

1 CRAIG M. PRIM (077820)  
 2 JANICE M. MURRAY (099996)  
 3 STEPHEN T. O'NEILL (115132)  
 4 MURRAY & MURRAY  
 5 A Professional Corporation  
 6 3030 Hansen Way, Suite 200  
 7 Palo Alto, CA 94304-1009  
 8 (650) 852-9000

Attorneys for Debtor

**FILED**

APR 25 2000 GK

KEENAN A. OSBARY, CLERK  
 United States Bankruptcy Court  
 San Jose, California

8 UNITED STATES BANKRUPTCY COURT  
 9 NORTHERN DISTRICT OF CALIFORNIA  
 10 SAN JOSE DIVISION

11 In re:

Case No. 99-50736-JRG-11

12 Site Technologies, Inc.,  
 13 dba DeltaPoint, Inc.

Chapter 11

14 Debtor.

15 EIN No.: 77-0212760

MURRAY & MURRAY  
 A Professional Corporation  
 3030 Hansen Way, Suite 200  
 Palo Alto, CA 94304-1009  
 TELEPHONE (650) 852-9000 FACSIMILE (650) 852-9244  
 EMAIL: mm@murraylaw.com

**DEBTOR'S FIRST AMENDED DISCLOSURE STATEMENT**

**Dated April 25, 2000**

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ORIGINAL

EXHIBIT 5

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**MURRAY & MURRAY**  
 A Professional Corporation  
 3050 Hansen Way, Suite 200  
 Palo Alto, Ca 94304-1009  
 TELEPHONE (650) 852-0000 FACSIMILE (650) 852-9244  
 E-MAIL [mail@murraylaw.com](mailto:mail@murraylaw.com)

MURRAY & MURRAY  
A Professional Corporation  
3030 Hansen Way, Suite 200  
Palo Alto, Ca 94304-1069  
TELEPHONE (650) 852-9000 FACSIMILE (650) 852-9244  
E-MAIL [mail@murraylaw.com](mailto:mail@murraylaw.com)

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MURRAY & MURRAY  
 A Professional Corporation  
 3030 Hansen Way, Suite 200  
 Palo Alto, Ca 94304-1069  
 TELEPHONE (650) 852-9900 FACSIMILE (650) 852-9244  
 E-MAIL [mail@murraylaw.com](mailto:mail@murraylaw.com)

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1 **SUMMARY OF PLAN TREATMENT**

2 **THIS SUMMARY IS MODIFIED IN ITS ENTIRETY BY THE MORE**  
3 **DETAILED EXPLANATION CONTAINED IN THE BALANCE OF THE**  
4 **DISCLOSURE STATEMENT AND THE SPECIFIC PROVISIONS OF**  
5 **THE PLAN OF REORGANIZATION, WHICH PROVISIONS SHALL**  
6 **GOVERN THE TREATMENT OF CREDITORS AND EQUITY**  
7 **SECURITY HOLDERS.**

8 **Bankruptcy filing:** Site Technologies, Inc., dba Delta Point, Inc. (the "Debtor") filed its Chapter  
9 11 Bankruptcy Case on February 2, 1999. This Disclosure Statement and the accompanying Plan of  
10 Reorganization constitute the Debtor's proposal for an orderly liquidation of its assets.

11 **Voting Instructions:** Accompanying this Disclosure Statement is a Ballot which may be used to  
12 vote on the Plan. In order to be timely, Ballots must be received by counsel for the Debtor not later  
13 than 5:00 p.m. on May 30, 2000 at

14 Murray & Murray  
15 A Professional Corporation  
16 Attn: Janice M. Murray, Esq.  
17 3030 Hansen Way, Suite 200  
18 Palo Alto, CA 94304-1009  
19 Telephone: (650) 852-9000  
20 Facsimile: (650) 852-9244

21 **Confirmation Hearing:** The Bankruptcy Court has been asked to schedule a hearing to consider  
22 confirmation of the Plan. Creditors, Equity Security Holders and parties in interest will receive a  
23 separate notice, accompanying this Disclosure Statement, identifying the date, time and place of the  
24 Confirmation Hearing, and identifying the requirements for filing and serving objections, if any, to  
25 confirmation of the Plan. The Confirmation Hearing may be adjourned from time to time without  
26 further notice except for the announcement of the adjournment date made at the Confirmation  
27 Hearing or any subsequently adjourned Confirmation Hearing.

28 **Means of Implementation:** The Debtor consummated the StarBase Sale (as defined in the Plan)  
pursuant to which the Debtor's core technology assets were sold to StarBase in exchange for  
625,000 shares of StarBase stock. After the expiration of certain restrictions, the Debtor sold all of  
its StarBase stock. The Debtor also conducted an auction of its fixed assets (e.g., furniture,  
equipment and miscellaneous personal property). Proceeds from the sale of the StarBase stock, the  
auction and other assets which may be liquidated by the Debtor will be distributed pursuant to the

MURRAY & MURRAY  
A Professional Corporation  
3030 Hansen Way, Suite 200  
Palo Alto, Ca. 94304-1009  
TELEPHONE: (650) 852-9000 FACSIMILE: (650) 852-9244  
E-MAIL: mail@murraylaw.com

1 terms of the Plan. The Bankruptcy Estate presently has approximately \$8.4 million in cash with  
2 which to implement the Plan.

3 **Specific Treatment:** A summary of the treatment of the various Classes of Claims and Interests  
4 is set forth below:

5 Claims/Interests

Treatment

6 **Administrative Claims**

Administrative Claims will be paid in full on the latest of (i) the Effective Date of the Plan, (ii) upon allowance by the Bankruptcy Court, (iii) in the ordinary course of the Debtor's business or (iv) such other time as may be agreed to by the holder of such Claim.

7  
8  
9  
10 **Tax Claims**

Tax Claims will be paid in full on the latest of (i) the Effective Date of the Plan, (ii) upon allowance by the Bankruptcy Court, or (iii) such other time as may be agreed to by the holder of such claim; provided, however, the Debtor may elect to pay tax claims in deferred cash payments, over a period not exceeding six (6) years after date of assessment.

11  
12  
13  
14  
15 **Class 1: Priority Claims**

Priority Claims will be paid in full on the Effective Date of the Plan.

16 **Class 2: Savoir Technology Group, Inc.**

Savoir shall retain its lien (to the extent not avoided), which lien will attach to the proceeds from the sale of its collateral. Savoir's Allowed Secured Claim will be paid in full. The balance of any Claim by Savoir will be treated as a Class 3 Claim.

17  
18  
19  
20 **Class 3: Unsecured Creditors**

Unsecured Creditors will be paid in full, including interest, as soon as practicable after the Effective Date and after the payment of or reservation for all Allowed Administrative Claims, Allowed Secured Claims, Tax Claims, Priority Claims, any other senior Claims, and post-Confirmation expenses of the Debtor; provided, however, that said payment will be made no later than the later of (i) thirty (30) days after the Effective Date, or (ii) upon resolution of all Disputed Claims, including Rejection Claims. Notwithstanding the foregoing, in the unlikely event that there are insufficient funds to pay unsecured Creditors in full with interest, unsecured Creditors will be paid pro rata from available funds.

MURRAY & MURRAY  
A Professional Corporation  
3030 Haccaso Way, Suite 200  
Palo Alto, Ca 94304-1009  
TELEPHONE (650) 453-9000 FACSIMILE (650) 852-9244  
E-MAIL [mail@murraylaw.com](mailto:mail@murraylaw.com)

1 Claims/Interests

Treatment

2 Class 4: Common Stock Holders

3 Shareholders of record on the Distribution  
4 Date shall receive a pro rata distribution from  
5 available funds, as soon as practicable after  
6 (i) payment of or reservation for all Allowed  
7 Administrative Claims, Allowed Secured  
8 Claims, Tax Claims, Priority Claims, Allowed  
9 Unsecured Claims, any other senior Claims,  
10 and post-Confirmation expenses of the  
11 Debtor, and (ii) resolution of all Disputed  
12 Claims and Disputed Interests. The interests  
13 of common stock holders shall otherwise be  
14 cancelled and extinguished on the Distribution  
15 Date.

16 Class 5: Option and Warrant Holders

17 Holders, as of the Effective Date, of  
18 outstanding, unexercised options and  
19 warrants to acquire the Debtor's common  
20 stock shall receive nothing under the Plan and  
21 their respective interests shall otherwise be  
22 canceled and extinguished on the Effective  
23 Date.

24 The Debtor believes that Confirmation of the Plan will result in the highest and best recovery  
25 for, and is in the best interest of, Creditors and Equity Security Holders. Accordingly, the Debtor  
26 urges all eligible Creditors and Equity Security Holders to submit their Ballots in favor of the  
27 Plan on or before 5:00 p.m. on May 30, 2000.

28 **Distribution of Plan Documents:** The Debtor has utilized the services of Bankruptcy  
Claims Administration ("BCA") in this case for initial data input and data base generation for  
information required to be served on creditors and shareholders. BCA has also provided services  
related to notice preparation, printing and mailing to creditors and shareholders in this case. The  
Debtor intends to retain BCA (or a similar service if BCA is not available) to prepare, print and  
disburse the plan solicitation package to all parties in interest. The Debtor will pay BCA for its  
services in the ordinary course of business from funds on hand in the estate.

1. INTRODUCTION

1.1 Site Technologies, Inc., a California corporation ("Site", the "Debtor" or the  
"Company") submits this Disclosure Statement in connection with the solicitation of acceptances  
of the DEBTOR'S PLAN OF REORGANIZATION dated March 27, 2000 (the "Plan"). The

MURRAY & MURRAY  
A Professional Corporation  
3030 Hansen Way, Suite 200  
Palo Alto, Ca 94304-1009  
TELEPHONE (650) 852-9000 FACSIMILE (650) 852-9244  
E-MAIL [info@murraylaw.com](mailto:info@murraylaw.com)

MURRAY & MURRAY  
A Professional Corporation  
3030 Haasen Way, Suite 200  
Folsom, Ca 95630-1609  
TELEPHONE (916) 932-9000 FACSIMILE (916) 932-9244  
E-MAIL [mail@murraylaw.com](mailto:mail@murraylaw.com)

1 Plan is being transmitted to Creditors and Equity Security Holders of the Debtor with this  
2 Disclosure Statement. Capitalized terms used herein, if not separately defined, have the  
3 meanings assigned to them in the Plan.

4 1.2 Chapter 11 sets forth the rules and procedures under which financially distressed  
5 entities may be reorganized or liquidated pursuant to a plan of reorganization presented to  
6 creditors and shareholders for consideration and approval. Confirmation of the Plan is the  
7 culmination of that process.

8 1.3 The Plan is being proposed by the Debtor to effect an orderly liquidation of the  
9 Company's assets, to maximize the value of those assets, and to provide for the distribution of the  
10 liquidation proceeds to Creditors and Equity Security Holders.

11 1.4 The Plan sets forth a proposal for the satisfaction, discharge and/or cancellation  
12 of all Claims against and Interests in the Debtor. Creditors and Equity Security Holders should  
13 thoroughly review both the Plan and the Disclosure Statement before deciding whether to accept  
14 or reject the Plan. The purpose of the Disclosure Statement is to provide adequate information of  
15 a kind, and in sufficient detail, as far as is reasonably practicable in light of the nature and history  
16 of the Debtor and the condition of the Debtor's books and records, that would enable a  
17 hypothetical reasonable investor typical of holders of Claims and Interests of the relevant Class to  
18 make an informed judgment about the Plan.

19 1.5 Before the Debtor's Disclosure Statement may be used in connection with an  
20 acceptance or rejection of the Plan, the Bankruptcy Court, after a noticed hearing, must have  
21 approved the Disclosure Statement as containing adequate information to enable Creditors,  
22 Equity Security Holders and parties in interest to make an informed judgment on whether or not  
23 to accept or reject the Debtor's Plan.

24 1.6 As set forth in the Order Approving Disclosure Statement enclosed herewith, the  
25 Bankruptcy Court approved this Disclosure Statement. The Court's approval of the Disclosure  
26 Statement, however, does not constitute an endorsement of the Plan by the Bankruptcy Court.

27 1.7 Creditors and Equity Security Holders should read this Disclosure Statement and  
28 the Plan in their entirety prior to voting by way of the enclosed Ballot, which must be completed



1 and returned.

2 **2. DISCLAIMER**

3 **2.1 THIS DISCLOSURE STATEMENT CONTAINS INFORMATION WHICH MAY**  
4 **BEAR UPON YOUR DECISION TO ACCEPT OR REJECT THE PROPOSED PLAN. PLEASE**  
5 **READ THIS DOCUMENT WITH CARE. FOR THE CONVENIENCE OF CREDITORS AND**  
6 **EQUITY SECURITY HOLDERS, THIS DISCLOSURE STATEMENT SUMMARIZES THE**  
7 **TERMS OF THE PLAN, BUT THE PLAN ITSELF QUALIFIES THIS SUMMARY. IF ANY**  
8 **INCONSISTENCIES EXIST BETWEEN THE PLAN AND THIS DISCLOSURE STATEMENT,**  
9 **THE TERMS OF THE PLAN ARE CONTROLLING. NO REPRESENTATIONS CONCERNING**  
10 **THE DEBTOR, ITS FINANCIAL CONDITION OR ANY ASPECT OF THE PLAN ARE**  
11 **AUTHORIZED BY THE DEBTOR OTHER THAN AS SET FORTH IN THIS DISCLOSURE**  
12 **STATEMENT.**

13 **2.2 THE FINANCIAL INFORMATION CONTAINED HEREIN, UNLESS**  
14 **OTHERWISE INDICATED, IS UNAUDITED; IN ADDITION, BECAUSE OF THE DEBTOR'S**  
15 **FINANCIAL DIFFICULTIES, THE INFORMATION CONTAINED HEREIN MAY BE**  
16 **INCOMPLETE OR INACCURATE. FOR THE FOREGOING REASONS, THE DEBTOR AND ITS**  
17 **PROFESSIONALS ARE UNABLE TO WARRANT THAT THE INFORMATION CONTAINED**  
18 **HEREIN IS WITHOUT ANY INACCURACY. HOWEVER, GREAT EFFORT HAS BEEN MADE**  
19 **TO ENSURE THAT ALL SUCH INFORMATION IS FAIRLY PRESENTED.**

20 **2.3 THE PROFESSIONALS REPRESENTING THE DEBTOR HAVE RELIED UPON**  
21 **INFORMATION PROVIDED BY THE DEBTOR IN CONNECTION WITH THE PREPARATION**  
22 **OF THIS DISCLOSURE STATEMENT AND HAVE NOT INDEPENDENTLY VERIFIED ALL OF**  
23 **THE INFORMATION CONTAINED HEREIN. THE CONTENTS OF THIS DISCLOSURE**  
24 **STATEMENT SHOULD NOT BE CONSTRUED AS LEGAL, BUSINESS OR TAX ADVICE. YOU**  
25 **SHOULD CONSULT WITH YOUR OWN LEGAL COUNSEL AND ACCOUNTANT AS TO**  
26 **LEGAL, TAX AND RELATED MATTERS CONCERNING YOUR CLAIM OR INTEREST.**

27 **2.4 THE SECURITIES AND EXCHANGE COMMISSION HAS NOT**  
28 **APPROVED OR DISAPPROVED THIS DISCLOSURE STATEMENT, OR**

MURRAY & MURRAY  
A Professional Corporation  
3030 Hansen Way, Suite 200  
Folsom, Ca 94504-4008  
TELEPHONE (650) 452-7000 FACSIMILE (650) 452-9244  
E-MAIL: [mur@murraylaw.com](mailto:mur@murraylaw.com)

1 **DETERMINED IF IT IS TRUTHFUL OR COMPLETE.**

2 **3. DEFINITIONS**

3 3.1 All definitions described in Section 2 of the Plan are incorporated herein by  
4 reference.

5 **4. VOTING INSTRUCTIONS**

6 4.1 **IT IS IMPORTANT THAT YOU EXERCISE YOUR RIGHT TO VOTE TO ACCEPT**  
7 **OR REJECT THE PLAN.** If you are or may be entitled to vote on the Plan, you have been sent a  
8 Ballot and instructions for voting with this Disclosure Statement. You should read the Ballot  
9 carefully and follow the instructions contained therein. Please use only the Ballot sent to you  
10 with this Disclosure Statement.

11 4.2 To simplify the voting procedure, Ballots have been sent to all known holders of  
12 Claims and Interests, including Disputed Claims and Disputed Interests to which objections may  
13 be filed. The Bankruptcy Code and the Bankruptcy Rules provide that only the holders of  
14 Allowed Claims (or Claims which are deemed Allowed) and holders of Allowed Interests (of  
15 record on the date the Order Approving Disclosure Statement is entered or another date fixed by  
16 the Court) are entitled to vote on the Plan. A Claim or Interest to which an objection has been  
17 filed is not an Allowed Claim or Allowed Interest unless and until the Bankruptcy Court rules on  
18 the objection. The Bankruptcy Court may temporarily allow a Disputed Claim or Disputed  
19 Interest to which an objection has been filed for purposes of voting on the Plan. Therefore,  
20 although the holders of Disputed Claims or Disputed Interests to which an objection has been  
21 filed will receive Ballots, these votes will not be counted unless the Bankruptcy Court  
22 temporarily allows such Claims and Interests for purposes of voting on the Plan.

23 4.3 If a party in interest is a member of more than one Class, it will receive a Ballot  
24 for each Class. **IF YOU ARE A MEMBER OF MORE THAN ONE CLASS, YOU MUST FILL**  
25 **OUT AND RETURN ALL BALLOTS SENT TO YOU FOR YOUR VOTE TO COUNT IN EACH**  
26 **CLASS. AN ACCEPTANCE OR REJECTION OF THE PLAN MAY BE VOTED BY**  
27 **COMPLETING THE BALLOT THAT ACCOMPANIES THE PLAN AND THE DISCLOSURE**  
28 **STATEMENT, AND RETURNING IT NO LATER THAN MAY 30, 2000 TO:**

MURRAY & MURRAY  
A Professional Corporation  
3030 Hassen Way, Suite 200  
Fargo, N.D. 58104-1809  
TELEPHONE (701) 832-9244  
FAX (701) 832-9244  
E-MAIL [info@murraylaw.com](mailto:info@murraylaw.com)

1 Murray & Murray  
2 A Professional Corporation  
3 Attn: Janice M. Murray, Esq.  
3030 Hansen Way, Suite 200  
Palo Alto, CA 94304-1009

4 IF YOUR BALLOT IS NOT RETURNED BY MAY 30, 2000, IT MAY NOT BE CONSIDERED.  
5 BALLOTS WHICH ARE RETURNED BUT NOT PROPERLY EXECUTED WILL NOT BE  
6 CONSIDERED. BALLOTS WHICH ARE EXECUTED BUT WHICH FAIL TO INDICATE  
7 EITHER ACCEPTANCE OR REJECTION OF THE PLAN WILL BE CONSIDERED AS  
8 ACCEPTING THE PLAN.

9 **5. HISTORY OF THE DEBTOR**

10 5.1 The Debtor commenced this Chapter 11 case on February 2, 1999 with the filing  
11 of its Voluntary Petition in the United States Bankruptcy Court for the Northern District of  
12 California, San Jose Division.

13 5.2 The Debtor was in the business of designing, developing, licensing and selling  
14 software products and related materials for various Web site applications. The Debtor, formerly  
15 headquartered in Scotts Valley, California, was formed in 1989 and became a public company in  
16 December 1995.

17 5.3 The Company was originally formed to design, develop and market visualization  
18 software products for personal computers. The Company commenced shipments of its initial  
19 product, DeltaGraph, at the end of 1989. Prior to 1996, the Company derived substantially all of  
20 its product revenues from licenses of DeltaGraph charting and graphic software products.

21 5.4 Commencing with its acquisition of the technology required to develop  
22 WebAnimator (a multi-media authoring tool for the Web) in November 1995, the Company's  
23 strategy had been to realize a significant and growing percentage of its revenues from the sale of  
24 Internet software products. Towards that end, the Company acquired technology to develop  
25 QuickSite (a Web site creation and management tool) in December 1995 (released version 1.0 in  
26 February 1996) and introduced WebTools in March 1996, WebAnimator in July 1996, QuickSite  
27 Developer's Edition in September 1996 and QuiteSite 2.5 in May 1997. In July 1997, the  
28 Company acquired technology to develop SiteSweeper 2.0 which was released in September

MURRAY & MURRAY  
A Professional Corporation  
3030 Hansen Way, Suite 200  
Palo Alto, Ca. 94304-1009  
TELEPHONE (650) 852-9000 FACSIMILE (650) 852-9244  
E-MAIL mail@murraylaw.com

MURRAY & MURRAY  
A Professional Corporation  
3020 Hassen Wey, Suite 200  
Folsom, CA 95794-1889  
TELEPHONE (650) 552-9244  
FACSIMILE (650) 552-9244  
E-MAIL: mail@murraylaw.com

1 1997, and in November 1997 the Company acquired technology to develop SiteMaster 4.0 which  
2 was released in March 1998. In March 1998 the Company also released QuickSite 3.0, and in  
3 May 1998 the Company released the enterprise edition of the SiteSweeper product.

4 5.5 In June 1997, as part of the Company's continuing strategy to focus its  
5 development, sales and marketing efforts on Internet software products, the Company sold assets  
6 related to its Delta Graph software product. With the DeltaGraph sale, the Company's future  
7 operating results depended on the successful development, introduction and commercial  
8 acceptance of the Company's Internet software products. In September 1998, the Company also  
9 sold its V-Search technology and related patents. In addition to further focusing the Company on  
10 Internet software products, these sales provided the Company with much needed liquidity.

11 5.6 The Company financed its operations primarily through private and public sales  
12 of equity securities, borrowings under a term loan, the private sale of debt securities and the sale  
13 of the DeltaGraph product line, and other limited asset sales. Since its inception, the Company  
14 has received approximately \$24 million in proceeds from private sales of stock, convertible debt  
15 and from the Company's two public offerings of public stock. The Company incurred net losses  
16 of \$8,159,000 for the year ended December 31, 1997 and \$2,497,000 for the nine months ended  
17 September 30, 1998, and had an accumulated deficit of \$24,334,000 as of September 30, 1998.

18 5.7 In light of its diminishing cash balances (due primarily to limited revenues from  
19 its newly introduced products), in May and June 1998, the Debtor significantly reduced its head  
20 count from 33 to 11 and significantly reduced its expenses and operations in the areas of sales  
21 and marketing. In order to conserve its limited remaining cash balances, the Debtor sharply  
22 curtailed operational activities since June 1998 by, among other things, further reducing its non-  
23 technology head count (eliminating sales and marketing personnel) and limiting related  
24 marketing expenditures. In December 1998, the Debtor shut down operations and laid off most  
25 of its remaining employees.

26 5.8 During the twelve (12) months preceding the Petition Date, the Debtor focused  
27 its efforts on evaluating its strategic options, including a sale of the Debtor to a third party or a  
28 sale of the Debtor's assets. When it became clear that the Debtor would be unable to raise

MURRAY & MURRAY  
A Professional Corporation  
3030 Hansen Way, Suite 200  
Palo Alto, Ca 94304-1009  
TELEPHONE (650) 852-9200 FACSIMILE (650) 852-9244  
E-MAIL: mm@emurrayllp.com

1 additional investment capital, the Debtor intensified its efforts to find a potential acquisition  
2 candidate. By mid-March 1998, the Debtor developed a targeted list of likely candidates.  
3 During March and April 1998, the Debtor began negotiating with one such candidate to integrate  
4 some of the Debtor's technology with that company's products and also held several high level  
5 discussions in which the Debtor introduced its desire to merge or be acquired. In May 1998, the  
6 Debtor was informed that this company was not interested in a merger or acquisition. Also in  
7 May 1998, the Debtor contacted 10-15 additional companies to investigate merger and  
8 acquisition opportunities, to no avail.

9           5.9 In June 1998, the Debtor retained Alliant Partners of Palo Alto, California  
10 ("Alliant"), a mergers and acquisitions firm. The Debtor and Alliant developed a strategy that  
11 defined the Debtor's asset value as two-fold: (i) the Debtor's Internet technology, and (ii) its  
12 status as a public company. Efforts over the following months focused on contacting potential  
13 candidates that would benefit from both the technology and public corporate assets, and thus  
14 yield the greatest value for the Debtor. Several companies were contacted, discussions with  
15 some ensued, but nothing materialized. In August 1998, the Debtor shifted into the second phase  
16 of its strategy where two teams were established -- one team to focus on presenting its Internet  
17 technology to public software companies and the other team to focus on presenting the  
18 availability of the public shell to private companies. During August and September 1998, Alliant  
19 contacted about 110 companies via telephone and mailed out approximately sixty (60) full  
20 presentation packets. Several telephone interviews were held during this time frame. The  
21 Debtor also commenced serious discussions with and responded to due diligence requests from a  
22 public company interested in the technology. StarBase then made a firm offer and the prior  
23 company dropped out of the bidding. Thereafter, the Debtor and StarBase executed the StarBase  
24 Agreement.

25           5.10 In late September 1998, the Debtor commenced serious discussions with and  
26 responded to due diligence requests of Savoir Technology Group, Inc. ("Savoir"), a public  
27 company interested in acquiring the public shell in a reverse merger with one of its divisions.  
28 Savoir made a \$150,000 bridge loan in December 1998 to provide the Debtor with needed

1 financial resources to complete the definitive documentation process with regard to the proposed  
2 transaction. Absent Savoir's support, the Debtor would have had insufficient capital to sustain  
3 operations and seek shareholder approval of the transaction. Savoir made an additional \$50,000  
4 loan to the Debtor in January 1999. However, in mid-January 1999, the Debtor was informed  
5 that Savoir would no longer pursue completion of the transaction.

## 6 **6. TRANSACTIONS WITH INSIDERS**

7 6.1 Jeffrey F. Ait ("Ait") is the Chief Executive Officer and Sharon Fugitt ("Fugitt")  
8 is the Vice President of Finance/Operations of the Debtor. Following termination of all other  
9 employees, Ait and Fugitt agreed to assist the Debtor in the orderly liquidation of its assets. Ait  
10 and Fugitt negotiated the sale of the Debtor's intellectual property to StarBase which resulted in a  
11 benefit to the estate of more than \$8.3 million in cash. Ait and Fugitt hold claims against the  
12 Debtor for unpaid wages, employee benefits, expense reimbursement and severance which are in  
13 part classified as Class 1 Priority Claims and in part as Class 3 General Unsecured Claims as  
14 provided in the Code. The Plan provides for the rejection of the Ait and Fugitt Employment  
15 Agreements. As a result, any claims by Ait and Fugitt under the Employment Agreements  
16 become Class 3 claims and receive the same treatment as all other general unsecured claims.  
17 Pre-petition Claims held by Ait are for: (i) vacation pay of \$3,390.44 and (ii) severance pay of  
18 \$165,000. Pre-petition Claims held by Fugitt are for: (i) vacation pay of \$6,346.30 (of which  
19 \$4,300 is a priority claim) and (ii) severance pay of \$65,000. Both Ait and Fugitt have been paid,  
20 and will continue to be paid, for post-petition wages and expenses.

## 21 **7. SIGNIFICANT EVENTS DURING CHAPTER 11**

22 7.1 StarBase Sale. On March 17, 1999, the Debtor consummated the sale of its  
23 intellectual property assets to StarBase. The initial aggregate purchase price paid by StarBase  
24 consisted of 625,000 newly issued and initially unregistered shares of StarBase common stock.  
25 Under the StarBase Agreement, the purchase price was subject to adjustment at the closing of the  
26 asset sale to cause the aggregate estimated value of the StarBase common stock to be not less  
27 than \$500,000 and not greater than \$1,500,000. Under this formula, the actual number of shares  
28 constituting the purchase price was 625,000. The shares were subject to a 6-month lockup

MURRAY & MURRAY  
A Professional Corporation  
3030 Haines Wey, Suite 200  
Palo Alto, Ca 94304-1609  
TELEPHONE (650) 952-9000 FACSIMILE (650) 952-4244  
E-MAIL: mail@murraylaw.com

MURRAY & MURRAY  
A Professional Corporation  
3030 Hansen Way, Suite 200  
Folsom, Ca 94304-1009  
TELEPHONE (916) 942-9000 FACSIMILE (916) 942-9244  
E-MAIL [emurray@law.com](mailto:emurray@law.com)

1 period. In addition, an escrow fund containing 125,000 of the shares was in place for a period of  
2 six (6) months to allow for indemnification claims by StarBase. The shares were eventually  
3 released from the escrow fund, no indemnification claim having been made by StarBase.  
4 Thereafter, the Debtor could not liquidate the shares in a single transaction. No more than five  
5 percent (5%) of the prior business day's trading volume in the shares could be sold on any given  
6 day. Also, in conjunction with the sale to StarBase, the Debtor sought and obtained Bankruptcy  
7 Court approval to assume and assign to StarBase numerous executory contracts as required by  
8 the StarBase Agreement.

9 7.2 Sale of StarBase Stock. Following expiration of the lockup and escrow periods,  
10 the Debtor sought Court approval to sell the shares by way of motion to expedite the Debtor's  
11 ability to liquidate the shares in view of the dramatic price increase per share which began in  
12 December, 1999. On or about December 21, 1999, the Court entered its Order (the "Order")  
13 authorizing the Debtor to sell the shares and to employ First Security VanKasper ("VanKasper")  
14 as broker in connection with the sale. StarBase retained a right of first refusal with respect to any  
15 proposed sale of the shares for a period of eighteen (18) months after the closing. The Debtor  
16 sought and obtained a waiver from StarBase of this right and proceeded to sell the shares on  
17 open market. As a point of reference, on February 5, 1999, immediately prior to the time the  
18 Debtor filed its motion to sell its technology assets to StarBase in exchange for the shares, the  
19 shares were selling at a \$1.75. An internet search on November 17, 1999 indicated the last trade  
20 on that day at \$2.41. The Debtor ultimately sold the shares on the open market during the period  
21 of January 11, 2000 to January 18, 2000 at prices ranging from \$11.25 to \$14.62 per share.  
22 Proceeds of the sale were approximately \$8,365,840. As provided in the Order, VanKasper  
23 received a commission rate of two cents (2¢) per share (i.e., \$12,500).

24 7.3 Auction Sale. On March 11, 1999, the Bankruptcy Court entered its order  
25 authorizing the Debtor to sell certain furniture, equipment and other personal property assets by  
26 auction. Following Bankruptcy Court approval, the Debtor hired A.R. Pagan & Co.  
27 ("Auctioneer") as the Auctioneer. The auction sale was conducted on March 23, 1999. The  
28 Auctioneer was paid expenses of \$7,500 (consisting of \$5,000 for advertising and \$2,500 for

MURRAY & MURRAY  
A Professional Corporation  
3030 Hansen Way, Suite 200  
Palo Alto, Ca 94304-1009  
TELEPHONE (650) 852-9000 FACSIMILE (650) 852-9244  
E-MAIL mail@murraylaw.com

1 labor) plus a ten percent (10%) commission of actual collected bid sales. In addition, the  
2 Auctioneer was entitled to charge a buyer's premium to auction buyers. The net auction  
3 proceeds were \$39,000. A dispute arose regarding the disposition and accounting for certain  
4 cubicles that were part of the auction. The Debtor contends that a buyer was prepared to pay  
5 \$4,800 for the cubicles. The auctioneer, having no recollection of such a buyer, asserts that  
6 efforts to sell the cubicles at auction were unsuccessful and the cubicles were removed from the  
7 Debtor's premises by a party willing to take them without removal charges. Given the  
8 conflicting recollection of the parties as to the facts, and given the nominal sum involved, the  
9 Debtor determined not to pursue the matter any further as it would not be cost effective.

10       7.4 Rejection of Executory Contracts and Unexpired Leases. On March 11, 1999,  
11 the Bankruptcy Court entered its order authorizing the Debtor to reject its (i) non-residential real  
12 property lease with *Carbonero Creek Associates* (the "Lease") and (ii) non-residential real  
13 property sublease with *Fault Line Technology* (the "Sublease"). These leases pertained to the  
14 Debtor's former business premises in Scotts Valley, California. In view of the StarBase Sale,  
15 these premises were no longer needed. On May 18, 1999, the Bankruptcy Court also entered its  
16 order authorizing the Debtor to reject its equipment leases with *GE Capital*, *First Alarm*, *Dell*  
17 *Financial Services*, *Pitney Bowes Credit Corporation* and *Sprint Telmagine, Inc.* (collectively,  
18 "Equipment Contracts"). Any claim for damages related to rejection of the above-referenced  
19 Lease, Sublease and Equipment Contracts was required to be filed on or before June 1, 1999.

20       7.5 Blum Compromise. On July 8, 1999, the Bankruptcy Court entered its order  
21 authorizing the Debtor to compromise its controversy with Richard Blum, dba Knowledge  
22 Vision ("Blum"). Pursuant to a prepetition agreement, Blum sold the Debtor a computer  
23 program known as Power-Vision together with any derivative technology and products  
24 (hereinafter collectively "Technology"). The Debtor agreed to pay a fee of \$250,000 plus a seven  
25 percent (7%) royalty. Blum retained a limited royalty free license to the Technology, agreed to  
26 provide consulting services for three years at an additional hourly fee, and further agreed to a  
27 non-compete clause for three years. The agreement also provided that should Debtor cease  
28 marketing the Technology within two years of the agreement, all rights regarding the Technology



1 would revert to Blum. Blum claimed that the Debtor owed him approximately \$1,500 in  
 2 outstanding royalties and further claimed that ownership of the Technology reverted to him as a  
 3 result of the Debtor's failure to market the Technology as required by the agreement. The Debtor  
 4 contended that it marketed the Technology at the same, although reduced, level as its other  
 5 products, although no sales resulted for the last one and one-half years. Following Court  
 6 approval, the Debtor and Blum settled this dispute whereby Blum paid the Debtor \$2,500 and  
 7 waived any and all claims against the Debtor. In return, the Debtor relinquished its rights in the  
 8 Technology to Blum.

9 **8. DISTRIBUTION ANALYSIS**

10 **8.1 Projected Distribution to Creditors and Shareholders.**

	<u>Case 1</u>	<u>Case 2</u>
12 Cash Balance (as of March 31, 2000)	\$8,418,752	\$8,418,752
13 <b>Less: Estimated Creditor claims:</b>		
14 Savoir Technology Group (through 3/15/00 plus \$54.79 per dism interest thereafter)	\$228,821+	\$228,821+
15 Post-confirmation operating costs, wind down and shareholder distribution fees and expenses	\$57,000	\$57,000
16 Bankruptcy related costs, including U.S. Trustee fees, BCA and professional fees	\$250,000	\$250,000
17 <b>Other Administrative Claims:</b>		
18 Landlord:	\$50,109	\$50,109
19 Miscellaneous Operating Expenses	\$75,000	\$75,000
20 Tax Claims (estimated)	\$1,102,000	\$1,102,000
21 Priority Claims (excluding employee claims)	\$2,234	\$2,234
22 Employee Claims	\$240,000	\$240,000
23 General unsecured claims	\$1,500,000	\$1,000,000
24 Post-Petition Interest on Claims at 4.584%	<u>\$120,000</u>	<u>\$85,000</u>
25 <b>Total Projected Creditor and Chapter 11 Claims</b>	<b><u>\$3,625,164</u></b>	<b><u>\$3,090,164</u></b>
26 <b>Projected cash available for distribution to shareholders</b>	<b>\$4,793,588</b>	<b>\$5,328,588</b>

25 **Assumptions**

26 Case 1: Includes allowance of disputed claims in full. Based on Proofs of Claim filed and the  
 27 Debtor's Schedules, the Debtor estimates that the gross amount of prepetition unsecured  
 28 creditor claims is approximately \$1,500,000. The Debtor has filed numerous objections  
 to claims. For those disputed claims where no formal objection has yet been filed, the  
 Debtor is in discussions with these creditors in an effort to resolve the disputed portion  
 of the claim without litigation. At this time, there are approximately \$500,000 in  
 disputed prepetition unsecured claims.

MURRAY & MURRAY  
 A Professional Corporation  
 3070 Hassen Way, Suite 200  
 Palo Alto, CA 94304-1009  
 TELEPHONE (650) 852-9000 FACSIMILE (650) 852-9244  
 E-MAIL: mm1@murraylaw.com

1 Case 2: Includes only general unsecured claim amounts Debtor believes is owed.

2 THE ABOVE DISTRIBUTION ANALYSIS IS AN ESTIMATE ONLY. ACTUAL  
3 RESULTS MAY DIFFER MATERIALLY FROM THOSE ESTIMATED ABOVE. THERE ARE  
4 VARIOUS FACTORS WHICH MAY CAUSE SUCH RESULTS TO DIFFER. FOR EXAMPLE,  
5 THE DEBTOR DISPUTES SEVERAL CLAIMS ASSERTED BY CERTAIN CREDITORS, AND  
6 THE DEBTOR CANNOT PREDICT THE EXTENT TO WHICH THESE CLAIMS WILL  
7 ULTIMATELY BE ALLOWED. IN ADDITION, ON THE PETITION DATE, THE DEBTOR WAS  
8 A PARTY TO NUMEROUS EXECUTORY CONTRACTS AND UNEXPIRED LEASES. WHILE  
9 SEVERAL EXECUTORY CONTRACTS WERE ASSUMED BY THE DEBTOR AND ASSIGNED  
10 TO STARBASE IN CONNECTION WITH THE STARBASE SALE, CERTAIN REAL PROPERTY  
11 LEASES AND EQUIPMENT LEASES WERE REJECTED IN THE COURSE OF CHAPTER 11  
12 CASE. ANY EXECUTORY CONTRACTS AND UNEXPIRED LEASES NOT ALREADY  
13 ASSUMED, ASSUMED AND ASSIGNED, OR REJECTED BY THE DEBTOR, WILL BE DEEMED  
14 REJECTED UPON CONFIRMATION OF THE PLAN. AS SUCH, IT IS IMPOSSIBLE TO  
15 PREDICT THE AMOUNT OF ANY REJECTION CLAIMS THAT MAY BE ASSERTED AGAINST  
16 THE BANKRUPTCY ESTATE. IN CONNECTION WITH THE DEBTOR'S REJECTION OF THE  
17 LEASE, THE SUBLEASE, AND THE EQUIPMENT LEASES, THE COURT ENTERED ITS  
18 ORDERS REQUIRING THESE PARTIES TO SUBMIT THEIR CLAIMS FOR REJECTION  
19 DAMAGES, IF ANY, ON OR BEFORE JUNE 1, 1999. WITH RESPECT TO THE REJECTION OF  
20 ANY OTHER EXECUTORY CONTRACTS OR UNEXPIRED LEASES UNDER THE PLAN,  
21 REJECTION CLAIMS ARE REQUIRED TO BE FILED WITHIN THIRTY (30) DAYS  
22 FOLLOWING THE CONFIRMATION DATE. IT IS ONLY AT THAT TIME THAT ALL  
23 REJECTION CLAIMS WILL BE KNOWN. ANY ATTEMPT BY THE DEBTOR TO QUANTIFY  
24 THE TOTAL REJECTION CLAIMS PRIOR TO THAT TIME WOULD BE SERIOUSLY  
25 MISLEADING. ANY ALLOWED REJECTION CLAIMS WILL BE TREATED AS CLASS 3  
26 UNSECURED CLAIMS UNDER THE PLAN AND PAID IN ADVANCE OF ANY DISTRIBUTION  
27 TO SHAREHOLDERS. OTHER FACTORS WHICH MAY CAUSE SUCH DISTRIBUTION  
28 RESULTS TO DIFFER INCLUDE, BUT ARE NOT LIMITED TO, THE FOLLOWING: (i) TAX.

MURRAY & MURRAY  
A Professional Corporation  
3030 Haines Way, Suite 200  
Folsom, Ca 94304-1009  
TELEPHONE (916) 952-9060 FACSIMILE (916) 952-9244  
E-MAIL [info@murraylaw.com](mailto:info@murraylaw.com)

1 CONSEQUENCES RESULTING FROM THE LIQUIDATION OF THE DEBTOR'S ASSETS; AND  
2 (ii) THE EXISTENCE OF ADDITIONAL CLAIMS OF WHICH THE DEBTOR IS NOT  
3 CURRENTLY AWARE. WHILE THE DEBTOR EXPECTS THAT PROCEEDS WILL BE  
4 AVAILABLE FOR DISTRIBUTION TO CLASS 4 SHAREHOLDERS AFTER SATISFYING ALL  
5 KNOWN CLAIMS, THERE CAN BE NO ASSURANCE THAT THE AMOUNT WHICH WILL BE  
6 AVAILABLE FOR DISTRIBUTION WILL BE AS ESTIMATED ABOVE.

7 8.2 Other Assets.

8 A. During the course of the Chapter 11 case, the Debtor has attempted to  
9 find a buyer for its corporate shell. The Debtor's efforts in this regard were unsuccessful.

10 B. Based on its estimate of the Claims in the case, the Debtor believes that  
11 Creditors will be paid in full with interest. As such, the Debtor has yet to undertake and  
12 complete a thorough analysis of the Avoidance Claims and the potential defendants in respect  
13 thereof. However, the Debtor reserves the right to pursue any such action in the event that the  
14 Debtor determines that such an action is appropriate and beneficial to the Bankruptcy Estate.  
15 The entry of the Confirmation Order shall not constitute res judicata or otherwise bar or inhibit  
16 the prosecution of the Avoidance Claims by the Debtor.

17 8.3 Common Stock. The Company had outstanding approximately 8.5 million  
18 shares of common stock, held by approximately 1,400 shareholders.

19 8.4 Stock Option Plans.

20 A. The Debtor had three (3) employee stock option plans as set forth in (i) the  
21 Restatement and Amendment by the Entirety of the DeltaPoint, Inc. 1990 Key Employee Incentive  
22 Stock Option Plan (the "1990 Stock Option Plan"), (ii) the DeltaPoint, Inc. 1992 Non-Statutory  
23 Stock Option Plan (the "1992 Stock Option Plan") and (iii) the DeltaPoint, Inc. 1995 Stock Option  
24 Plan (the "1995 Stock Option Plan").

25 B. The 1990 Stock Option Plan and the 1992 Stock Option Plan required the  
26 employee participants to exercise their options not later than sixty (60) days (and in some cases thirty  
27 (30) days) following termination of employment. The Debtor believes that the only outstanding  
28 option rights under the 1990 Stock Option Plan are those of Fugitt. Insofar as these options are

MURRAY & MURRAY  
A Professional Corporation  
3030 Heaven Way, Suite 200  
Palo Alto, Ca 94304-1099  
TELEPHONE (650) 452-9244  
E-MAIL: mm@murraylaw.com

1 "underwater", Fugitt does not intend to exercise them. The Debtor further believes that there are no  
2 outstanding option rights under the 1992 Stock Option Plan.

3 C. The 1995 Stock Option Plan was divided into two separate equity programs:  
4 (i) the Discretionary Option Grant Program (the "Discretionary Program") and (ii) the Automatic  
5 Option Grant Program (the "Automatic Program"). The Discretionary Program provided that  
6 options outstanding when an employee terminated remained exercisable for a period determined by  
7 the plan administrator. The Automatic Program gave non-employee directors twelve (12) months  
8 following termination of board service to exercise their options. The Debtor believes that the only  
9 outstanding option rights under the 1995 Stock Option Plan are those of Ait and Fugitt. Insofar as  
10 these options are "under water", neither Ait nor Fugitt intend to exercise their option rights.

11 8.5 Warrants. The Debtor has 543,413 warrants outstanding subject to various  
12 expiration dates from November, 2000 to October, 2003.

## 13 9. DESCRIPTION OF PLAN

### 14 9.1 General.

15 A. The following description of the Plan is a summary only. All holders of  
16 Claims and Interests should read the actual Plan which accompanies this Disclosure Statement.

17 B. The objective of the Plan is to implement an orderly liquidation of the  
18 Debtor's assets and to provide Creditors and Equity Security Holders with the highest possible  
19 recovery on their respective Allowed Claims and Allowed Interests.

20 9.2 Classification of Claims and Interests Under the Plan. Allowed Claims and  
21 Allowed Interests are subject to the following classifications under the Plan:

22 Class 1. Priority Claims.

23 Class 2. Allowed Secured Claim of Savoir Technology Group, Inc.

24 Class 3. Allowed Unsecured Claims

25 Class 4. Allowed Interests (common stock) of Equity Security Holders as  
26 of the Distribution Date.

27 Class 5. Allowed Interests of the holders of outstanding, unexercised  
28 options, warrants and/or other rights to acquire any Equity Security of the Debtor.

MURRAY & MURRAY  
A Professional Corporation  
1650 E. Haven Way, Suite 200  
Palo Alto, CA 94304-1009  
TELEPHONE (650) 452-7000 FACSIMILE (650) 452-9244  
E-MAIL: [mur@murraymv.com](mailto:mur@murraymv.com)

1           9.3    Description and Treatment of Unclassified Claims.

2           A.    Allowed Administrative Claims. Each holder of an Allowed  
3 Administrative Claim shall receive payment of such Claim, in cash, in full, upon the latest of (i)  
4 the Effective Date, (ii) if such Claim is a Disputed Claim, upon allowance of such Claim by a  
5 Final Order of the Bankruptcy Court, (iii) if such Claim is incurred after the Petition Date in the  
6 ordinary course of the Debtor's business, within such time as payment is due pursuant to the  
7 terms giving rise to such Claim, or (iv) such other time as may be agreed to by the holder of such  
8 Claim. Any request for allowance of an Administrative Claim pursuant to Section 503(a) of the  
9 Bankruptcy Code, other than by the Debtor's Professionals and the U.S. Trustee, must be filed  
10 within ten (10) days following the Effective Date or the holder of such Claim will be forever  
11 barred from asserting such Claim or receiving any payment on account of such Claim.

12                           (i)   Professional Fees. During the Debtor's Chapter 11 case, the  
13 Bankruptcy Court has approved the employment of the law firms of Murray & Murray and  
14 Wilson, Sonsini, Goodrich & Rosati as bankruptcy counsel and special counsel, respectively, and  
15 PricewaterhouseCoopers as accountant for the Debtor with compensation to the extent allowed  
16 by the Court to be paid by the Debtor. It is estimated that as of the Confirmation Date, fees and  
17 expenses of approximately \$200,000 will be collectively owed to the Debtor's professionals  
18 assuming that confirmation of the Debtor's Plan will be uncontested. The Debtor's professionals  
19 anticipate additional Administrative Claims related to implementation of the Plan, the liquidation  
20 of any remaining assets, Distributions to Creditors and Equity Security Holders, Claims  
21 objections, potential Avoidance Claims, and final administration of the Bankruptcy Estate.

22                           (ii)   Bankruptcy Fees. Bankruptcy Fees are payable by the Debtor to  
23 the U.S. Trustee pursuant to a quarterly fee schedule ranging from a minimum of \$250.00 to a  
24 maximum of \$10,000.00 depending upon the disbursements by the Debtor in a given quarter.  
25 Bankruptcy Fees are required to be paid until the entry of a final decree closing the Bankruptcy  
26 Case. Bankruptcy fees are estimated as follows: \$250.00 (1<sup>st</sup> Quarter 2000), \$10,000 (2<sup>nd</sup> Quarter  
27 2000), and \$250.00 (3<sup>rd</sup> Quarter 2000).

28                           (iii)   Post-Petition Operating and Tax Expenses. The Debtor shall

MURRAY & MURRAY  
A Professional Corporation  
3020 Hacienda Way, Suite 200  
Folsom, CA 95694-1009  
TELEPHONE (916) 932-9600 FACSIMILE (916) 932-9244  
E-MAIL: mail@murraylaw.com

1 continue to pay its normal operating expenses in the ordinary course of business. In addition,  
2 Carbonero Creek, the Debtor's landlord, shall be paid its allowed administrative claim of  
3 \$50,109; and the Debtor shall pay any and all claims relating to taxes determined to be owed  
4 post-petition as a consequence of the liquidation.

5           B.    Tax Claims. Each holder of a Tax Claim will be paid in full on the latest  
6 of (i) the Effective Date of the Plan, (ii) upon allowance by the Bankruptcy Court, or (iii) such  
7 other time as may be agreed to by the holder of such claim; provided, however, the Debtor may  
8 elect to pay tax claims in deferred cash payments, over a period not exceeding six (6) years after  
9 date of assessment. However, in no event shall the holder of a Tax Claim be paid prior to the  
10 payment in full or reservation for Allowed Secured Claims and Allowed Claims entitled to  
11 priority pursuant to Section 507(a)(1) through (a)(7) of the Bankruptcy Code. As of September  
12 2, 1999, a search of the records of the California Secretary of State disclosed one (1) existing tax  
13 lien on the Debtor's prepetition property in favor of the State Board of Equalization. This tax  
14 liability in the amount of \$13,254.48 was paid by the Debtor prepetition and the lien satisfied.  
15 The Debtor currently estimates that it has prepetition Tax Claims of \$750.00, plus applicable  
16 interest and penalties.

17           9.4   Unimpaired Classes. There are no classes of Claims and Interests which are not  
18 impaired under the Plan.

19           9.5   Description and Treatment of Impaired Classes.

20           A.    Class 1 Claims (Priority Claims). Each holder of a Claim in Class 1 shall  
21 receive payment in cash in full, plus Post-Petition Interest, on the Effective Date. The Debtor  
22 currently estimates that it has prepetition Priority Claims in the amount of \$11,250.

23           B.    Class 2 Claim (Savoir Technology Group, Inc.). The Class 2 Claim of  
24 Savoir is based on prepetition loans and advances, in the principal amount of approximately  
25 \$200,000, plus interest, as evidenced by certain notes, security agreements and UCC-1 financing  
26 statements. Insofar as Savoir's first financing statement was filed approximately twenty-eight  
27 (28) days after disbursing funds, Savoir's lien with respect to its first advance was, initially, in  
28 bona fide dispute. However, because the liquidation proceeds available for distribution to

MURRAY & MURRAY  
A Professional Corporation  
3030 Haassen Way, Suite 200  
Palo Alto, CA 94304-1089  
TELEPHONE (650) 452-9000 FACSIMILE (650) 552-9244  
E-MAIL: m.mur@murrraylaw.com

1 creditors appear to be more than adequate to pay all creditors in full with interest, it now appears  
2 that the dispute is moot. Savoir shall retain its lien to the extent not avoidable, which lien will  
3 attach to the proceeds from the sale of its collateral. Savoir's Allowed Secured Claim will be  
4 paid in full on the latest of (i) the Effective Date, (ii) ten (10) days following entry of a Final  
5 Order allowing its Class 2 Claim or (iii) such date as otherwise agreed between the Debtor and  
6 Savoir. The balance of any Claim by Savoir will be treated as a Class 3 Claim. Savoir's claim as  
7 of March 15, 2000 (including principal, interest, attorneys' fees and costs) is approximately  
8 \$228,821.00. Savoir's claim will continue to accrue per diem interest thereafter at the rate of  
9 \$54.79 until paid.

10 C. Class 3 Claims (Unsecured Creditors). The prepetition general unsecured  
11 Claims asserted against the Debtor are approximately \$1,500,000.00 as of the Petition Date  
12 (excluding Rejection Claims). Of this amount, the Debtor disputes approximately \$500,000.00.  
13 The holders of Class 3 Allowed Unsecured Claims shall receive payment in cash in full,  
14 including Post-Petition Interest, as soon as practicable after the Effective Date, but in no event  
15 later than the later of (i) thirty (30) days after the Effective Date or (ii) upon resolution of all  
16 Disputed Claims, including Rejections Claims; provided, however, no payment shall be made to  
17 members of Class 3 until after the payment of or reservation for all Allowed Administrative  
18 Claims, Allowed Secured Claims, Tax Claims, Priority Claims, any other senior Claims, and  
19 post-Confirmation expenses of implementing the Plan, winding up the affairs of the Debtor and  
20 closing the Bankruptcy Case. In the unlikely event there are insufficient funds available to pay  
21 Class 3 Claims in full with Post-Petition Interest as described herein, holders of Class 3 Allowed  
22 Unsecured Claims shall be paid pro rata from the funds available for the payment of Class 3  
23 Claims.

24 D. Class 4 Interests (Common Stock). Each Equity Security Holder with an  
25 Allowed Class 4 Interest as of the Distribution Date shall receive a pro rata distribution from  
26 available funds, as soon as practicable after (i) the payment of or reservation for all Allowed  
27 Administrative Claims, Allowed Secured Claims, Tax Claims, Priority Claims, Allowed  
28 Unsecured Claims, any other senior Claims, and post-confirmation expenses of implementing the

MURRAY & MURRAY  
A Professional Corporation  
3090 Hinesway, Suite 200  
Folsom, CA 94554-6069  
TELEPHONE (916) 952-9080 FACSIMILE (916) 952-9244  
E-MAIL [mur@murraylaw.com](mailto:mur@murraylaw.com)

1 Plan, winding up the affairs of the Debtor and closing the Bankruptcy Case and (ii) resolution of  
2 or reservation for all Disputed Claims and Disputed Interests. All Class 4 Interests shall  
3 otherwise be canceled and extinguished on the Distribution Date.

4 E. Class 5 Interests (Options and Warrants). The holders, as of the Effective  
5 Date, of outstanding unexpired options and warrants to acquire the Debtor's common stock  
6 shall receive nothing under the Plan and their respective interests shall otherwise be canceled and  
7 extinguished on the Effective Date.

8 9.6 Means For Execution of the Plan.

9 A. Liquidation Proceeds, Remaining Assets. Proceeds from the sale of the  
10 StarBase stock, the auction and the Blum compromise will be the primary source of funds for  
11 execution of the Plan. Any other assets of the Debtor (e.g., Avoidance Claims) shall be  
12 liquidated as appropriate, except for those assets which the Responsible Person determines to be  
13 burdensome or of inconsequential value, which assets will be abandoned.

14 B. Disbursement of Funds. The Debtor shall make the payments to all  
15 creditors with Allowed Claims. The Debtor shall wire transfer the balance of funds designated  
16 for shareholders to the Transfer Agent with appropriate instructions from the Responsible Person  
17 directing the Transfer Agent to make a pro rata distribution to shareholders of record as of the  
18 Distribution Date.

19 C. Responsible Person.

20 (i) Ait shall be designated as the Responsible Person. The  
21 Responsible Person shall be compensated on an hourly basis at an hourly rate not to exceed  
22 \$200.00 from and after the Effective Date. The Responsible Person may, in his discretion,  
23 employ such other persons as may be necessary to assist in the implementation of the Plan, the  
24 liquidation of any remaining assets, Distributions to Creditors and Equity Security Holders,  
25 Claims objections, potential Avoidance Claims and final administration of the Bankruptcy Estate.  
26 In the event that Ait is unable to serve as the Responsible Person, the Debtor's Board of Directors  
27 will appoint an individual to serve as the Responsible Person.

28 (ii) The Responsible Person shall continue to liquidate the Debtor's

MURRAY & MURRAY  
A Professional Corporation  
3090 E. Hauen, Way, Suite 200  
P.O. Box 8007  
Ft. Collins, CO 80524-8007  
TELEPHONE (970) 852-9600 FACSIMILE (970) 852-9744  
E-MAIL [mail@murraylaw.com](mailto:mail@murraylaw.com)



MURRAY & MURRAY  
A Professional Corporation  
5030 Harboe Way, Suite 200  
Folsom, Ca 94304-1909  
TELEPHONE (925) 932-9000 FACSIMILE (925) 932-9244  
E-MAIL mail@murraylaw.com

1 remaining assets, but may abandon such assets as the Responsible Person determines to be  
2 burdensome or of inconsequential value to the Bankruptcy Estate. The Responsible Person may  
3 enforce any claims and causes of action in favor of the Bankruptcy Estate, including any actions  
4 under Sections 510, 542, 543, 544, 545, 547, 548 and 549 of the Bankruptcy Code.

5 (iii) The Responsible Person may review and object to Claims and  
6 Interests, enter into compromises to allow and satisfy Disputed Claims and Disputed Interests  
7 and settle and liquidate any claim or cause of action that the Debtor may have against a third  
8 party.

9 (iv) The Responsible Person shall review and approve the Distribution  
10 amounts to Creditors and to the Transfer Agent (on behalf of shareholders of record as of the  
11 Distribution Date) and shall be responsible for making, or causing to be made, Distributions  
12 pursuant to the Plan.

13 (v) The Responsible Person shall be responsible for doing all things  
14 necessary and appropriate to implement the Plan and facilitate Distributions, to wind up the  
15 affairs of the Debtor, to file the Debtor's tax returns, to formally dissolve the Debtor, to move for  
16 entry of a final decree and to file such reports as the Bankruptcy Court may require.

17 D. Expedited Procedure for Compromises of Controversy, Sales and  
18 Abandonments. The Plan provides for an expedited approval of post-Confirmation sales of  
19 assets, abandonment of assets, and compromises of Disputed Claims and Disputed Interests.  
20 Notices of such sales, abandonments or compromises will be served on Savoir, the 20 largest  
21 unsecured creditors, the U.S. Trustee and those parties who have requested special notice. The  
22 proposed sale, abandonment or compromise described in such notice will become final and  
23 binding without further Bankruptcy Court approval unless a party in interest objects within ten  
24 (10) days of the notice.

25 E. Unclaimed Property. Distribution checks returned or not presented for  
26 payment within ninety (90) days will become void and the holder of the Claim or Interest to  
27 whom such Distribution was made forfeits all rights to the payment and any further Distributions.

28 F. Professionals. The Responsible Person may employ such professionals as

1 may be necessary without further Bankruptcy Court approval. The Plan also provides a  
2 procedure for professionals to receive payment of fees and expenses on a monthly basis and for  
3 the resolution of any disputed fees or expenses of professionals. Professionals shall not  
4 otherwise be required to file applications for Court approval of post-Confirmation fees and  
5 expenses.

6 G. Dissolution of Corporation. Pursuant to authority contained in Section  
7 1400 of the California Corporations Code, the Debtor shall be dissolved and its corporate  
8 existence terminated without further corporate action upon the entry of a final decree in this case  
9 pursuant to Rule 3022 of the Bankruptcy Rules. The Confirmation Order shall be deemed an  
10 order authorizing and directing the Responsible Person to file a certificate of dissolution as  
11 required by Section 1401 of the California Corporations Code and the Responsible Person shall  
12 file such certificate concurrently with the request for entry of a final decree.

13 **10. EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

14 10.1 Assumption of Executory Contracts. Except as previously provided by  
15 Bankruptcy Court order, no other executory contract or unexpired lease will be assumed by the  
16 Debtor.

17 10.2 Rejection of Executory Contracts and Unexpired Leases. Without admitting the  
18 validity of any other executory contract or unexpired lease, any executory contract or unexpired  
19 lease not expressly assumed under the Plan or otherwise assumed (and assigned, where  
20 applicable) pursuant to prior Bankruptcy Court order, shall be rejected as of the Effective Date,  
21 subject to Section 10.3.

22 10.3 Treatment of Executory Contracts and Unexpired Leases. The Debtor reserves  
23 the right to apply to the Bankruptcy Court prior to Confirmation to assume, assume and assign, or  
24 reject, pursuant to Bankruptcy Code Section 365, any and all contracts that are executory and  
25 leases that are unexpired. All executory contracts and unexpired leases of the Debtor that are not  
26 (a) assumed or assumed and assigned prior to Confirmation, (b) the subject of a pending motion  
27 to assume or assume and assign filed prior to Confirmation, or (c) assumed or assumed and  
28 assigned pursuant to the terms of the Plan are hereby rejected by the Debtor. Confirmation of the

MURRAY & MURRAY  
A Professional Corporation  
3030 Hansen Way, Suite 200  
Palo Alto, Ca 94304-1099  
TELEPHONE (650) 871-9000 FACSIMILE (650) 852-9244  
E-MAIL: [murray@muraylaw.com](mailto:murray@muraylaw.com)

1 Plan shall be deemed to constitute Bankruptcy Court approval of such rejection.

2 10.4 Rejection Claims. Rejection Claims shall be classified as Class 3 Claims.

3 A. In connection with the Debtor's rejection of the Lease, the Sublease and  
4 the Equipment Leases, the Court entered its orders requiring these parties to submit their  
5 Rejection Claims, if any, on or before June 1, 1999.

6 B. With respect to the rejection of any other executory contracts or  
7 unexpired leases under the Plan, within thirty (30) days following the Effective Date, the holder  
8 of a Rejection Claim (not subject to Section 10.4.A above) shall file with the Bankruptcy Court,  
9 and serve on the Debtor's counsel, a proof of Claim evidencing such Rejection Claim or be  
10 forever barred from asserting any such Claim or receiving any payment on account of such  
11 Claim.

12 **11. PROOFS OF CLAIMS;**  
13 **EVIDENCE OF EQUITY SECURITY; OBJECTIONS**

14 11.1 Time for Filing Proofs of Claim. Proofs of Claim shall be filed with the  
15 Bankruptcy Court no later than the Claims Bar Date.

16 11.2 Evidence of Claim or Interest.

17 A. As soon as practicable after the Distribution Date, the Debtor shall obtain  
18 from the Transfer Agent a list of all Equity Security Holders of record and their respective  
19 Interests as of the Distribution Date. Said list shall be conclusively presumed to be complete and  
20 accurate in all respects. The Debtor, its professionals and the Responsible Person shall be  
21 entitled to rely on said list in connection with any Distributions to be made to Class 4 Interests.

22 B. For purposes of any Distribution under the Plan, the Debtor and the  
23 Responsible Person shall have no obligation to recognize any transfer of Claims or Interests  
24 occurring on or after the Distribution Date. The Debtor, its professionals and the Responsible  
25 Person shall be entitled to recognize and deal for all purposes with only those claimholders of  
26 record stated on the claims docket maintained by the Bankruptcy Court and those stockholders of  
27 record stated on the stock records maintained by the Transfer Agent as of the Distribution Date.

28 C. The Responsible Person shall cause the Debtor to make the payments to

MURRAY & MURRAY  
A Professional Corporation  
3030 Hineswood Way, Suite 200  
Ft. Lauderdale, FL 33309-1999  
TELEPHONE (659) 852-9600 FACSIMILE (659) 852-9244  
E-MAIL: mm@mmrclaw.com

1 all creditors with Allowed Claims. The Responsible Person shall also cause the Debtor to wire  
2 transfer the balance of funds designated for shareholders to the Transfer Agent who will be  
3 instructed by the Responsible Person to make a pro rata distribution to shareholders of record as  
4 of the Distribution Date.

5 11.3 Time for Filing Objections. Any objection to any Claim or Interest shall be filed  
6 no later than ninety (90) days after the Effective Date.

7 11.4 Disputed Claims and Disputed Interests; Reserve Accounts. Only Allowed  
8 Claims and Allowed Interests shall be entitled to a Distribution under the Plan. If appropriate,  
9 the Debtor shall maintain and administer a Disputed Claims Reserve Account and a Disputed  
10 Interests Reserve Account. Cash payments attributable to Disputed Claims and Disputed  
11 Interests shall be maintained in the appropriate reserve account until such time as such Claim or  
12 Interest is allowed or disallowed pursuant to a Final Order.

## 13 12. BEST INTERESTS TEST

14 12.1 The Bankruptcy Court must independently determine that the Plan is in the best  
15 interest of all Classes of Creditors and Interests. The "best interest" test requires that a plan  
16 provide to each dissenting member of each impaired Class a recovery that has a present value at  
17 least equal to the present value of the distribution which each such Creditor or Interest holder  
18 would receive if the Debtor were liquidated under Chapter 7 of the Bankruptcy Code.

19 12.2 In performing this analysis, the Bankruptcy Court must first determine the  
20 amount that would be generated from a Chapter 7 liquidation of the Debtor's assets after  
21 deducting the cost of liquidation. The cost of liquidation would include the Trustee's  
22 commissions (approximately four to five percent), the Trustee's expenses, fees for counsel and  
23 other professionals retained by the Trustee and any Administrative Claims. In addition to  
24 liquidating the Debtor's assets, the Trustee must also decide whether to proceed with litigation  
25 against Creditors or other parties in interest for recovery of avoidable transfers. Generally, no  
26 distribution is made in a Chapter 7 case until all assets of the Bankruptcy Estate and all Claims  
27 have been liquidated, a process that could take several years. This delay could further impair the  
28 value of any distribution made to holders of Claims and Interests under a Chapter 7 liquidation.

MURRAY & MURRAY  
A Professional Corporation  
3030 Hansen Way, Suite 200  
Folsom, CA 94304-1699  
TELEPHONE (916) 922-9000 FACSIMILE (916) 922-9244  
E-MAIL: [info@murraylaw.com](mailto:info@murraylaw.com)

1 12.3 However, Confirmation of the Plan will enable the Debtor to conclude its orderly  
2 liquidation and timely distribute all liquidation proceeds which the Debtor believes will result in  
3 the highest and best recovery for Creditors and Equity Security Holders. By proceeding to  
4 liquidate the remaining assets and distribute the Debtor's cash proceeds with a Responsible  
5 Person and counsel that are already familiar with the Case, the Debtor believes that the  
6 liquidation proceeds can be distributed sooner and at a lesser expense.

7 12.4 Inasmuch as the Plan proposes to pay all Allowed Claims in full, together with  
8 Post-Petition Interest, Creditors will be made whole, and as such, are receiving at least as much  
9 as they would receive in a Chapter 7 Bankruptcy. Furthermore, as the Plan proposes to distribute  
10 the remaining liquidation proceeds to holders of Interests, after the payment of senior Claims, all  
11 Equity Security Holders are receiving at least as much as they would receive in a Chapter 7  
12 Bankruptcy.

### 13 13. VOTING PROCEDURES AND REQUIREMENTS

14 13.1 Ballots and Voting. Ballots to be used for voting to accept or reject the Plan are  
15 enclosed with all copies of this Disclosure Statement. The Bankruptcy Court has directed that, in  
16 order to be counted for voting purposes, Ballots for the acceptance or rejection of the Plan must  
17 be received by the Debtor's counsel no later than the date set forth in the accompanying Order  
18 Approving Disclosure Statement. The address, phone and fax numbers for Debtor's bankruptcy  
19 counsel are:

20 Janice M. Murray, Esq.  
21 Murray & Murray  
22 A Professional Corporation  
23 3030 Hansen Way, Suite 200  
24 Palo Alto, CA 94304-1009  
25 Telephone: (650) 852-9000  
26 Facsimile: (650) 852-9244

27 IF YOU HAVE ANY QUESTIONS REGARDING THE PROCEDURES FOR  
28 VOTING ON THE PLAN, YOU MAY CONTACT DEBTOR'S BANKRUPTCY COUNSEL.

13.2 Creditors and Interest Holders Entitled to Vote. With respect to the Plan, all  
members of an impaired Class are entitled to vote. The holder of a Claim or Interest is entitled to  
vote if either (i) its Claim or Interest has been listed or scheduled by the Debtor (and such Claim

MURRAY & MURRAY  
A Professional Corporation  
3030 Hansen Way, Suite 200  
Palo Alto, CA 94304-1009  
TELEPHONE (650) 852-9000 FACSIMILE (650) 852-9244  
E-MAIL: [mail@murraylaw.com](mailto:mail@murraylaw.com)

1 or Interest is not scheduled as disputed, contingent, unliquidated or unknown), or (ii) it has filed  
2 a Proof of Claim or Interest with the Bankruptcy Court within the time ordered by the  
3 Bankruptcy Court, or if no time is ordered by the Bankruptcy Court, within the time prescribed  
4 by the Plan, the Bankruptcy Code, the Bankruptcy Rules or by the Local Rules. Any Claim or  
5 Interest as to which an objection has been filed (and such objection is still pending) is not entitled  
6 to vote, unless the Bankruptcy Court temporarily allows the Claim or Interest in an amount which  
7 it deems proper for the purpose of accepting or rejecting the Plan. The vote of a Creditor or  
8 Interest holder may also be disregarded if the Bankruptcy Court determines that the Creditor's or  
9 Interest holder's acceptance or rejection was not solicited or procured in good faith or in  
10 accordance with the provisions of the Bankruptcy Code. In addition, with respect to Interests,  
11 Bankruptcy Rule 3018(a) provides that only holders of Allowed Interests of record on the date  
12 the Order Approving Disclosure Statement is entered (or another date fixed by the Court) are  
13 entitled to vote on the Plan.

14 13.3 Impairment. A Class is "impaired" if the legal, equitable, or contractual rights  
15 attaching to the Claims and Interests of that Class are altered, other than by curing defaults and  
16 reinstating maturities. All Classes of Claims and Interests are impaired under the Plan and are  
17 therefore entitled to vote.

18 13.4 Vote Required for Class Acceptance. The Bankruptcy Code requires that each  
19 Class of Claims or Interests accept the Plan, unless the Plan is imposed on a dissenting class as  
20 described in Section 14.3 below. The Bankruptcy Code defines acceptance by a Class of Claims  
21 as acceptance by holders of two-thirds in dollar amount and a majority in number of Claims of  
22 that Class. The Bankruptcy Code defines acceptance by a Class of Interests as acceptance by  
23 holders of two-thirds (2/3) in amount of that Class. However, only the votes of those Creditors  
24 and Equity Security Holders who actually vote to accept or to reject the Plan are counted for this  
25 purpose.

26 **14. CONFIRMATION**

27 Under the Bankruptcy Code, the following steps must be taken to confirm the Plan:

28 14.1 Confirmation Hearing. Section 1128(a) of the Bankruptcy Code requires the

MURRAY & MURRAY  
A Professional Corporation  
3030 Hansen Way, Suite 200  
Folsom, CA 94504-4009  
TELEPHONE (650) 952-9000 FACSIMILE (650) 952-9244  
E-MAIL [mail@murraylaw.com](mailto:mail@murraylaw.com)

1 Bankruptcy Court, after notice, to hold the Confirmation Hearing. Section 1128(b) provides that  
2 any party in interest may object to Confirmation of the Plan. The Confirmation Hearing may be  
3 adjourned from time to time by the Bankruptcy Court without further notice except for the  
4 announcement made at the Confirmation Hearing or any adjournment thereof. Any objection to  
5 Confirmation must be made in writing and filed with the Bankruptcy Court and served upon the  
6 following parties, together with proof of service, on or before the date set forth in the  
7 accompanying Order Approving Disclosure Statement:

8 Janice M. Murray, Esq.  
9 Murray & Murray  
10 A Professional Corporation  
11 3030 Hansen Way, Suite 200  
12 Palo Alto, CA 94304-1009

13 Office of the U.S. Trustee  
14 Attn: Nanette Dumas, Esq.  
15 280 South First Street, Suite 268  
16 San Jose, CA 95113

17 Objections to Confirmation of the Plan are governed by Bankruptcy Rule 9014.

18 14.2 Confirmation Requirements. For the Plan to be confirmed and binding on all  
19 holders of Claims and Interests, the Bankruptcy Court must determine that the following  
20 requirements of Section 1129 of the Bankruptcy Code have been satisfied:

- 21 A. The Plan complies with the provisions of the Bankruptcy Code;
- 22 B. The Plan proponent has complied with the provisions of the Bankruptcy  
23 Code;
- 24 C. The Plan has been proposed in good faith and not by any means  
25 forbidden by law;
- 26 D. Any payment made or to be made by the Plan proponent or a person  
27 issuing securities or acquiring property under the Plan for services or costs in connection with the  
28 Chapter 11 Case or the Plan has been approved or is subject to approval by the Bankruptcy Court  
as reasonable;
- E. The Plan proponent has disclosed the identity of any individual to serve  
after confirmation as an officer or director of the Debtor and the appointment to, or continuance

MURRAY & MURRAY  
A Professional Corporation  
3030 Hansen Way, Suite 200  
Palo Alto, CA 94304-1009  
TELEPHONE (650) 852-9000 FACSIMILE (650) 852-9244  
E-MAIL [mail@murraylaw.com](mailto:mail@murraylaw.com)

MURRAY & MURRAY  
A Professional Corporation  
3010 Hennessey Way, Suite 200  
Palo Alto, Ca 94304-1008  
TELEPHONE (650) 852-9000 FACSIMILE (650) 852-9244  
E-MAIL: mml@murraylaw.com

1 in; such office of such individual, is consistent with the interests of holders of Claims and  
2 Interests and with public policy, and the Debtor has disclosed the identity of any insider that will  
3 be employed or retained by the Debtor, and the nature of any compensation for such insider;

4 F. Any regulatory commission with jurisdiction, after Confirmation of the  
5 Plan, over the rates of the Debtor has approved any rate change provided for in the Plan, or such  
6 rate change is expressly conditioned on such approval;

7 G. The holder of each Claim or Interest in each Class of impaired Claims or  
8 Interests has accepted the Plan or will receive under the Plan not less than what that holder would  
9 receive if the Debtor were liquidated under Chapter 7 of the Bankruptcy Code;

10 H. Each Class of Claims or Interests has accepted the Plan, is not impaired  
11 by the Plan, or the Plan is imposed on a dissenting class as described in Section 14.3 below.

12 I. Priority Claims and Administrative Claims receive cash in the full amount  
13 of such claims on the Effective Date and Tax Claims receive deferred cash payments, over a  
14 period not exceeding six years from date of assessment, of a value equal to such Claims;

15 J. At least one impaired Class of Claims has accepted the Plan;

16 K. Confirmation is not likely to be followed by liquidation or further  
17 reorganization of the Debtor unless such liquidation or reorganization is proposed in the Plan.

18 14.3 Confirmation Without Acceptance by All Impaired Classes of Claims or Interests  
19 ("Cram Down"). Section 1129(b) of the Bankruptcy Code enables the Debtor, as the Plan  
20 proponent, to confirm the Plan over the dissent of one or more impaired Classes of Claims or  
21 Interests so long as at least one impaired Class of Claims votes to accept the Plan. In the event  
22 that any impaired Class does not accept the Plan, the Bankruptcy Court may still confirm the Plan  
23 at the request of the Debtor if, as to each impaired Class which has not accepted the Plan, the  
24 Plan "does not discriminate unfairly" and is "fair and equitable." A plan of reorganization does  
25 not discriminate unfairly within the meaning of the Bankruptcy Code if no Class receives more  
26 than it is legally entitled to receive for its Claims or Interests. "Fair and equitable" has different  
27 meanings for holders of secured and unsecured Claims and for holders of Interests.

28 A. Secured Claims. With respect to a secured Claim, "fair and equitable"



MURRAY & MURRAY  
A Professional Corporation  
3609 Etanum Way, Suite 200  
Folsom, CA 94504-1689  
TELEPHONE (916) 452-2900 FACSIMILE (916) 452-9244  
E-MAIL: mail@murraylaw.com

1 means either: (i) the impaired secured Creditor retains its lien to the extent of its Allowed Claim  
2 and receives deferred cash payments at least equal to the allowed amount of its Claim with a  
3 present value as of the Effective Date at least equal to the value of such Creditor's interest in the  
4 property securing its lien; (ii) property subject to the lien of the impaired secured Creditor is sold  
5 free and clear of that lien, with that lien attaching to the proceeds of the sale, and such lien  
6 proceeds are treated in accordance with clauses (i) or (iii) hereof; or (iii) the impaired secured  
7 Creditor realizes the "indubitable equivalent" of its Claim under the Plan. Class 2 (Savoir) is an  
8 impaired secured Claim under the Plan. The Debtor believes that the Plan meets the "cram  
9 down" test as to this impaired Class and will therefore seek to have the Plan confirmed as to such  
10 Class pursuant to Section 1129(b)(2)(A) of the Bankruptcy Code in the event the Class does not  
11 accept the Plan.

12 B. Unsecured Claims. With respect to an unsecured Claim, "fair and  
13 equitable" means either: (i) each impaired unsecured Creditor receives or retains property of a  
14 value equal to the amount of its Allowed Unsecured Claim; or (ii) the holders of Claims and  
15 Interests that are junior to the Claims of the dissenting Class will not receive or retain any  
16 property under the Plan. Allowed Unsecured Claims are designated as Class 3 under the Plan.  
17 The Debtor believes that the Plan meets the "cram down" test as to this impaired Class because  
18 either (i) they will receive payment in full or (ii) no junior Claim or junior Interest will receive or  
19 retain any property under the Plan. The Debtor will therefore seek to have the Plan confirmed as  
20 to such Class pursuant to Section 1129(b)(2)(B) of the Bankruptcy Code in the event the Class  
21 does not accept the Plan.

22 C. Interests. With respect to Interests, "fair and equitable" means that each  
23 holder of an Allowed Interest either receives: (i) property of a value, as of the Effective Date,  
24 equal to the greatest of the amount of any fixed liquidation preference, any fixed redemption  
25 price, or the value of the Interest; or (ii) that no junior Interest will receive or retain any property  
26 under the Plan. As no junior Interest will receive or retain any property under the Plan, the Plan  
27 is fair and equitable as to the Class 4 and Class 5 Interests. The Debtor will therefore seek to  
28 have the Plan confirmed as to such Classes pursuant to Section 1129(b)(2)(C) of the Bankruptcy

MURRAY & MURRAY  
A Professional Corporation  
3030 Hixson Way, Suite 200  
Palo Alto, Ca 94304-1009  
TELEPHONE (650) 423-9000 FACSIMILE (650) 852-9244  
E-MAIL: info@murraylaw.com

1 Code in the event that any such Class does not accept the Plan.

2 14.4 Statutory Compliance. The Debtor believes that the Plan satisfies all of the  
3 statutory requirements of Chapter 11 of the Bankruptcy Code, that the Debtor has complied or  
4 will have complied with all of the requirements of Chapter 11, and that the Plan has been  
5 proposed in good faith.

6 14.5 Effect of Confirmation. As of the Effective Date, the effect of Confirmation  
7 shall be as provided in Section 1141 of the Bankruptcy Code, and as follows:

8 A. Binding Effect. The provisions of the confirmed Plan shall bind the  
9 Debtor, StarBase, any entity acquiring property under the Plan, any Creditor, and any Equity  
10 Security Holder, whether or not the Claim or Interest of such Creditor or Equity Security Holder  
11 is impaired under the Plan and whether or not any such Creditor or Equity Security Holder has  
12 accepted the Plan.

13 B. Vesting of Property. All property of the Bankruptcy Estate shall vest in  
14 the Debtor subject to the terms and conditions of this Plan. All property of the Debtor except as  
15 otherwise provided in this Plan, shall be free and clear of any liens, encumbrances, Claims of  
16 Creditors and Interests of Equity Security Holders.

17 C. Discharge. Due to the liquidating nature of this Plan and pursuant to  
18 Bankruptcy Code 1141(d)(3), the entry of the Confirmation Order shall not act as a discharge of  
19 any debt of the Debtor that arose prior to Confirmation, except to the extent that such debt is paid  
20 under the Plan.

21 14.6 Plan Modification. Only the Debtor, as the Plan proponent, may modify the Plan.  
22 Any modification must comply with the disclosure requirements. After the Plan has been  
23 accepted, but before Confirmation, only modifications that do not adversely affect holders of  
24 Claims and Interests are permitted without a solicitation of new votes. After Confirmation, the  
25 Debtor may modify the Plan before substantial consummation in accordance with the provisions  
26 of the Bankruptcy Code.

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**15. CHAPTER 11 POST-CONFIRMATION  
REPORTS AND FINAL DECREE**

15.1 Post-confirmation Reports. Not later than 90 days after entry of the Confirmation Order, the Debtor shall file a post-confirmation status report, the purpose of which is to explain the progress made toward substantial consummation of the confirmed Plan. The report shall include a statement of receipts and disbursements, with the ending cash balance, for the entire 90 day period. The report shall also include information sufficiently comprehensive to enable the Court to determine (1) whether the Confirmation Order has become final; (2) whether deposits, if any, required by the Plan have been distributed; (3) whether any property proposed by the Plan to be transferred has been transferred; (4) whether the Debtor under the Plan has assumed the business or the management of the property dealt with by the Plan; (5) whether the payments under the Plan have commenced; (6) whether accrued fees due to the U.S. Trustee under 28 U.S.C. § 1930(a)(6) have been paid; and (7) whether all motions, contested matters and adversary proceedings have been finally resolved. Further reports must be filed every 90 days thereafter until entry of a final decree, unless otherwise ordered by the Court.

15.2 Service of Reports. A copy of each report shall be served, no later than the day upon which it is filed with the Court, upon the U.S. Trustee and such other persons or entities as may request such reports in writing by special notice filed with the Court.

15.3 Final Decree. After the Bankruptcy Estate is fully administered, the Debtor shall file an application for a final decree, and shall serve the application on the U.S. Trustee, together with a proposed final decree. The U.S. Trustee shall have twenty (20) days within which to object or otherwise comment upon the Court's entry of the final decree.

**16. JURISDICTION**

16.1 After Confirmation, the Bankruptcy Court shall retain and have all authority and jurisdiction as is allowed under the Bankruptcy Code and other applicable law to enforce the provisions, purposes, and intent of this Plan including, without limitation, matters or proceedings that relate to:

A. The StarBase Sale;

MURRAY & MURRAY  
A Professional Corporation  
3930 Flamingo Way, Suite 200  
Falo Alto, Ca 94304-1009  
TELEPHONE (650) 552-9000 FACSIMILE (650) 552-7244  
E-MAIL [mail@murraylaw.com](mailto:mail@murraylaw.com)

1 B. Allowance, disallowance, adjustment, treatment, or liquidation of Claims  
2 and Interests and objections thereto;

3 C. The assumption, assignment, or rejection of any executory contract or  
4 unexpired lease, or any agreement, lease, contract, sale, purchase, assignment, or other action  
5 taken with regard to property of the Debtor;

6 D. The title, rights, or interests of the Debtor in any property;

7 E. Any right, power, action, or duty of the Debtor under this Plan;

8 F. Any determination or estimation necessary or appropriate under Section  
9 505 of the Bankruptcy Code or other determination or estimation relating to tax returns filed or to  
10 be filed by the Debtor for periods through the end of the fiscal year in which the Effective Date  
11 occurs, including, without limitation, the determination of the amount of taxes, net operating  
12 losses, tax attributes, tax benefits, tax refunds, and related matters of the Debtor;

13 G. Requests for payment of Claims entitled to priority under Section 507(a)  
14 of the Bankruptcy Code, including compensation and reimbursement of expenses for  
15 professionals, to the extent Bankruptcy Court approval therefor is required under this Plan or the  
16 Confirmation Order;

17 H. Resolution of controversies and disputes, including the correction of any  
18 mistake, defect, or omission regarding interpretation or enforcement of this Plan, the  
19 Confirmation Order, and any agreements referred to herein or executed in contemplation of or to  
20 implement this Plan;

21 I. Implementation of the provisions of this Plan and entry of orders in aid of  
22 Confirmation of this Plan, including, without limitation, appropriate orders to protect the Debtor  
23 from actions by holders of Claims and Interests;

24 J. Modification of this Plan pursuant to the Bankruptcy Code;

25 K. Adjudication of any causes of action brought by the Debtor;

26 L. The entry of an order, including injunctions, necessary to enforce the title,  
27 rights, and powers of the Debtor and the purposes and intent of this Plan, and to impose such  
28 limitations, restrictions, terms and conditions of such title, rights, and powers as the Court may

MURRAY & MURRAY  
A Professional Corporation  
3050 Flamingo Way, Suite 200  
Folsom, CA 94504-1009  
TELEPHONE (916) 952-9000 FACSIMILE (916) 952-9244  
E-MAIL [mail@murraylaw.com](mailto:mail@murraylaw.com)

1 deem necessary;

2 M. Such other matters as may be provided under the Bankruptcy Code, this  
3 Plan, the Confirmation Order, or other applicable law; and

4 N. Entry of a final decree closing this Chapter 11 Case, including provisions  
5 for injunctive relief as may be equitable, consistent with Bankruptcy Rule 3022.

6 17. MISCELLANEOUS

7 17.1 Headings. The headings contained in this Disclosure Statement are for  
8 convenience of reference only and shall not limit or otherwise affect in any way the meaning or  
9 interpretation of the Disclosure Statement.

10 17.2 Singular/Plural. All references in this Disclosure Statement to the singular shall  
11 be construed to include references to the plural and vice versa.

12 17.3 Gender. All references in this Disclosure Statement to any one of the masculine,  
13 feminine or neuter genders shall be deemed to include references to both other such genders.

14 17.4 Computation of Time Periods. In computing any period of time prescribed or  
15 allowed by this Disclosure Statement, the day of the act, event or default from which the  
16 designated period of time begins to run shall not be included. The last day of the period so  
17 computed shall be included, unless it is a Saturday, Sunday, or a legal holiday, or, when the act to  
18 be done is the filing of a paper in the Bankruptcy Court, a day on which weather or other  
19 conditions have made the clerk's office inaccessible, in which event the period shall run until the  
20 end of the next day which is not one of the aforementioned days.

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MURRAY & MURRAY  
A Professional Corporation  
3030 Hansen Way, Suite 200  
Folsom, CA 94504-5009  
TELEPHONE (925) 552-9900 FACSIMILE (925) 552-9244  
E-MAIL: mm2@murraylaw.com

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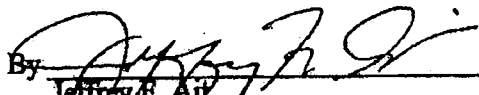
**18. CONCLUSION**

The Debtor urges Creditors and Interest holders to carefully consider the Plan and the Disclosure Statement, to vote on the Plan and to return their ballots no later than May 30, 2000 to the following:


Murray & Murray  
A Professional Corporation  
Attn: Janice M. Murray, Esq.  
3030 Hansen Way, Suite 200  
Palo Alto, CA 94304-1009

Dated: April 25, 2000

SITE TECHNOLOGIES, INC.  
A California corporation

By   
Jeffrey F. Ait  
Chief Executive Officer

MURRAY & MURRAY  
A PROFESSIONAL CORPORATION

By   
Janice M. Murray  
Attorneys for Debtor

MURRAY & MURRAY  
A Professional Corporation  
3030 Hansen Way, Suite 200  
Palo Alto, Ca. 94304-1009  
TELEPHONE (650) 852-9000 FAX (650) 852-9244  
E-MAIL: mail@murraylaw.com