

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

In re: Chapter 11  
ETEAM USA LLC and ETEAM of Case Nos. 04-11302 (PJW)  
PHILADELPIA LLC, (Jointly Administered)  
Debtors.

**NOTICE OF AUCTION PROCEDURES AND SALE HEARING**

PLEASE TAKE NOTICE that on May 4, 2004, the above-captioned debtors and debtors-in-possession (the "Debtors") filed their Motion for Order (A) Approving Sale Procedures Including, Without Limitation, Purchaser's Break-Up Fee; (B) Approving Form and Manner of Notice; (C) Scheduling a Hearing to Consider the Sale of Certain of the Debtors' Assets; and (D) Granting Related Relief (the "Procedures Motion") with the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"). You may obtain a copy of the Asset Purchase and DIP Loan Agreement<sup>1</sup> by making a written request to the undersigned counsel for the Debtors.

PLEASE TAKE NOTICE that at a hearing held on May 27, 2004, the Bankruptcy Court approved the Procedures Motion and scheduled a hearing to consider the Debtor's Motion for an Order Pursuant to Sections 105(a) and 363 of the Bankruptcy Code (I) Authorizing The Sale of Certain of the Debtors' Assets, Free and Clear of Liens, Claims, Encumbrances, and Interests Subject to Higher and Better Offers; (II) Approving an Asset Purchase and DIP Loan Agreement; (III) Approving the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases in Connection with such Sale; and (IV) Granting Related Relief (the "Sale Motion") for June 23, 2004 at 11:00 a.m. (prevailing Eastern Time). All parties that may be

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<sup>1</sup> Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Procedures Motion.

interested in submitting a bid for the Assets or taking part in an Auction (as defined below) must read carefully the Sale Procedures as outlined in the Sale Procedures Order (as defined below).

Only those parties that submit Qualified Bids may participate in the Auction (as defined below). If you are interested in determining how to submit such a Qualified Bid, you must comply with the terms of the Sale Procedures as referenced in the Order granting the Procedures Motion (the "Sale Procedures Order"). Any party in interest wishing to receive a complete set of the Asset Purchase Agreement and the Sale Procedures Order may do so free of charge upon request of Debtors' counsel or via the internet (to mbertsch@ycst.com). A copy of the Sale Procedures is attached hereto as Exhibit A.

Any party that wishes to take part in this process and submit a bid for the Assets must submit their competing bid prior to June 16, 2004 at 5:00 p.m. (prevailing Eastern Time) (the "Bid Deadline") to (i) Young Conaway Stargatt & Taylor, LLP, The Brandywine Building, 1000 West Street, 17th Floor, P.O. Box 391, Wilmington, DE 19899-0391, Attention: Joseph A. Malfitano, Esquire, and (ii) Brown Raysman Millstein Felder & Steiner LLP, 900 Third Ave., New York, New York 10022, Attention: Gerard S. Catalanello, Esquire.

If at least one Qualified Bid, other than that of the Purchaser, which is determined by the Debtors to be higher or otherwise better than the bid of the Purchaser set forth in the Agreement, the Debtor shall conduct an auction (the "Auction") with respect to the Assets and provide to the Purchaser the opportunity to submit additional bids at the Auction. The Auction shall take place at 10:00 a.m. (prevailing Eastern Time) on June 22, 2004 or such later time as the Debtors shall notify the Purchaser and all Qualified Bidders who have submitted a Qualified Bid and expressed their intent to participate in the Auction, as set forth below (the "Auction Date"), at the offices of Young Conaway Stargatt & Taylor, LLP, The Brandywine Building,

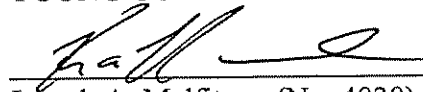
1000 West Street, 17th Floor, P.O. Box 391, Wilmington, DE 19899-0391, or such other place as the Debtor shall notify Purchaser and all Qualified Bidders who have submitted a Qualified Bid and expressed their intent to participate in the Auction, as set forth below. Only Qualified Bidders will be eligible to participate at the Auction. The Debtors shall provide copies of the Qualified Bid which the Debtors believe is the highest or otherwise best offer to all Qualified Bidders who intend to participate in the Auction prior to the Auction.

At the Sale Hearing, the Debtors shall present to the Bankruptcy Court for approval both the Successful Bid and the next highest and best Overbid (the "Backup Bid"). Subject to Bankruptcy Court approval, the Debtors shall effect the Asset Sale with the Successful Bidder. If the Successful Bidder fails to consummate an approved Asset Sale because of a breach or a failure to perform on the part of such Successful Bidder, the next highest or otherwise best Qualified Bid, as approved at the Sale Hearing, shall be deemed to be the Successful Bid and the Debtor shall be authorized to effect such Asset Sale without further order of the Bankruptcy Court.

If you seek to object to the sale of the Assets, you must comply with the terms for making such objections as set forth in the Sale Procedures Order. Such Objection must be filed with the Bankruptcy Court in the District of Delaware and served on the parties set forth in the Sale Procedures Order. If any party fails to timely file and serve an objection in accordance with the Sale Procedures Order, the Bankruptcy Court may disregard such objection.

Dated: June 1, 2004

YOUNG CONAWAY STARGATT & TAYLOR, LLP



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Joseph A. Malfitano (No. 4020)  
Kara S. Hammond (No. 4410)  
The Brandywine Building, 17<sup>th</sup> Floor  
1000 West Street  
P.O. Box 391  
Wilmington, DE 19899-0391  
Phone: (302) 571-6600

Counsel to Debtors and Debtors in Possession

## **EXHIBIT A**

## SALE AND BID PROCEDURES\*

This Exhibit sets forth the procedures for the solicitation and acceptance of bids (as approved by the Court, "Bid Procedures") for the transaction described in the Asset Purchase Agreement (the "APA"). Professional Development Team LLC shall be the "Initial Bidder" or "Purchaser".

1. Due Diligence. Interested Parties will have access to certain materials designated by the Debtors as "Due Diligence Materials." Each Interested Party shall keep confidential all information provided in the Due Diligence Materials. An "Interested Party" is any entity that both (i) delivers to the Debtors an executed confidentiality agreement from all representatives to be provided access to the Due Diligence Materials and any other materials containing summaries or extracts thereof, and (ii) demonstrates to the Debtors' reasonable satisfaction that it has the financial ability to perform the transaction.

2. Bid Deadline. A bidder that desires to make a bid shall deliver written copies of its bid to (i) Young Conaway Stargatt & Taylor, LLP, The Brandywine Building, 1000 West Street, 17<sup>th</sup> Floor, P.O. Box 391, Wilmington, DE 19899-0391, Attention: Joseph A. Malfitano, Esquire, and (ii) Brown Raysman Millstein Felder & Steiner LLP, 900 Third Avenue, New York, New York 10022, Attention: Gerard S. Catalanello, Esquire no later than 5:00 p.m. (prevailing Eastern Time) on June 16, 2004 (the "Bid Deadline"). The Debtors may extend the Bid Deadline once or successively, but are not obligated to do so. If the Debtors extend the Bid Deadline, they shall promptly notify the Purchaser and all other Interested Parties of such extension.

3. Qualification of Bidders. In order to bid on the Acquired Assets at the Auction, each bidder must be a "Qualified Bidder." The Initial Bidder set forth in the Sale Motion is a Qualified Bidder without further compliance with the requirements set forth in these Bid Procedures. In order for any Interested Party to qualify as a Qualified Bidder, it must comply with each of the following: (i) provide evidence sufficient for the Debtors to reasonably determine that it has the financial ability to perform its bid if it is the Successful Bidder, as defined below; (ii) submit a bid on terms substantially identical to or at least favorable to the Debtors as those contained in the APA; (iii) provide an aggregate consideration having a value at least equal to the sum of (A) the Purchase Price (which includes the repayment in full of the DIP Loan and the Avalon Loan), and (B) \$25,000; and (iv) provide for a good faith deposit equal to 10% of the purchase price (the "GF Deposit") set forth in its proposed bid to be deposited with Debtors' counsel by the Bid Deadline. Each bid submitted shall be deemed to be on the same contract terms as the APA (but for the purchase price and the GF Deposit) unless a detailed mark up is submitted with the proposed bid prior to the Bid Deadline. A bid that meets all of the foregoing qualifications is a "Qualified Bid."

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\* Unless otherwise defined herein, all capitalized terms shall have the meanings set forth in the Asset Purchase Agreement or the Debtors' Motion for Order (A) Approving Sale Procedures; (B) Approving Form and Manner of Notice; (C) Scheduling a Hearing to Consider the Sale of Certain of the Debtors' Assets; and (D) Granting Related Relief, as the case maybe.

4. Auction. If at least one Qualified Bid, other than that of the Purchaser, is submitted which is determined by the Debtors to be higher or otherwise better than the bid of the Purchaser set forth in the APA, then the Debtors shall conduct an auction (the "Auction") with respect to the Assets and provide to the Purchaser and all Qualified Bidders the opportunity to submit additional bids at the Auction. The Auction shall take place at 10:00 a.m. (prevailing Eastern Time) on June 22, 2004 or such later time as the Debtors shall notify the Purchaser and all Qualified Bidders (the "Auction Date"), at the offices of Young Conaway Stargatt & Taylor, LLP, The Brandywine Building, 1000 West Street, 17<sup>th</sup> Floor, P.O. Box 391, Wilmington, DE 19899-0391, or such other place as the Debtors shall notify all Qualified Bidders. Only Qualified Bidders will be eligible to participate at the Auction. The Debtors shall provide copies of the Qualified Bid which the Debtors believe is the highest or otherwise best offer to all Qualified Bidders who intend to participate in the Auction prior to the Auction.

5. Based upon the terms of the Qualified Bids received, the number of Qualified Bidders participating in the Auction, and such other information as the Debtors determine is relevant, the Debtors, in its sole discretion, may conduct the Auction in the manner it determines will achieve the maximum value for the Assets. The Debtors may adopt rules for bidding at the Auction, that, in Debtors' business judgment, will better promote the goals of the bidding process and that are not inconsistent with any of the provisions of the Bidding Procedures, the Bankruptcy Code or any order of the Bankruptcy Court entered in connection herewith. The "Successful Bid" shall be the Purchaser's if there is no Auction or if there is an Auction the Qualified Bid (revised at the Auction, if applicable) which the Debtors determine to be the highest and best bid for the Assets. If the Successful Bid is more than the bidder's initial Qualified Bid, then the GF Deposit must be increased by 3:00p.m. (E.S.T.) Friday June 25, 2004 so that the total GF Deposit equals 10% of the Successful Bid.

6. Sale Hearing. At the Sale Hearing, the Debtors shall present to the Bankruptcy Court for approval both the Successful Bid and the next highest and best bid (the "Backup Bid"). Subject to Bankruptcy Court approval, the Debtors shall effect the Asset Sale with the Successful Bidder. If the Successful Bidder fails to consummate an approved Asset Sale because of a breach or a failure to perform on the part of such Successful Bidder, the Backup Bid, if any, as approved at the Sale Hearing, shall be deemed to be the Successful Bid and the Debtors shall be authorized to effect such Asset Sale without further order of the Bankruptcy Court. If the Successful Bidder fails to consummate the Asset Sale, and such failure is not the result of a breach by the Debtors, the GF Deposit shall be forfeited to the Debtors and the Debtors specifically reserves the right to seek all available damages from such entity or person. If the Successful Bidder fails to consummate the Asset Sale due to a breach by the Debtors, the GF Deposit shall be returned to the Successful Bidder.

7. Return of Deposits. As soon as the Bankruptcy Court has determined which bidders submitted the two highest bids, the Debtors shall immediately return all GF Deposits other than those provided by those two bidders. The GF Deposit from the Successful Bidder, while still refundable if closing does not occur due to the Debtors' breach, shall be held pending the Successful Bidder's closing on the transaction. The GF Deposit from the Backup Bidder, while still refundable if closing does not occur due to the Debtor's breach, shall be held by the Debtors until the Successful Bidder closes or defaults on the transaction.

8. Take out of DIP Loan. If the Initial Bidder is not the Successful Bidder, then, within three (3) business days after entry of the Sale Order, the Successful Bidder shall make a payment to the Initial Bidder of the full amount advanced (plus applicable interest) to the Debtors under the DIP Loan contained in the APA (without any discount), and the Initial Bidder shall assign all of its rights and obligations under the APA to the Successful Bidder, who shall accept the assignment and fully perform thereunder. At the closing of the Successful Bid, the Avalon Loan (plus applicable interest) shall be repaid in full without any discount, as part of the purchase price.