446,120.95

2. **Liabilities.** The Debtor's scheduled liabilities are categorized and prioritized as (a) administrative expense claims; (b) pre-petition secured claims; (c) pre-petition unsecured priority claims, and (d) pre-petition unsecured nonpriority claims and the Debtor has ascribed the following amounts to these categories of liabilities:

a.	Administrative Expense Claims- Legal fees -	\$ 25,000.00
b.	Administrative Trustee Fees Estimated	\$ 9,750.00
c.	Pre-petition Secured Claims – Ally	\$ 110,499.10
d.	Pre-petition Secured Claim – Ally	\$ 509,836.64
e.	Pre-petition Secured Claim – Educational Broadband Corp.	\$ 40,988.00
f.	Pre-petition Secured Claim – NTCH-West TN, Inc.	\$ 85,787.75
g.	Pre-petition Secured Claim– Kizer Bond Hughes	\$ 17,861.00
h.	Pre-petition Secured Claim- Sky High Comm. Inc.	\$ 9,323.52
	<i>Total Secured</i>	<u>\$ 809,046.01</u>
i.	Pre-petition Unsecured Priority Claims	\$ 8,357.32
j.	Pre-petition Unsecured Non-Priority Claims ¹	\$2,568,271.22

Total Priority/Non-Priority Unsecured \$2,576,628.54

¹ Includes the disputed unsecured claim of GTP Structures I, LLC.

C. DEBTOR'S OPERATIONS

The Debtor is the successor to a Tennessee Limited Liability Company Wisper, LLC (“Wisper I”) formed on September 21, 2009. Since 2010, Wisper I had been in the business of providing wireless internet access service to customers in a large area of West Tennessee. In 2013, Wisper I filed for Chapter 11 protection from its creditors (case 13-10770). On January 27, 2014, the Court confirmed a Plan of Reorganization filed by certain creditors. Pursuant to the confirmed Plan, Wisper II, LLC was formed and certain unsecured creditors converted all or part of their unsecured claims into membership interests in Wisper II. Wisper II began its operations on or about Feb 5, 2014.

Wisper II provides internet service by installing equipment to produce high-speed internet access on towers located throughout its service area. The Debtor owns certain towers and equipment to provide wireless internet service. In addition, the Debtor leases land upon which its towers are located and also leases other towers from various third party landlords to provide wireless internet service.

As of June 30, 2016, the Debtor owned or leased approximately 100 towers and serviced approximately 2550 customers. The Debtor’s average gross revenue for the two (2) years immediately preceding the Petition Date was \$1,647,128.00. The Debtor’s 2016 calendar year gross revenue is estimated to be in excess of \$1,750,000.00. The Debtor projects average annual gross revenue of \$ \$1,911,000.00 for the next five (5) years and total projected cash flow before plan payments of approximately \$ 1,600,000.00 over the next five (5) years. A summary of the Debtor’s projected cash flow budget is set forth in *Exhibit 1*.

D. FACTORS CONTRIBUTING TO FILING CHAPTER 11 CASE

When Wisper I's Chapter 11 Plan was confirmed, Wisper II's management immediately set out to identify all the issues which led up to Wisper I's bankruptcy, most of which were not fully disclosed during the course of Wisper I's case. The Board set out to execute the confirmed Plan but found it necessary to renegotiate many of the contracts under which the company operated. These included contracts for fiber, towers, land, office rental, and many others that were not disclosed during Wisper I's previous bankruptcy. Management had to realign and retrain employees and add to its workforce as well as upgrade its whole network to provide reliable service to customers. Wisper II took over a company that was in much worse shape than was realized based on the disclosures made by Wisper I during its bankruptcy. Nevertheless, Wisper II's management was able to successfully resolve most of the unforeseen problems, with the exception of one. Wisper II had two Master Lease Agreements covering 49 towers with GTP Structures I, LLC ("GTP") which had been assumed and assigned to Wisper II under the confirmed Plan. The terms of the GTP lease proved onerous given the reorganized Debtor's financial condition. Wisper II attempted to renegotiate the lease with GTP but was unsuccessful. As a result, Wisper II defaulted on the GTP lease. After a year of failed negotiations, GTP terminated the leases and forced Wisper II to remove its equipment from the tower, sued Wisper II and obtained a judgment in the amount of \$2,372,251.87 which represents amounts owed for time the towers were utilized as well as accelerated future rents to the maturity of the lease. This resulted in loss of income to Wisper II until it was able to transition its equipment and approximately 600 customers to new towers. That process has been completed and Wisper II's operations are now stable but many subscribers were lost in the process.

When GTP attempted to seize assets of Wisper II to satisfy its judgment, Wisper II was required to file the current Chapter 11 case.

Pursuant to Wisper I's plan, Ally Finance agreed to make a secured loan to Wisper II in the amount of \$456,581.49 which was secured by a security interest in all of Wisper II's personal property assets.

Pursuant to Wisper I's plan, Wisper II sued George Matthew Abernathy, the principal owner of Wisper I, to recover money and property owed to Wisper II. In December of 2015, the Bankruptcy Court granted a money judgment in favor of Wisper II in the approximate amount of \$292,830.89 (the "Abernathy Judgment") and further directed Abernathy to turn over certain personal property owned by Wisper. Subsequently, Wisper and Abernathy entered into a settlement agreement to compromise the Abernathy judgment. Abernathy failed to consummate the settlement agreement. The Abernathy judgment constitutes part of the collateral of Ally Finance to secure its loan to Wisper II.

On March 8, 2016, Wisper II, Ally, NTCH and Educational Broadband Corporation ("EBC") entered into an assignment and transfer of judgment and settlement agreement to assign Wisper II's interest in the Abernathy judgment and settlement agreement in order to pay administrative claims owed by Wisper II to Ally, NTCH and EBC arising out of Wisper I's case.

III.

SUMMARY OF PLAN OF REORGANIZATION

The Debtor believes that the interests of creditors will be best served if the Plan is approved and payments to creditors are made in accordance with the Plan.

A. **Unclassified Claims.** Certain types of claims are automatically entitled to specific treatment under the Code. They are not considered impaired, and holders of such claims do not vote on the Plan. They may, however, object if, in their view, their treatment under the Plan does not comply with that required by the Code. As such, the Plan Proponent has *not* placed the following claims in any class:

1. **Administrative Expenses.** Administrative expenses are costs or expenses of administering the Debtor's chapter 11 case which are allowed under § 507(a) (2) of the Code. Administrative expenses also include the value of any goods sold to the Debtor in the ordinary course of business and received within 20 days before the date of the bankruptcy petition. The Code requires that all administrative expenses be paid on the effective date of the Plan, unless a particular claimant agrees to a different treatment.

Allowed Administrative claims shall be paid in cash, in full on the Effective Date of the Plan or upon such other terms as may be agreed upon by the holder of the claim and the Debtor. Any administrative claims representing liability incurred in the ordinary course of business of the Debtor may be paid in cash in the ordinary course of business in accordance with ordinary trade terms between the Debtor and creditor. Included in this class are the attorneys' fees and management fees incurred by the Debtor. Any United States Trustee Quarterly Fees under 28 U.S.C. § 1930(a)(6) due and owing or assessable prior to confirmation shall be paid in full on the Effective Date of the Plan and any further such fees shall be paid in accordance with 28 U.S.C. § 1930(a)(6). After confirmation, the Debtor shall file with the Court and serve on the United States Trustee a financial report for each quarter, or portion thereof, for which the case remains open in a format prescribed by the United States Trustee and provided to the Debtor by the United States Trustee.

2. **Priority Tax Claims.** Priority tax claims are unsecured income, employment, property other taxes described by § 507(a) (8) of the Code. Unless the holder of such a § 507(a)(8) priority tax claim agrees otherwise, it must receive the present value of such claim, in regular installments paid over a period not exceeding 5 years from the order of relief. The Debtor's schedules reflect priority tax claims to the Tennessee Department of Labor in the

amount of \$6,712.22 and to the Tennessee Department of Revenue in the amount of \$1,645.10 which will be paid \$197.45 and \$73.35 respectively per month commencing thirty days following the Effective Date of the Plan.

B. Classification and Treatment of Claims and Interests. Pursuant to 11 U.S.C. §§ 1122(a) and 1123(a) (1) the Plan divides claims against and interests in the Debtor into the following classes:

Class 1: Pre-petition Secured Claim of Sky-Hi Communications, Inc. Class 1 consists of the unpaid balance due to Sky-Hi Communications, Inc. (“Sky-Hi”) under that certain Promissory Note and Security Agreement dated April 12, 2015, in the current principal amount of \$ 7,500.01 and secured by a first priority security interest in a certain tower and a second priority security interest in the Debtor’s assets. The loan documents evidencing Sky-Hi’s loan shall be modified to extend the maturity date of the Promissory Note to Sept 1, 2019 and the remaining balance on the Promissory Note shall be reamortized over the remaining term of the loan as of the Effective Date and the quarterly payments adjusted accordingly. All other terms of the Promissory Note and Security Agreement shall remain in full force and effect. As adequate protection, the Debtor has paid the ongoing note payments during the post-petition administrative period of this case.

Class 1 is impaired.

Class 2: Pre-petition Secured Claim of Ally Finance Corporation.

Class 2 consists of the unpaid balance due to Ally Finance Corporation (“Ally”) pursuant to (i) that certain Promissory Note dated Feb 28, 2014 in the original principal amount of \$800,000.00 and (ii) that certain Security Agreement dated February 28, 2014 in all of the Debtor’s personal property. At the time of filing of the Petition, the amount outstanding was

\$509,836.64 plus accrued post-petition interest. Ally's Promissory Note shall be modified to provide for the balance of Ally's claim on the Effective Date shall be reamortized over 2.5 years from the Effective Date and paid in monthly installments out of the Debtor's future operating income and cash flow. All other provisions of Ally's promissory note and security agreement shall remain in full force and effect

Class 2 is impaired.

Class 3: Pre-petition Secured Claim of Educational Broadband Corporation. Class 3 consists of the unpaid balances of \$40,988 due to Educational Broadband Corporation ("EBC") which arose prior to Wisper I's case pursuant to (a) that certain spectrum lease agreement dated March 9, 2012 and (b) that certain Assignment and Transfer of Judgment and Settlement Agreement dated March 8, 2016 and an additional unpaid balance of \$38,376 arising under the spectrum lease since the confirmation the plan in Wisper I's case. Upon confirmation of the plan, the Debtor's spectrum lease agreement will be assumed. EBC's pre-Wisper I confirmation arrearage shall be paid out of its collection of the Abernathy judgment. EBC's post-confirmation arrearage in the amount of \$38,376 shall be paid in cash on the Effective Date. To the extent EBC's claim of \$40,988 is not satisfied from its interest in the Abernathy judgment, such claim shall be paid in monthly installments commencing thirty days after EBC gives notice to the Reorganized Debtor as to the amount of the claim which is not satisfied by the Abernathy judgment.

Class 3 is impaired.

Class 4: Pre-petition Administrative Deficiency Claims of NTCH West Tennessee, Inc., Ally Finance Corporation and Kizer Bond Hughes. Class 4 consists of the contingent unsecured claims of (a) NTCH West Tennessee Inc. ("NTCH") in the amount of

\$85,787.75, (b) Ally Finance Corporation in the amount of \$110,499.10 and (c) Kizer Bond Hughes (“Kizer”) in the amount of \$ 17,861.00 for unpaid administrative claims incurred in the prior bankruptcy case of Wisper, LLC. To the extent such claims are not paid pursuant to that certain Assignment and Transfer of Judgment and Settlement Agreement dated March 8, 2016 or Kizer’s attorney’s lien on the judgment such claim shall be paid in full from the future operating cash flow of the Debtor in monthly installments. Such claim shall be paid in monthly installments commencing thirty days after the Class 4 claimant gives notice to the Reorganized Debtor as to the amount of the claim which is not satisfied by the Abernathy judgment.

Class 4 is impaired.

Class 5: Pre-petition General Unsecured Non-Priority Claims of \$5000.00

Or Less. Class 5 consists of those General Unsecured Non-Priority Claims which are less than \$5000.00 or less. Class 5 claims shall be paid in full in three annual installments from the Reorganized Debtor’s future cash flow commencing on thirty days following the Effective Date.

Class 6: Pre-petition General Unsecured Non-Priority Claims. Class 6

consists of those General Unsecured Non-Priority Claims not included in Classes 4, 5 and 7 including, but not limited to, pre-petition trade creditors; and unsecured creditors whose claims are listed in the Debtor’s schedules but are not listed as disputed, contingent or unliquidated. This class is impaired. These amounts will be paid 100% in monthly installments from the future cash flow of the Reorganized Debtor as set forth in Exhibit 1 to this Disclosure Statement commencing thirty days following the Effective Date until such claims are paid in full

Class 6 is impaired.

Class 7: Pre-petition General Unsecured Non-Priority Claim of GTP

Structures, I, LLC (“GTP”): Class 7 consists of the disputed general unsecured claim of GTP

in the amount of \$2,373,941.87. Pursuant to 11 U.S.C. § 502(b)(6), GTP shall have an allowed general unsecured claim in the amount of \$1,107,499.74 or such other amount as may be allowed by the Court. The allowed claim of GTP shall be paid 100% in amount in monthly installments from the future cash flow of the Reorganized Debtor as set forth in Exhibit 1 to this Disclosure Statement commencing 30 days after the Effective Date until such claim is paid in full.

Class 7 is impaired.

Class 8: Interests of Equity Holders. Class 8 consists of the interests of the shareholders of the Debtor. Class 8 is unimpaired.

C. Means for Implementation of the Plan. The Debtor shall continue to operate its business. The Debtor shall make payments to each class of creditors under the Plan out of its existing cash, future Cash Flow, and capital infusions, if any, made to Debtor by a third party as necessary to satisfy Plan payments.

Thomas P. Farrell shall continue to serve as General Manager of the reorganized Debtor. On the Effective Date, all property of the Estate shall revert in the Debtor free and clear of all claims, liens, encumbrances, and interests of creditors or Interest holders, except as provided in the Plan, the Confirmation Order or other applicable order of the Court.

Confirmation of the Plan shall constitute entry of a Discharge pursuant to 11 U.S.C. § 1141. The discharge shall (1) void any judgment at any time obtained, to the extent that such judgment is a determination of the personal liability of the debtor with respect to any debt discharged under 11 U.S.C. § 1141 and (2) operate as an injunction to permanently enjoin creditors from the commencement or continuation of any action, the employment of process, or an act, to collect, recover or offset any such debt as a personal liability of the Debtor.

D. Provisions for the Assumption or Rejection of Executory Contracts and Unexpired Leases.

1. Assumed Executory Contracts and Unexpired Leases. The Debtor assumes the following executory contracts and/or unexpired leases upon the Effective Date of the Plan:

- (i) All tower leases listed on Schedule G of the Debtor's schedules;
- (ii) The spectrum lease with Educational Broadband Corp.
- (iii) All subscriber contracts to the extent they are executory.
- (iv) Building lease with Dwayne Dove.

To the extent not previously rejected, the Debtor rejects the following executory contracts and unexpired leases upon the Effective Date:

- (i) Copier lease with RJ Young.

2. Additional Contracts. All contracts which exist between the Debtor and any individual or entity, whether such contracts are written or oral, which have not heretofore been assumed or rejected or heretofore been approved by Orders of the Court are hereby specifically rejected; provided, however, that this provision is not intended to reject nor shall it be deemed to reject any agreement for the renewal or extension of any loan of funds, presently binding and in effect as between Debtor and any secured creditor.

IV.

LIQUIDATION ANALYSIS

As stated in this Disclosure Statement, this liquidation analysis, as of June 30, 2016 has been prepared to indicate the values which may be obtained by impaired Classes of Claims and impaired Interests if the assets of the Debtor were sold pursuant to a Chapter 7 liquidation. A

copy of the Debtor's liquidation analysis is attached hereto as Exhibit 2 and incorporated herein by reference.

The "liquidation value" of the Debtor consists primarily of the proceeds from a sale of the Debtor's assets. The proceeds from a chapter 7 liquidation that would be available to all holders of unsecured claims would be reduced by the costs and expenses of liquidation and post petition claims of the Debtor' during the liquidation period. Administrative expenses would include any unpaid Chapter 11 administrative expenses plus Chapter 7 administrative expenses which would include the fees and commissions of a trustee and of counsel and other professionals (including financial advisors and accountants) retained by the trustee, asset disposition expenses and claims arising during the chapter 7 case. For purposes of this analysis, the Debtor has assumed that substantially all of the Debtor's assets in liquidation would be subject to the security interest of Ally Finance and that there would be little or no equity in such assets for a Chapter 7 Trustee to liquidate and distribute to creditors. In all likelihood, a Chapter 7 trustee would abandon all encumbered assets to permit the secured creditors to foreclose on their security. In a Chapter 7 liquidation, all going concern value to the Debtor's business would be lost. GTP's lease rejection claim is calculated to be \$1,107,499.74. It further presumes that any remaining claim against GTP has little value under the subordination terms of the Lessor's Chapter 11 plan.

In a Chapter 7 liquidation, Ally would be entitled to collect the Abernathy judgment and liquidate its remaining collateral. It is estimated that after payment of Ally, the remaining liquidation proceeds would be absorbed by liquidation costs and payment of Chapter 11 administrative claims.

The liquidation itself could trigger certain priority claims and could accelerate other priority payments that otherwise would be due in the ordinary course of business. Secured and Priority claims would be paid in full out of the liquidation proceeds before the balance would be made available to pay unsecured claims or to make any distributions in respect to interests.

This analysis is provided solely to disclose to holders of claims and interests the effects of a hypothetical chapter 7 liquidation of the Debtor, subject to the assumptions set forth in the analysis. In confirming the Plan, the Bankruptcy Court will decide whether the Plan provides a greater recovery for creditors and interest holders than a liquidation of the Debtor under a chapter 7 (the “best interests test”). In doing so, the Bankruptcy Court will make its own finding as to the liquidation value of the Debtor. The Debtor’ liquidation analysis was prepared to assist the Bankruptcy Court in making this determination and should not be used for any other purpose.

The liquidation analysis is based on assumptions and estimates that, although considered reasonable by the Debtor, are inherently subject to significant uncertainties and contingencies beyond the control of the Debtor. Accordingly, there can be no assurance that the results shown would be realized if the Debtor was liquidated and actual results in such a case could vary materially from those presented. If actual results were lower than those shown, or if the assumptions used in formulating the liquidation analysis were not realized, distributions to each member of each class of claims could be adversely affected.

V.

OTHER MATTERS

The Debtor believes that the Plan of Reorganization submitted in this case is in the best interest of creditors and, in the event the Plan is not confirmed and the Debtor is forced to liquidate, unsecured creditors would receive a dividend of approximately -0- (-0-%) percent of

their claims. This is based upon the fair market value vs. liquidation value of the collateral as compared to the liens against the collateral.

A. Litigation Disclosure. The Debtor is not aware of any payments to creditors made within ninety (90) days of the Petition Date that are recoverable under sections 542, 543, 544, 547, 548, 549, 550, 551 or 553 of the Bankruptcy Code. The Debtor and Reorganized Debtor shall retain the right to pursue all pre-petition causes of action and all avoidance actions against third parties. On March 8, 2016, the Debtor assigned the Abernathy Judgment to Ally Finance, NTCH and Educational Broadband Corporation in conditional satisfaction of their Pre-Petition Administrative deficiency claims. The Abernathy Judgment, while previously an asset of Debtor, was part of the collateral pledged to Ally Finance which consented to the assignment of its interest.

B. Certain Tax Consequences. Events subsequent to the date of this Disclosure Statement, such as the enactment of additional tax legislation, could change the federal income tax consequences of the Plan and the transactions contemplated therein. Furthermore, certain significant federal income tax consequences of the Plan are subject to uncertainties due to the complexity of the Plan and the federal tax system. The Debtor assumes no responsibility for the tax effect that Confirmation and receipt of any distribution under the Plan may have on any given creditor or party in interest.

NO RULING HAS BEEN SOUGHT OR OBTAINED FROM THE IRS WITH RESPECT TO ANY OF THE TAX ASPECTS OF THE PLAN AND NO OPINION OF COUNSEL HAS BEEN OBTAINED BY THE PLAN PROPONENTS WITH RESPECT THERETO. NO REPRESENTATIONS OR ASSURANCES ARE BEING MADE WITH RESPECT TO FEDERAL INCOME TAX CONSEQUENCES AS DESCRIBED HEREIN. CERTAIN TYPES OF CLAIMANTS AND INTEREST HOLDERS MAY BE SUBJECT TO SPECIAL RULES NOT ADDRESSED IN THIS SUMMARY OF FEDERAL INCOME TAX CONSEQUENCES. FURTHER, STATE, LOCAL OR FOREIGN TAX CONSIDERATIONS MAY APPLY TO A HOLDER OF A CLAIM OR INTEREST WHICH ARE NOT ADDRESSED HEREIN. BECAUSE THE TAX CONSEQUENCES

OF THE PLAN ARE COMPLEX AND MAY VARY BASED ON INDIVIDUAL CIRCUMSTANCES, EACH HOLDER OF A CLAIM OR INTEREST AFFECTED BY THE PLAN MUST CONSULT, AND RELY UPON, HIS OR HER OWN TAX ADVISOR REGARDING SPECIFIC TAX CONSEQUENCES OF THE PLAN WITH RESPECT TO THAT HOLDER'S CLAIM OR INTEREST. THIS INFORMATION MAY NOT BE USED OR QUOTED IN WHOLE OR IN PART IN CONNECTION WITH THE OFFERING FOR SALE OF SECURITIES.

1. **Tax Consequences to the Debtor.** Under the IRC, a taxpayer generally must include in gross income the amount of any discharge of indebtedness income realized during the taxable year. Section 108(a) (1) (A) of the IRC provides an exception to this general rule, however, in the case of a taxpayer that is under the jurisdiction of the bankruptcy court in a case brought under the Bankruptcy Code where the discharge of indebtedness is granted by the court or is pursuant to a Plan approved by the court, provided that the amount of discharged indebtedness that would otherwise be required to be included in income is applied to reduce certain tax attributes of the taxpayer. Section 108(e) (2) of the IRC provides that a taxpayer shall not realize income from the discharge of indebtedness to the extent that satisfaction of the liability would have given rise to a deduction. As a result of § 108(a) (1) (A) and § 108(e) (2) of the IRC, the Debtor does not anticipate that it will recognize any taxable income from the discharge of any indebtedness through the Chapter 11 Case. Reductions in tax attributes (net operating loss carryover) will occur to the extent of cancellation of indebtedness income not recognized due to the above.

Under § 1141 of the Bankruptcy Code, confirmation of the Plan will discharge the Debtor from all debts except as provided for in the Plan. Implementation of the Plan, including the possible liquidation of the Debtor may result in discharge of indebtedness to the Debtor as a matter of tax law to the extent of any unsatisfied portion of such Claims. Any such discharge of indebtedness should not be included in gross income of the Debtor, however, because of the

exceptions to such inclusion discussed above.

2. **Tax Consequences to Creditors.** A creditor who receives cash or other consideration in satisfaction of any Claim may recognize ordinary income. The impact of such ordinary income, as well as the tax year for which the income shall be recognized, shall depend upon the individual circumstances of each Claimant, including the nature and manner of organization of the Claimant, the applicable tax bracket for the Claimant, and the taxable year of the Claimant. Each Creditor is urged to consult with its tax advisor regarding the tax implications of any payments or distributions under the Plan.

In general, the principal federal income tax consequences of the Plan to holders of Claims will be (a) recognition of loss or a bad debt deduction to the extent that the total payments received under the Plan with respect to the Claim are less than the adjusted basis of the holder of such claim, or (b) recognition of taxable income by the holder of the Claim to the extent of the excess of the amount of any payments made under the Plan in respect of the Claim over the holder's adjusted basis therein.

Common examples of holders of Claims who may recognize income upon receipt of payments under the Plan include (a) former employees with Claims for services rendered while serving as employees of a Debtor, (b) trade creditors whose claims represent an item not previously reported as income (including Claims for lost income upon rejection of leases or other contracts with the Debtor), (c) holders of Claims who had previously claimed a bad debt deduction with respect to their Claims in excess of their ultimate economic loss, and (d) holders of Claims that include amounts of pre-petition interest that had not previously been reported in income. Common examples of Claims who may recognize a loss or deduction for tax purposes as a result of implementation of the Plan, provided that such holders are not paid in full, include

holders of Claims that arose out of cash actually loaned or advanced to a Debtor, and holders of Claims consisting of items that were previously included in income of such holders on the accrual method of accounting, to the extent, in both cases, that the economic loss to such holders has not been allowed as a tax deduction in a prior year.

The amount and character or any resulting income or loss recognized for federal income tax consequences to a holder of any Claim as a result of implementation of the Plan will, however, depend on many factors. The most significant of these factors include (a) the nature and origin of the Claim, (b) whether the holder is a corporation, (c) the extent to which the Plan provides for payment of the particular Claim, (d) the extent to which any payment made is allocable to pre-petition interest which is part of such Claim, and (e) the prior tax reporting positions taken by the holder with respect to the item that constitutes the Claim. As to the last factor, relevant tax reporting positions include whether the holder had to report under its method of accounting any portion of the Claim (including accrued and unpaid interest) as income prior to receipt and whether the holder previously claimed a bad debt or worthless deduction with respect to the Claim, which would affect the adjusted basis of the holder in the Claim. General rules for the deduction of bad debts are provided in I.R.C. § 166 as follows:

If either (a) the creditor's corporation, or (b) the debt is a business bad debt in the hands of the creditor, and the creditor demonstrates that the debt is collectible only in part, a deduction for partial worthlessness of the debt will be allowed to the extent that the debt is charged off in the accounting records of the creditor.

For a creditor not described in the previous paragraph, a bad debt deduction is allowable only in the year that the debt becomes wholly worthless.

If the creditor is not a corporation and the debt is a non-business bad debt, the bad debt deduction is treated as a short-term capital loss, which can offset only capital gain income and a limited amount of ordinary income.

For purposes of I.R.C. § 166, a "non-business debt" means a debt other than (i) a debt created or acquired in connection with the creditor's trade or

business, or (ii) a debt the loss from the worthlessness of which was incurred during the operation of the creditor's trade or business.

The time as of which a debt becomes worthless (or partially worthless), and therefore the tax year in which a creditor may claim a bad debt deduction, is a question of fact. Pursuant to income tax regulations ("Regs") § 1.166-2(c), as a general rule, bankruptcy is an indication of the worthlessness of at least a part of an unsecured, non-priority debt. In bankruptcy cases, a debt may become worthless before settlement in some instances, and only when settlement and bankruptcy has been reached in other instances. The mere fact that bankruptcy proceedings instituted against the debtor are terminated in a later year, thereby confirming the conclusion that the debt is worthless (or partially worthless), does not necessarily shift the deduction to such later year. Thus, even though the precise amount the holders of General Unsecured Claims or other Claims will receive under the Plan may not be known until the final distribution date, the determination of the precise amount that will be paid under the Plan with respect to a Claim, or that no amount will be paid, does not necessarily establish that any resulting bad debt deduction is properly allowable in the creditor's tax year in which the final distribution is made, rather than in an earlier year. Accordingly, to the extent that a Creditor may claim a bad debt deduction which it has not previously claimed, it is possible that the Creditor will be required to amend its return for a prior year and claim the deduction in that year, rather than in the year in which the final distribution is made. Creditors should consult with their individual tax advisors with respect to this issue.

The extent to which gain or loss may be recognized by a holder of a Claim upon implementation of the Plan may be significantly affected by any bad debt deduction that may have been claimed by the holder in a prior year with respect to the debt on which the Claim is based. If the holder took a bad debt deduction in a prior year which is recovered in whole or in part through a payment made to the holder pursuant to the Plan, the holder will generally be required to include in income the amount recovered in the year the holder receives the payment. An exception to this rule permits exclusion of a recovery of a prior bad debt deduction to the extent that the earlier bad debt deduction did not produce a tax benefit to the holder.

THE FOREGOING IS INTENDED TO BE A SUMMARY ONLY AND NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING OR CONSULTATION WITH A TAX ADVISOR. THE FEDERAL, STATE, LOCAL, AND FOREIGN TAX CONSEQUENCES OF THE PLAN ARE COMPLEX AND, IN SOME CASES, UNCERTAIN. SUCH CONSEQUENCES MAY ALSO VARY BASED ON THE INDIVIDUAL CIRCUMSTANCES OF EACH HOLDER OF A CLAIM OR INTEREST. ACCORDINGLY, EACH HOLDER HAVING A CLAIM OR INTEREST IS STRONGLY URGED TO CONSULT WITH HIS OR HER OWN TAX ADVISOR REGARDING THE FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE PLAN.

THE DEBTOR BELIEVES THAT THE PLAN PROVIDES THE BEST RECOVERIES

POSSIBLE FOR THE HOLDERS OF CLAIMS AGAINST AND INTERESTS IN THE DEBTOR. THE DEBTOR STRONGLY RECOMMENDS THAT YOU VOTE TO ACCEPT THE PLAN.

C. Certain Risk Factors. As with any business, there are various factors which may affect financial success. The following list represents some, but not necessarily all, of the major factors which should be evaluated in assessing risks. **THIS IS NOT, NOR IS IT INTENDED TO BE, A COMPLETE LISTING OF ALL RELEVANT RISK FACTORS RELATING TO THE DEBTOR'S PLAN.**

1. Inflation. Inflation may cause prices and expenses to rise over the life of the Plan at a faster level than already projected.
2. Technology. Technology may change faster than the company can keep up with or may cause the current state of the business to become obsolete.
3. Economic Conditions- The company is reliant on stable economic conditions such as the price of gasoline or interest rates. The Company or its customers could experience economic conditions that cause severe changes to its projections.
4. Increased Competition- The Debtor's future subscriber level may be affected by increased competition which may make difficult to pass along price increases or to attract or maintain customers.
5. Inability to collect the Abernathy Judgment- The projections assume the settlement will be collected. There is no certainty that it will be collected or that it will be collected in a timely manner or that its value will be maintained. Collection relies on the ability to sell assets which may not be saleable.

D. Failure of Plan. If this Plan shall fail and cannot be modified to achieve acceptance and confirmation, then it is likely that the Debtor's case would be converted to a case under chapter 7 of the Bankruptcy Code, in which case it is unlikely that any distribution would be made to unsecured creditors.

E. Modification of Plan. The Debtor reserves the right to modify or amend this Plan prior to confirmation pursuant to 11 U.S.C. § 1127(a). Further, the Debtor reserves the right to seek modification of the Plan after confirmation in accordance with the provisions of 11 U.S.C. § 1127(e).

F. Objections to Claims. The Debtor reserves the right to object to any claim filed or deemed to be filed in this case at any time.

G. Sources of Information. All factual information utilized in this Disclosure Statement, including but not limited to value of assets, the amount of Claims, projections and historical financial information concerning the Debtor was provided by the Debtor, or derived from the claims register maintained by the Bankruptcy Court and from the Debtor's internal books and records.

H. Attorneys' Disclaimer. This Disclosure Statement and any statement of income, expenses, assets, liabilities or valuations of property contained herein or elsewhere in documents filed with the Court in this bankruptcy case are based upon records and information supplied by the Debtor herein. We do not represent that we have independently checked or verified the accuracy of any of this information. Accordingly, no opinion is expressed by us as counsel for the Debtor as to the information contained in this Disclosure Statement.

I. Conclusions and Recommendations. For the reasons set forth in this Disclosure Statement, the Debtor believes that the Plan provides the Debtor's unsecured creditors with the maximum possible dividend on their claims under the circumstances and is preferable to all other alternatives. Accordingly, the Debtor urges you to vote to **ACCEPT** the Plan and to duly complete and return your Ballot such that it is **ACTUALLY RECEIVED** on or before 5:00 p.m. on _____.

Dated: July 27, 2016

DEBTOR-IN-POSSESSION

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General Manager

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