

SECURITIES AND EXCHANGE COMMISSION

FORM S-8

Initial registration statement for securities to be offered to employees pursuant to employee benefit plans

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FILER

E NET INC

CIK: **1012481** | IRS No.: **521929282** | State of Incorporation: **DE** | Fiscal Year End: **0331**
Type: **S-8** | Act: **33** | File No.: **333-59575** | Film No.: **98669652**
SIC: **7371** Computer programming services

Mailing Address

*12800 MIDDLEBROOK ROAD
GERMANTOWN MD 20874*

Business Address

*12800 MIDDLEBROOK ROAD
GERMANTOWN MD 20874
3016018700*

Registration No. _____

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-8
REGISTRATION STATEMENT
Under
THE SECURITIES ACT OF 1933

e-NET, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

52-1929282
(I.R.S. Employer Identification No.)

12800 Middlebrook Road, Suite 200
Germantown, Maryland
(Address of Principal
Executive Offices)

20874
(Zip Code)

e-NET, INC. 1997 NON-QUALIFIED STOCK OPTION PLAN
(Full title of the plan)

Robert A. Veschi
President
e-Net, Inc.
12800 Middlebrook Road, Suite 200
Germantown, Maryland 20874
(Name and address of agent
for service)

Charles A. Sweet, Esq.
Williams & Connolly
725 - 12th Street, N.W.
Washington, D.C. 20005
(202) 434-5000
(Copy to)

(301) 601-8700
(Telephone number, including area)

Calculation of Registration Fee

<TABLE>
<CAPTION>

Title of securities to be registered	Amount to be registered	Proposed maximum offering price per share	Proposed maximum aggregate offering price	Amount of registration fee
-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
Common Stock \$0.01 per value	500,000 (1)	\$ 10.79 (2)	\$5,395,510 (2)	\$1591.68 (3)

</TABLE>

(1) The e-Net, Inc. 1997 Non-Qualified Stock Option Plan, as amended (the "Plan") authorizes the issuance of a maximum of 500,000 shares of common stock, \$0.01 par value ("Common Stock"), all of which are being registered hereunder. 271,000 shares of Common Stock authorized to be issued under the Plan are subject to outstanding options granted under the Plan and 229,000 are available for future grants thereunder.

(2) Estimated pursuant to Rule 457(c) and (h) solely for the purposes of calculating the amount of the registration fee. The proposed maximum offering price per share was determined by calculating the weighted average exercise price of (i) the 271,000 shares of Common Stock being offered under outstanding options at a weighted average exercise price of \$4.75, and (ii) the 229,000 shares of Common Stock being offered at an exercise price of \$17.94, based on the average of the high and low price per share of the Common Stock on July 17, 1998, as reported in the Nasdaq SmallCap Market.

(3) Calculated by dividing the proposed maximum aggregate offering price by the amount to be registered.

PART II

INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

Item 3. Incorporation of Documents by Reference.

The following documents filed with the Securities and Exchange Commission (the "Commission") by e-Net, Inc. (the "Company"), Commission File No. 000-20865, are incorporated by reference in this Registration Statement:

(a) The Company's Annual Report on Form 10-KSB for the fiscal year ended March 31, 1998, filed with the Commission on June 30, 1998.

(b) The description of the Common Stock contained in the Company's Form 8-A Registration Statement, as amended, filed with the Commission on February 11, 1997, and all amendments and reports subsequently filed for the purpose of updating that description.

In addition to the foregoing documents, all documents subsequently filed by the Company pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), prior to the filing of a post-effective amendment which indicates that all securities offered hereby have been sold or which deregisters all securities then remaining unsold, shall be deemed to be incorporated by reference in this Registration Statement and to be a part hereof from the date of the filing of such documents. Any statement contained in a document incorporated or deemed to be incorporated by reference in this Registration Statement shall be deemed to be modified or superseded for purposes of this Registration Statement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Registration Statement.

Item 4. Description of Securities.

Not applicable.

Item 5. Interests of Named Experts and Counsel.

Not applicable.

Item 6. Indemnification of Directors and Officers.

As permitted by Delaware law, the Company's Certificate of Incorporation includes a provision that provides that the Company will, to the fullest extent permitted by Section 145 of the Delaware General Corporation Law, as amended from time to time ("DGCL"), indemnify all

-2-

persons whom it may indemnify pursuant thereto. To the fullest extent permitted by the DGCL, a director of the Company shall not be personally liable to the Company or its stockholders for monetary damages for a breach of fiduciary duty as a director. The provisions are intended to afford directors protection against, and to limit their potential liability for, monetary damages resulting from suits alleging a breach of the duty of care by a director; they also diminish the potential rights of action which might otherwise be available to shareholders by limiting the liability of officers and directors to the maximum extent allowable under Delaware law and by affording indemnification against most damages and settlement amounts paid by a director of the Company in connection with any shareholders derivative action. As a consequence of these provisions, stockholders of the Company will be unable to recover monetary damages against directors for action taken by them that may constitute negligence or gross negligence in performance of their duties unless such conduct falls within an exception under DGCL or under Delaware case law. The provision, however, does not alter the applicable standards governing a

director's fiduciary duty and does not eliminate or limit the right of the Company or any stockholder to obtain an injunction or any other type of equitable relief in the event of a breach of fiduciary duty. Management of the Company believes these provisions will assist the Company in securing and retaining qualified persons to serve as directors. The Company is unaware of any pending or threatened litigation against the Company or its directors that would result in any liability for which such director would seek indemnification or similar protection.

The Company believes that the substantial increase in the number of lawsuits being threatened or filed against corporations and their directors has resulted in a growing reluctance on the part of capable persons to serve as members of boards of directors of public companies. The Company also believes that the increased risk of personal liability without adequate insurance or other indemnity protection for its directors could result in overcautious and less effective direction and management of the Company. The limitation on liability and indemnification provisions are intended to increase the protection provided directors and, thus, increase the Company's ability to attract and retain qualified persons to serve as directors. Additionally, the Company has procured directors liability insurance coverage, but there is no assurance that it will provide coverage to the extent of the director's claims for indemnification. In such event, the Company may be forced to bear a portion or all of the cost of the director's claims for indemnification and, the value of the Company stock may be adversely affected as a result. There is also no assurance that the Company will be able to continue to procure directors liability insurance. It is uncertain whether the Company's directors would continue to serve in such capacities if improved protection from liability were not provided.

Insofar as indemnification for liabilities arising under the Act may be permitted to directors, officers and controlling persons of the small business issuer pursuant to the foregoing provisions, or otherwise, the small business issuer has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable.

Item 7. Exemption from Registration.

Not applicable.

-3-

Item 8. Exhibits.

- 4.1 -- e-Net, Inc. 1997 Nonqualified Stock Option Plan, as amended
- 4.2 -- Certificate of Incorporation of e-Net, Inc., as corrected and amended (incorporated by reference from Exhibit 3.0 to the Company's Registration Statement on Form SB-2, Reg. No. 333-3860, as amended and declared effective on April 7, 1997) (the "IPO Registration Statement") and Exhibits 3.1 and 3.2 to Post-Effective Amendment No. 1 to the IPO Registration Statement, as declared effective on May 8, 1998
- 4.3 -- Bylaws of e-Net, Inc, as amended (incorporated by reference from Exhibit 3.3 to the IPO Registration Statement)
- 5.1 -- Opinion of Williams & Connolly regarding legality of securities being registered
- 24.1 -- Consent of Grant Thornton LLP
- 24.2 -- Consent of Williams & Connolly (included in Exhibit 5.1)
- 25.1 -- Power of Attorney (included on page 6)

Item 9. Undertakings.

- (a) The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

provided, however, that paragraphs (a)(1)(i) and (a)(1)(ii) shall not apply to information required to be included in a post-effective amendment by those paragraphs and which is contained in periodic reports filed by the registrant pursuant to section 13 or section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement.

-4-

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to section 13(a) or section 15(d) of the Securities Exchange Act of 1934 that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

-5-

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this registration

statement to be signed on its behalf by the undersigned, duly thereunto authorized, in the County of Montgomery, State of Maryland, on July 21, 1998.

e-NET, INC.

By: /s/ Robert A. Veschi

Robert A. Veschi
President

In accordance with the requirements of the Securities Act of 1933, as amended, this Registration Statement on Form S-8 has been signed by the following persons in the capacities and on the dates stated. Each person whose signature appears below hereby constitutes and appoints each of Robert A. Veschi and Donald J. Shoff as such person's true and lawful attorney-in-fact and agent with full power of substitution for such person and in such person's name, place and stead, in any and all capacities, to sign and to file with the Securities and Exchange Commission, any and all amendments and post-effective amendments to this Registration Statement, with exhibits thereto and other documents in connection therewith, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as such person might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or any substitute therefor, may lawfully do or cause to be done by virtue thereof.

<TABLE>
<CAPTION>

Name -----	Title -----	Date -----
<S> /s/Alonzo E. Short, Jr. ----- Alonzo E. Short, Jr., Lt. Gen., USA (ret.)	<C> Chairman of the Board	<C> July 21, 1998
/s/Robert A. Veschi ----- Robert A. Veschi	President, Chief Executive Officer, Director	July 21, 1998
/s/Donald J. Shoff ----- Donald J. Shoff	Chief Financial Officer (Chief Accounting Officer)	July 21, 1998
/s/William L. Hooton ----- William L. Hooton	Director	July 21, 1998
/s/Clive Whittenbury ----- Clive Whittenbury, Ph.D.	Director	July 21, 1998
/s/William W. Rogers, Jr. ----- William W. Rogers, Jr.	Director	July 21, 1998

</TABLE>

-6-

Exhibit Index

- 4.1 -- e-Net, Inc. Nonqualified Stock Option Plan, as amended
- 4.2 -- Certificate of Incorporation of e-Net, Inc. as corrected and amended (incorporated by reference from Exhibit 3.0 to the

Company's Registration Statement on Form SB-2, Reg. No. 333-3860, as amended and declared effective on April 7, 1997) (the "IPO Registration Statement") and Exhibits 3.1 and 3.2 to Post-Effective Amendment No. 1 to the IPO Registration Statement, as declared effective on May 8, 1998

- 4.3 -- Bylaws of e-Net, Inc., as amended (incorporated by reference from Exhibit 3.3 to the IPO Registration Statement)
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e-NET, INC. 1997 NONQUALIFIED STOCK OPTION PLAN
(as amended)

1. Purpose

The e-Net, Inc. 1997 Nonqualified Stock Option Plan (the "Plan") of e-Net, Inc. ("the Company") is designed to enable key employees and directors of the Company and its Subsidiaries to acquire or increase a proprietary interest in the Company, and thus to share in the future success of the Company's business. Accordingly, the Plan is intended as a further means not only of attracting and retaining outstanding management personnel but also of promoting a closer identity of interests between executives and stockholders. Since the executives eligible to receive Options under the Plan will be those who are in positions to make important and direct contributions to the success of the Company, the directors believe that the grant of Options under the Plan will be in the Company's interest.

2. Definitions

Unless the context clearly indicates otherwise, the following terms, when used in the Plan, shall have the meanings set forth in this Section 2.

- (a) "Beneficiary" means the person or persons designated in writing by the Grantee or, in the absence of such a designation or if the designated person or persons predecease the Grantee, the Grantee's Beneficiary shall be the person or persons who acquire the right to exercise the Option by bequest or inheritance. In order to be effective, a Grantee's designation of a Beneficiary must be on file with the Committee before the Grantee's death. Any Such designation may be revoked and a new designation substituted therefore at any time before the Grantee's death.
- (b) "Board of Directors" or "Board" means the Board of Directors of the Company.
- (c) "Code" means the Internal Revenue Code of 1986, as amended from time to time.
- (d) "Committee" means the Board of Directors of the Company.
- (e) "Disability" means a disability as defined in the Company's Long-Term Disability Plan, as amended from time to time.
- (f) "Grantee" means a person to whom an Option has been granted under the Plan.

- (g) "Option" means an option to purchase a share or shares of the Company's par value common stock.
- (h) "Option Agreement" means the written agreement to be entered into by the Company and the Grantee, as provided in Section 7 hereof.
- (i) "Quota" means the portion of the total number of Shares subject to an Option which the Grantee may purchase during each of the several periods of the Term of the Option (if the Option is subject to Quotas), as provided in Section 10(b) hereof.
- (j) "Retirement" means retirement pursuant to the Company's Retirement Pension Plan, as amended from time to time.
- (k) "Shares" means shares of the Company's par value common stock.
- (l) "Subsidiary" means a subsidiary corporation as defined in Section 424(f) of the Code (or a successor provision of similar import).
- (m) "Term" means the period during which a particular Option may be exercised in accordance with Section 10(a) hereof.
- (n) Whenever used herein, unless the context indicates otherwise, words in the masculine form shall be deemed to refer to females as well as to males.

3. Effective Date of Plan

This Plan shall become effective when adopted by the Board of Directors.

4. Number and Source of Shares Subject to the Plan

- (a) The Company may grant Options under the Plan for not more than Five Hundred Thousand (500,000) Shares, together with the Shares for which Options were previously authorized under the Plan prior to its amendment and extension (subject, however, to adjustment as provided in Section 15 hereof) Which shall be provided from Shares in the treasury or by the issuance of Shares authorized but unissued.
- (b) In the event that an Option shall for any reason lapse or be terminated without being exercised in whole or in part, the Shares subject to the Option shall be restored to the total number of Shares with respect to which Options may be granted under the Plan, but only to the extent that the Option has not

previously been exercised.

5. Administration of the Plan

- (a) The Plan shall be administered by the Committee, except that non-Committee members of the Board shall approve awards of options, if any, to any Committee members.
- (b) The Committee shall adopt such rules or procedures as it may deem proper; provided, however, that it may take action upon the agreement of a majority of its

2

members then in office. Any action that the Committee may take through a written instrument signed by a majority of its members then in office shall be as effective as though taken as a meeting duly called and held.

- (c) The powers of the committee shall include plenary authority to interpret the Plan, and, subject to the provisions hereof, the Committee may determine (1) the persons to whom Options shall be granted, (2) the number of Shares subject to each Option, and (3) the Term of each Option, the date on which each Option shall be granted, and (5) the provisions of each Option Agreement.

6. Employees Eligible to Receive Options

- (a) Options may be granted under the Plan to key employees or Directors of the Company or any Subsidiary (including employees who are directors). All determinations by the Committee as to the identity of the persons to whom Options shall be granted hereunder shall be conclusive.
- (b) An individual employee may receive more than one Option.

7. Option Agreement

- (a) No Option shall be exercised by a Grantee unless he shall have executed and delivered an Option Agreement.
- (b) Appropriate officers of the company are hereby authorized to execute and deliver Option Agreements in the name of the company as directed from time to time by the Committee.

8. Nonqualified Options

It is intended that the Options granted hereunder will not be "incentive stock

options" within the meaning of Section 422(b) of the Code.

9. Option Price

The option price to be paid by the Grantee to the company for each Share purchased upon the exercise of the Option shall be equal to the fair market value of the Share on the date the Option is granted. In no event may an Option be granted under the Plan if the Option price per share is less than the par value of a Share.

10. Term and Quotas of Options; Exercise of Option During life of Grantee

- (a) Each Option granted under the Plan shall be exercisable only during a Term to be determined by the Committee. The Term of each Option shall end (unless the Option shall have terminated earlier under any other provision of the Plan) on a date fixed by the Committee and set forth in the applicable Option Agreement. In

3

no event shall the Term of the Option extend beyond ten years from the date of grant of the Option.

- (b) The Committee shall have authority to grant both Options exercisable in full at any time during their Term and/or Options exercisable in Quotas. Quotas or portions thereof not purchased in earlier periods shall be cumulative and shall be available for purchase in later periods within the Term of the Option. In exercising an Option, the Grantee may purchase less than the full Quota available under the Option.

(c) Options shall be exercised by delivering or mailing to the Committee:

- (1) a notice, in the form and in the manner prescribed by the Committee, specifying the number of Shares to be purchased, and
- (2) payment in full of the Option price for the Shares by money order, cashier's check, or certified check, and/or by the tender of Shares to the Company; provided that Shares tendered in exchange for Shares issued under the Plan must be held by grantee for at least one year prior to their tender to the company; and provided further, that the committee shall determine acceptable methods for tendering Shares to exercise an Option under the Plan, and may impose such limitations and prohibitions on the use of Shares to exercise an Option

as it deems appropriate. The Committee shall determine the fair market value of any shares used to exercise an Option. The date of exercise shall be deemed to be the date that the notice of exercise and payment of the Option Price are received by the Committee.

- (d) Subject to Section 12(a) below, upon receipt of the notice of exercise and upon payment of the Option price, the Company shall promptly deliver to the Grantee a certificate or certificates for the Shares purchased, without charge to him for issue or transfer tax.

11. Conditions on Exercise

- (a) The exercise of each Option granted under the Plan shall be subject to the condition that if at any time the Company shall determine in its discretion that the satisfaction of withholding tax or other withholding liabilities, or that the listing, registration or qualification of any Shares otherwise deliverable upon such exercise upon any securities exchange or under any State or federal law, or the consent or approval of any regulatory body, is necessary or desirable as a condition of, or in connection with, such exercise or the delivery or purchase of Shares thereunder, then in any such event such exercise shall not be effective unless such withholding, listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Company. Any such postponement shall not extend the time within which the Option may be exercised; and neither the Company nor its directors or officers shall have any obligations or liability to the Grantee or to a Beneficiary with

4

respect to any Shares as to which the Option shall lapse because of such postponement.

- (b) All Options granted under the Plan shall be nontransferable other than by will or by the laws of descent and distribution in accordance with Section 12(a) hereof, and an Option may be exercised during the lifetime of the Grantee only by him.
- (c) Upon the purchase of Shares under an Option, the stock certification or certificates may, at the request of the Grantee or his Beneficiary, be issued in his name and the name of another person as joint tenants with right of survivorship.

12. Exercise of Options After Death, Disability, Retirement, or Other

Termination of Employment

- (a) Death. If a Grantee's employment with the Company or a Subsidiary shall cease due to the Grantee's death, or if the Grantee shall die within twelve months after cessation of employment while the Option is exercisable pursuant to paragraph (b) below, or if the Grantee shall die within three months after cessation of employment while the Option is exercisable pursuant to paragraph (c) below, any Option held by the Grantee on the date of his death may be exercised only within twelve months after the Grantee's death, and only by the Grantee's Beneficiary, to the extent that such Option have been exercised by such deceased Grantee immediately before the Grantee's death. In no event shall the Option be exercisable after the expiration date thereof specified in the Option Agreement.
- (b) Disability. If a Grantee's employment with the company or a Subsidiary ceases due to his disability, after at least one year of continuous employment with the Company and/or such Subsidiary immediately following the date on which an Option, to the extent that the Option could be exercised at the cessation of employment, then the Option may be exercised at any time within twelve months after the Grantee shall cease to be an employee. In no event shall the Option be exercisable after the expiration date thereof specified in the Option Agreement.
- (c) Retirement. If a Grantee's employment with the Company or a Subsidiary ceases due to his retirement, after at least one year of continuous employment with the Company and/or such Subsidiary immediately following the date on which an Option was granted, the Grantee may exercise the Option to the extent the Option could be exercised at the cessation of employment, at any time within three months after the Grantee shall so cease to be an employee. In no event shall the Option be exercisable after the expiration date thereof specified in the Option Agreement.
- (d) Termination for Other Reasons. Upon termination of a Grantee's employment with the Company and its Subsidiaries for any reason other than those specified in subsections (a) through (c) above, the Grantee's outstanding Options shall be immediately canceled.

No person shall have any rights of a stockholder by virtue of an Option except with respect to Shares actually issued to him, and the issuance of Shares shall confer no retroactive right to dividends.

14. Adjustment for Changes in Capitalization

In the event that there is any change in the Shares through merger, consolidation, reorganization, recapitalization or otherwise, or if there shall be any dividend on the Company's Shares, payable in such Shares, or if there shall be a stock split or a combination of Shares, the aggregate number of Shares available for Options, the number of Shares subject to outstanding Options, and the Option price per Share of each outstanding Option shall be proportionately adjusted by the Board of Directors as it deems equitable in its absolute discretion, to prevent dilution or enlargement of the rights of the Grantees; provided, that any fractional Shares resulting from such adjustments shall be eliminated. The Board's determination with respect to any such adjustments shall be conclusive.

15. Effect of Merger or Other Reorganization

If the Company shall be the surviving corporation in a merger or other reorganization, Options shall extend to stock and securities of the Company to the same extent that a holder of that number of Shares immediately before the merger or consolidation corresponding to the number of Shares covered by the Option would be entitled to have or obtain stock and securities of the Company under the terms of the merger or consolidation. If the Company dissolves, sells substantially all of its assets, is acquired in a stock for stock or securities exchange, or is a party to a merger or other reorganization in which it is not the surviving corporation, then each Option shall be exercisable in full within the period 60 days commencing upon the date the action of the shareholders (or of the Board if shareholders' action is not required) is taken to approve the transaction, and upon the expiration of that period all Options shall automatically terminate.

16. Termination, Suspension or Modification of Plan

The Board of Directors may at any time terminate, suspend, or modify the Plan, except that the Board of Directors shall not, without the authorization of the holders of a majority of the Company's outstanding Shares at a shareholders' meeting duly called and held, change (other than through adjustment for changes in capitalization as provided in Section 14 hereof (a) the aggregate number of Shares with respect to which Options may be granted; (b) the class of persons eligible for Options, (c) the Option price; or (d) the maximum duration of the Plan. No termination, suspension or modification of the Plan shall adversely affect any right acquired by any Grantee, or by any Beneficiary, under the terms of an Option granted before the date of such termination, suspension or modification, unless such Grantee or Beneficiary shall consent; but it shall be conclusively presumed that any adjustment for changes in capitalization in accordance with Section 14 hereof does not adversely affect any such right.

17. Application of Proceeds

The proceeds received by the company from the sale of Shares under the Plan shall be used for general corporate purposes.

18. Duration of the Plan

Unless sooner terminated in accordance with Section 16 hereof, the amended and extended Plan shall remain in effect for a period of ten years from the date of its amendment and extension by the Board of Directors.

19. Competition by Participant

In the event a participant, within such period of time as shall be specified in the related Option Agreement, directly or indirectly, individually or as an employee, partner, officer, director, or stockholder or in any other capacity whatsoever of any person, firm, partnership or corporation: (i) recruits, hires, assists others in recruiting or hiring, discusses employment with or refers to others any person who is, or within the preceding 12 months was, an employee of the Company or any subsidiary thereof or any present, prospective of former subsidiary thereof; (ii) competes with the Company or any subsidiary thereof in such segments of the business of the Company and within such territory as shall be specified in such related Agreements; (iii) uses in competition with the Company or any subsidiary thereof, customer, prospective customer or former customer, within such segments and specified territory, any of the methods, information or systems developed by the Company or any subsidiary thereof for its customers, prospective customers or former customers where the Company or any subsidiary thereof or such customer, prospective customer or former customer does business; or (iv) calls upon, solicits, accepts employment with, sells or endeavors to sell to, within such segments and specified territory, any customer, prospective customer or former customer of the Company or any subsidiary thereof; the following provisions shall apply with respect to any shares of Option Stock received and options granted under this Plan as of the date of the first occurrence prohibited under this provision:

- A. Such participant: (i) shall immediately sell and deliver to the Company (as designated by the Committee), upon demand, all shares of Option Stock sold or awarded to the participant under the Plan as to which the participant is still the direct or indirect beneficial owner at the cash price per share, if any, paid by the participant; and (ii) shall pay to the Company (as designated by the Committee) an amount in cash with respect to each share of Option Stock, not still so held equal to the Fair Market Value of each such share on the first date on which such share is no longer held less the price paid by him for such share.
- B. Any option outstanding under the Plan shall automatically terminate and shall no longer be exercisable and all Restricted Stock Units then held shall

automatically terminate.

- C. The provisions of this Section shall not limit or restrict in any manner any rights or remedies which the Company and its subsidiaries may have under any separate employment agreement with a participant and or otherwise with respect to competition by a participant.

7

If any provisions of this Section 19 should be found by any court of competent jurisdiction to be unreasonable by reason of its being too broad as to the period of time, territory, aspects of business or customers covered or otherwise, then, and in that event, such provision shall nevertheless remain valid and fully effective, but shall be considered to be amended so that the period of time, territory, aspects of business of customers covered or otherwise set forth shall be changed to be the maximum period of time, the largest territory, the most aspects of business and customers covered and/or the broadest other limitations, as the case may be, which would be found reasonable and enforceable by such court and similarly, if any remedy is so found to be unenforceable in whole or in part, or to any extent, such provision shall remain in effect only to the extent the remedies would be enforceable by such court.

20. Related Agreements.

In order to enforce the restrictions imposed upon shares issued and options granted hereunder and to comply with Federal and state securities laws and the Code, the Company shall enter into a Option Stock Agreements with each participant containing such terms and conditions, including additional restrictions as the Committee shall determine, and the Committee may require that the certificates representing shares of Unvested Stock shall remain in the physical custody of the Company. The Committee shall have full authority upon the consent of a participant to amend the terms and provisions of any such agreement relating to the participant or the terms of any options relating to the participant or other terms of any options relating to the participant which are outstanding under the Plan.

21. No Effect on Employment.

Nothing herein, contained, including the sale or award of any shares and the grant of any options, shall affect the right of Company to terminate any participant's employment at any time for any reason.

22. General Provisions

The grant of an Option in any year shall not give the Grantee any right to similar grants in future years or any right to be retained in the employ of the Company or its Subsidiaries.

23. Governing Law

The Plan shall be construed and its provisions enforced and administered in accordance with the laws of Delaware except to the extent that such laws may be superseded by any Federal law.

WILLIAMS & CONNOLLY
725 Twelfth Street, N.W.
Washington, D.C. 20005
202-434-5000

July 22, 1998

e-Net, Inc.
12800 Middlebrook Road, Suite 200
Germantown, Maryland 20787

Re: Shares of Common Stock, par value \$0.01, of e-Net, Inc. (the "Company") to be offered and sold pursuant to the Company's Registration Statement on Form S-8, as filed on July 22, 1998 (such shares of Common Stock, the "Common Stock" and such Registration Statement, as it may be amended from time to time, the "Registration Statement")

Ladies & Gentlemen:

We have acted as counsel to the Company in connection with the proposed issuance of the Common Stock pursuant to the Registration Statement.

We are members of the Bar of the District of Columbia. We do not hold ourselves out as experts on, nor do we express any opinion as to or with respect to the applicability of, the laws of any jurisdiction other than the laws of the District of Columbia, the federal laws of the United States, and the General Corporation Law of the State of Delaware (the "Opining Jurisdictions").

We express no opinion with respect to any of the following legal issues: (a) state or federal securities laws or regulations; (b) fraudulent transfer and fraudulent conveyance laws; or (c) federal and state tax laws and regulations.

In connection with this Opinion, we have examined the Registration Statement, the prospectus related thereto (the "Prospectus") and the Company's 1997 Nonqualified Stock Option Plan, as amended (the "Plan"). In addition to the Registration Statement, we have reviewed such documents and given consideration to such matters of law and fact as we have deemed appropriate, in our professional judgment, to render this Opinion. We have also relied, without further independent investigation, as to certain matters of fact, on information

e-Net, Inc.

obtained from public officials, from officers of the Company and from other sources believed by us to be responsible.

The assumptions, opinions and conclusions stated below are subject to: (a) bankruptcy, insolvency, reorganization, receivership, moratorium and other similar laws affecting the rights and remedies of creditors generally; and (b) general principles of equity and the exercise of judicial discretion.

We have assumed, without further investigation, the following: (a) all natural persons who are involved have sufficient legal capacity to enter into and perform the offer, issuance, sale and delivery by the Company of the shares of Common Stock and the purchase of such shares by the purchasers thereof, all as contemplated by the Registration Statement, the Prospectus and the Plan (the "Transactions") or to carry out their respective roles in the Transactions; (b) each party to the Transactions has satisfied those legal requirements that are applicable to it to the extent necessary to make the agreements contemplated by the Registration Statement, the Prospectus and the Plan (the "Agreements") to which it is a party enforceable against it; (c) each party to the Transactions has complied with all legal requirements pertaining to its status as such status relates to its rights to enforce the Agreements against the other parties to the Transactions; (d) each document submitted to us for review is accurate and complete, each such document that is an original is authentic, each such document that is a copy conforms to an authentic original, and all signatures on each such document are genuine; (e) each certificate issued by a government official concerning a person or entity's property or status is accurate, complete and authentic and all official public records (including their proper indexing and filing) are accurate and complete; (f) the conduct of the parties to the Transactions has complied with any requirement of good faith, fair dealing and unconscionability; (g) the parties have acted in good faith and without notice of any defense against the enforcement of any rights created by the Transactions; (h) there are no agreements or understandings among the parties, written or oral, and there is no usage of trade or course of prior dealing among the parties that would, in either case, define, supplement or qualify the terms of the Agreements; (i) all statutes, judicial and administrative decisions, and rules and regulations of governmental agencies constituting the law of the Opining Jurisdictions are generally available (i.e., in terms of access and distribution following publication or other release) to lawyers practicing in the Opining Jurisdictions, and are in a format which makes legal research reasonably feasible; (j) the constitutionality or validity of a relevant statute, rule, regulation or agency action is not in issue unless a reported decision in the Opining Jurisdiction has specifically addressed but not resolved, or has established, its unconstitutionality or validity; (k) the parties will obtain all permits and governmental approvals required in the future, and take all actions similarly required, relevant to subsequent consummation of the Transactions or performance of the Agreements; (l) all parties to the Transactions will act in accordance with, and will refrain from taking any action that is forbidden by, the terms and conditions of

the Agreements; and (m) the Transactions and the execution, delivery and performance of the Agreements will not (i) breach, or result in a default under, any existing obligation of a party to the Transactions to a contract to which such party is a party or by which its property is bound, or (ii) breach or otherwise violate any existing obligation of any court and administrative order, writ, judgment or decree that names any such party and is specifically directed to it or its property. Each assumption specifically described in this Opinion

e-Net, Inc.

July 22, 1998

Page 3

is made with the express consent and approval of the Company. However, we have not relied on information (including certificates or other documentation) or assumptions, otherwise appropriate in the circumstances, if we have knowledge that the information or assumptions are false or if we have knowledge of facts that under the circumstances would make the reliance unreasonable.

This Opinion speaks only as of its date. We have no obligation to advise the Company (or any third party) of changes in law or fact that occur after the date of this Opinion, even though the change may affect the legal analysis, a legal conclusion or an informational confirmation in this Opinion.

Based upon the foregoing and subject to the qualifications contained in the next paragraph, we are of the opinion that the shares of Common Stock are validly authorized and, when (a) the pertinent provisions of the Securities Act of 1933 and such "blue sky" and other securities laws as may be applicable have been complied with and (b) such shares have been duly delivered against payment therefor as contemplated by the Registration Statement, the Prospectus and the Plan, such shares will be validly issued, fully paid, and nonassessable.

We note that the Company intended to increase the number of its authorized shares of Common Stock from 10,000 to 50,000,000 (the "Increase") by mean of a Certificate of Amendment to its Certificate of Incorporation, which amendment was filed with the Delaware Secretary of State on January 25, 1996 (the "Prior Amendment"). However, the Increase was not formally ratified by the shareholders of the Company until a special meeting held on March 15, 1996. On April 14, 1998, the Company filed a Certificate of Correction (the "Correction") correcting the effective date of the Increase from January 25, 1996 to March 15, 1996. While the matter is not entirely free from doubt, in our opinion it is very unlikely that the Correction was not effective to cause the Increase. Also in our opinion, the Correction should be effective to correct the effective date of the Increase to March 15, 1996.

This Opinion deals only with the specific legal issues it explicitly addresses. Accordingly, the express opinions set forth above concerning a particular legal issue do not address any other matters.

We consent to the filing of this opinion as an Exhibit to the Registration Statement. In giving this consent, we do not admit that we are in the category of persons whose consent is required under Section 7 of the Securities Act of 1933 or the rules and regulations thereunder.

Very truly yours,

/s/ Williams & Connolly

WILLIAMS & CONNOLLY

Consent of Independent Certified Public Accountants

We have issued our report dated May 27, 1998, accompanying the financial statements incorporated by reference in the Annual Report of e-Net, Inc. on Form 10-KSB for the year ended March 31, 1998. We hereby consent to the incorporation by reference of said report in the Registration Statement of e-Net, Inc., on Form S-8, to be filed on or about July 22, 1998.

/s/ GRANT THORNTON LLP

Vienna, Virginia
July 20, 1998