ADAM L. DUNAYER
Houlihan Lokey Howard & Zukin Capital
200 Crescent Court, Suite 1900
Dallas, Texas 75201-7843
Telephone: 214-220-8470

Investment Banker to the Debtors

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	:	**Chapter 11**
	:	
VARTEC TELECOM, INC., *et al.*,	:	**Case No. 04-81694-SAF-11**
	:	
Debtors.	:	**Jointly Administered**

SECOND INTERIM APPLICATION FOR ALLOWANCE OF FEES AND REIMBURSEMENT OF EXPENSES OF HOULIHAN LOKEY HOWARD & ZUKIN CAPITAL AS INVESTMENT BANKER TO THE DEBTORS FOR THE PERIOD MARCH 8, 2005 THROUGH JUNE 7, 2005

Name of Applicant:	Houlihan Lokey Howard & Zukin Capital (“Houlihan Lokey”)
Authorized to Provide Professional Services as:	Investment Bankers to the Debtors
Retention Date:	December 8, 2004
Period for which Compensation is Sought:	March 8, 2005 – June 7, 2005 (the “Application Period”)
Total amount of fees and expenses approval sought for:	$464,005.93
Amount of unpaid fees and expenses approval sought for:	$89,210.47

Houlihan Lokey is not seeking any compensation for the preparation of this Application.

This is an: ____X____interim _______final application

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Debtors.	:	**Jointly Administered**

SECOND INTERIM APPLICATION FOR ALLOWANCE OF FEES AND REIMBURSEMENT OF EXPENSES OF HOULIHAN LOKEY HOWARD & ZUKIN CAPITAL AS INVESTMENT BANKER TO THE DEBTORS FOR THE PERIOD MARCH 8, 2005 THROUGH JUNE 7, 2005

Houlihan Lokey Howard & Zukin Capital ("Houlihan Lokey"), as investment banker to the debtors and debtors in possession (collectively, the "Debtors") hereby submits its second application for compensation and reimbursement of expenses (the "Application") pursuant to 11 U.S.C. §§ 327 and 328(a), Bankruptcy Rule of Procedure 2014, the Local Rules and Orders of the Bankruptcy Court for the Northern District of Texas and the Amended Order Establishing Procedures for Monthly and Interim Compensation and Reimbursement of Expenses for Case Professionals [Docket No. 118] (the "Compensation Order") dated November 5, 2004. Houlihan Lokey's Application seeks compensation for investment banking services performed and expenses incurred during the period commencing March 8, 2005 through June 7, 2005 (the

"Application Period").[1] Further, Houlihan Lokey seeks to continue employment pursuant to Bankruptcy Code §328.

By this Application, Houlihan Lokey moves this Court for an Order approving interim compensation in the total amount of $449,250.00 which is comprised of (a) interim compensation in the amount of $150,000.00 (Monthly Fees of $100,000 per month for March, April, May and June 2005 (all Monthly Fees for this Application Period were offset by fifty percent (50%) pursuant to the terms of the Compensation Order)), (b) Gross Transaction Fee for the Canadian Sale of $299,250.00 and (c) the reimbursement of actual and necessary expenses of $14,755.93. Total compensation and expense reimbursement being requested for this Application Period is $464,005.93 of which $89,210.47 remains unpaid. This Application is supported by the Certification of Adam L. Dunayer, which is annexed hereto as Exhibit A. In support of this Application, Houlihan Lokey states as follows:

BACKGROUND

1. On November 1, 2004 (the "Petition Date"), the Debtors each filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Northern District of Texas (the "Bankruptcy Court"). Pursuant to sections 1007(a) and 1108 of the Bankruptcy Code, the Debtors continue to operate their businesses and manage their properties and assets as debtors in possession.

JURISDICTION AND PROCEDURAL BACKGROUND

2. This Court has jurisdiction over these proceedings under 28 U.S.C. §§157 and 1334. This is a core proceeding under 28 U.S.C. §157(b)(2)(A).

[1] See paragraph 6 for explanation of the Application Period.

3. Venue is proper in this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

4. On November 1, 2004 (the "Petition Date"), the Debtors each filed a voluntary petition for relief (collectively, the "Cases") under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code").

5. Since the Petition Date, the Debtors have continued to operate and manage their businesses as debtors in possession pursuant to Bankruptcy Code §§ 1107(a) and 1108.

TERMS AND CONDITIONS OF COMPENSATION OF HOULIHAN LOKEY

6. On November 19, 2004, the Debtors filed an Application To Approve Employment of Houlihan Lokey Howard & Zukin Capital as Investment Banker For The Debtors (the "Retention Application") [Docket No. 227]. Pursuant to §§ 327 and 328(a) of the United States Bankruptcy Code and Rules 2014 of the Bankruptcy Rules of Procedure, on November 22, 2004, the Court entered an Interim Order Approving Application to Employ [Docket No. 272] and on December 16, 2004, the Court entered the Final Order Approving Application to Employ [Docket No. 568] (collectively, the "Retention Order"). A copy of the Final Retention Order is annexed hereto as Exhibit B. The anniversary date of the Houlihan Lokey Engagement Agreement is on the 8th day of each month.

7. The terms and conditions of Houlihan Lokey's engagement in these cases, which were embodied in the Retention Application and approved by the Court, are based upon Houlihan Lokey's Engagement Letter with the Debtors of November 1, 2004 (the "Engagement Letter"), a copy of which is annexed hereto as Exhibit C. Pursuant to the Engagement Letter, as

compensation for services provided to the Debtors, Houlihan Lokey is entitled to receive from the Debtors' bankruptcy estates (the "Estates"):

(a) A Monthly Fee of $100,000 (Fifty percent (50%) of all monthly fees received will be credited against the Transaction Fees (as defined in the Engagement Letter));

(b) Upon the closing or consummation of a Sale Transaction (as described in the Engagement Letter), the Debtors agree to pay Houlihan Lokey a cash fee ("Sale Fee") as more clearly defined in the Engagement Letter);

(c) Additionally, Houlihan Lokey's compensation will include other fees including the Restructuring and Financing Fees, as set forth in the Engagement Letter; and

(d) The reimbursement of reasonable out-of-pocket expenses incurred in connection with its services under the Engagement Letter.

8. As detailed in the Retention Application, the terms of the Retention Agreement were comparable to the terms of Houlihan Lokey and other financial advisors and investment bankers agreed-upon in similar engagements, both in, and outside of bankruptcy. Moreover, these terms, including the payment of monthly retainer fees, were not only similar to those routinely approved by the courts within this District, but were expressly contemplated by the Bankruptcy Code.

9. Subject to Bankruptcy Court approval, Houlihan Lokey seeks payment for compensation, plus reimbursement of actual and necessary expenses incurred by Houlihan Lokey during the Application Period.

10. By this Application, Houlihan Lokey moves this Court for an Order approving interim compensation in the total amount of $449,250.00 which is comprised of (a) interim compensation in the amount of $150,000.00 (Monthly Fees of $100,000 per month for March, April, May and June 2005 (all Monthly Fees for this Application Period were offset by

fifty percent (50%) pursuant to the terms of the Compensation Order)), (b) Gross Transaction Fee for the Canadian Sale of $299,250.00 and (c) the reimbursement of actual and necessary expenses of $14,755.93. Total compensation and expense reimbursement being requested for this Application Period is $464,005.93 of which $89,210.47 remains unpaid.

Summary of Services Provided by Houlihan Lokey

11. Houlihan Lokey is a nationally recognized investment banking and financial advisory firm with 9 offices worldwide and with more than 300 professionals. Houlihan Lokey's Financial Restructuring Group, which has worked on this engagement, has a staff of over 100 professionals dedicated to financial restructuring engagements. In this area, Houlihan Lokey has provided financial advice, valuation analyses and investment banking services to debtors, bondholder groups, secured and unsecured creditors, acquirors, employee stock ownership plans, equity holders and other parties involved with financially distressed companies, both in and outside of bankruptcy.

12. During the Application Period, although a number of other professionals worked on this engagement, the following professionals in Houlihan Lokey's Dallas and Los Angeles offices have performed substantial services to the Debtors in these cases:

Adam L. Dunayer	-	Director
Christopher Wilson	-	Director
Matthew Gates	-	Vice President
Brett Lowrey	-	Vice President
Michael Boone	-	Associate
Bellamy Suhendra	-	Analyst
Benjamin Williams	-	Analyst

Biographies of these individuals are annexed hereto as Exhibit D.

13. During the Application Period, Houlihan Lokey's work on behalf of the Debtors involved, but was not limited to:

(a) Strategic Discussions, Planning and Review. Houlihan Lokey assisted the Company and it's other advisors in the contemplation of various strategic issues and alternatives. Some of the major strategic discussions, planning and review activities, included the following: the sale of the Company's operations in Canada, Mexico, and the U.S. Houlihan Lokey professionals routinely met with Company management as well as the Company's other professionals in order to plan and discuss general tactics related to the case.

(b) Canada and Mexico Sale Processes. Houlihan Lokey conducted a marketing process to sell the stock of the Canadian operations, Excel Telecommunications (Canada) Inc. and VarTec Telecom Canada, Inc. ("Excel Canada"), which involved the following:

1. Reviewed and analyzed Excel Canada's financial condition, operations, competitive environment, business plans, historical and projected financial results;
2. Arranged and coordinated management presentations and on-site due diligence meetings for interested parties;
3. Compiled materials containing relevant documentation and information necessary for the due diligence investigations by potential acquirers;
4. Assisted interested parties in completing their necessary due diligence;
5. Structured and negotiated a stalking horse contract with a bidder;
6. Solicited and evaluated two additional Stock Purchase Agreements from qualified bidders; and
7. Conducted an auction between the staking horse bidder and two

additional qualified bidders, which increased transaction proceeds to the Debtors from $4.5 million to $8.42 million.

In addition to the Canada sale process, Houlihan Lokey negotiated and closed a transaction with the stalking horse acquirer of the Company's Mexican assets, which resulted in proceeds to the Debtors of $1.6 million.

(c) U.S. Operations Sale Process. Houlihan Lokey continued in its marketing process for the assets of the Company's U.S. Operations. To this end, Houlihan Lokey performed the following tasks during this period:

1. Continued to contact and solicit the interest of approximately 120 potential acquirers of the U.S. assets;

2. Compiled materials into an online data room containing relevant documentation and information necessary for the due diligence investigations by potential acquirers;

3. Negotiated non-disclosure agreements with interested parties and distributed a comprehensive information memorandum on the U.S. business to provide critical Company and industry information and investment rationale to interested acquirers;

4. Arranged for management presentation and on-site due diligence meetings with several interested parties;

5. Assisted interested parties in completing their necessary due diligence; and

6. Led and participated in negotiations with potential acquirers of the U.S. assets.

(d) Financial Analysis and Operational Review. Houlihan Lokey spent a significant amount of time analyzing and studying the business for the purpose of preparing due diligence material for potential acquirers and assisting these buyers in understanding VarTec's business. These activities included compiling operational and financial data that would be relevant to potential acquirers, and meeting with management personnel to understand certain key issues that are critical to the buyers' due diligence. Additionally, Houlihan Lokey continued to analyze and monitor recent operational results and near term financial projections.

(e) Correspondence, Meeting and Preparation with Parties-In-Interest. Houlihan Lokey expended significant time and effort (both in-person and via conference call) in correspondence and meetings with the RTFC, the RTFC's advisors, the Committee, the Committee's advisors, The Official Committee of Excel Independent Representatives (the "IR Committee") and various other parties-in-interest in these chapter 11 cases.

Houlihan Lokey's Application

14. The professional services and related expenses that are the subject of Houlihan Lokey's Application were rendered and incurred in connection with these cases, and in discharge of Houlihan Lokey's professional responsibilities as investment banker for the Debtors in their chapter 11 cases. Houlihan Lokey's services have been substantial, necessary, and beneficial to the Debtors and their estates, creditors, and other parties in interest. Houlihan Lokey believes that the fees and expenses requested by their Application are reasonable and necessary-- given the variety and complexity of the issues involved in these cases and the need to act or respond on an expedited basis to those issues--and are contemplated by the Bankruptcy

Code and this Court's Retention Order. Further, given the exploration of other sale processes, Houlihan Lokey believes that the continuation of their employment pursuant to Bankruptcy Code §328 is warranted and necessary.

15. In support of this Application, Monthly Fee Statements filed for this Application Period are attached hereto as Exhibit E to this Application.

16. Accordingly, Houlihan Lokey requests allowance of compensation in the amount of $449,250.00 for investment banking services rendered during the Application Period, and seeks reimbursement for actual and necessary expenses during the same period in the amount of $14,755.93. Details of fees and expenses are set forth in Exhibit E of this Application.

WHEREFORE, Houlihan Lokey requests that the Court enter an Order, substantially in the form of the Order annexed hereto as Exhibit F, allowing (a) monthly compensation for financial advisory and investment banking services rendered to the Debtors during the Application Period in the amount of $150,000.00; (b) Gross Transaction Fee for the Canadian Sale of $299,250.00; and (c) reimbursement of expenses incurred during the same period in the amount of $14,755.93, and that the Debtors be ordered to pay to Houlihan Lokey all unpaid amounts requested pursuant to the Compensation Order, and (d) continuation of employment pursuant to Bankruptcy Code §328.

Dated: Dallas, Texas
July 21, 2005

HOULIHAN LOKEY HOWARD & ZUKIN CAPITAL

By: Adam Dunayer

200 Crescent Court, Suite 1900
Dallas, Texas 75201-7843
214-220-8470

Investment Banker to the Debtors

EXHIBIT A

Certification of Adam L. Dunayer

ADAM L. DUNAYER
Houlihan Lokey Howard & Zukin Capital
200 Crescent Court, Suite 1900
Dallas, Texas 75201-7843
Telephone: 214-220-8470

Investment Banker to the Debtors

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	:	**Chapter 11**
VARTEC TELECOM, INC., *et al.*,	:	**Case No. 04-81694-SAF-11**
Debtors.	:	**Jointly Administered**

CERTIFICATION OF ADAM L. DUNAYER

1. I am a Director of Houlihan Lokey Howard & Zukin Capital, and I make this certification in accordance with Local Rules.

2. I have read the Second Interim Application For Allowance of Fees and Reimbursement of Expenses of Houlihan Lokey Howard & Zukin Capital As Investment Banker To The Debtors for the Period of March 8, 2005 through June 7, 2005 (the "Application").

3. I am knowledgeable about Local Rules, and believe that the Application complies with the provisions of the Local Rules, the United States Bankruptcy Codes and the Orders of this Court.

Adam Dunayer

Adam L. Dunayer

EXHIBIT B

Copy of Retention Order

U.S. BANKRUPTCY COURT
NORTHERN DISTRICT OF TEXAS

ENTERED

TAWANA C. MARSHALL, CLERK
THE DATE OF ENTRY IS
ON THE COURT'S DOCKET

The following constitutes the order of the Court.

Signed December 16, 2004.

United States Bankruptcy Judge

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

IN RE:	§	
	§	
VARTEC TELECOM, INC., *et al.,*	§	**CASE NO. 04-81694-SAF-11**
	§	
DEBTORS.	§	**(Chapter 11)**
	§	**(Jointly Administered)**

FINAL ORDER APPROVING APPLICATION TO EMPLOY
HOULIHAN LOKEY HOWARD & ZUKIN CAPITAL AS INVESTMENT BANKERS

On December 2, 2004, the Court considered the Application to Approve Employment of Houlihan Lokey Howard & Zukin Capital as Investments Bankers [Docket No. 227] (the "Application").[1] Based on the Application, the objections thereto, and representations made at the hearing on the Application, the Court finds that the Application should be granted. The Court further finds that sufficient notice of the Application was given and no further notice is required, and based upon the affidavit submitted pursuant to Federal Rule of Bankruptcy Procedure 2014 in support thereof:

[1] Capitalized terms not defined herein shall have the meaning given to them in the Application.

(1) Houlihan Lokey represents no interest adverse to the Debtors or their estates that would disqualify it from employment; (2) Houlihan Lokey is "disinterested" as that term is defined in Bankruptcy Code § 101(14); and (3) the employment of Houlihan Lokey is in the best interest of the Debtors and their estates herein and for good and sufficient cause. Therefore, it is

ORDERED that the Application is hereby **GRANTED**, as modified herein, as of December 8, 2004. It is further

ORDERED that Houlihan Lokey is approved to be employed pursuant to Bankruptcy Code § 328 as to its (i) monthly fee as provided in section 2(a) of the Engagement Letter (the "Monthly Fee"); (ii) Sale Fee (as defined in paragraph 2(d) of the Engagement Letter); and (iii) reimbursable expenses (collectively, the "328 Employment"), and the Debtors are authorized to pay Houlihan Lokey its Monthly Fee, Sale Fee, and reimbursable expenses subject to the Amended Order Establishing Procedure for Monthly and Interim Compensation and Reimbursement of Expenses for Case Professionals [Docket No. 118]. It is further

ORDERED that Houlihan Lokey is approved to be employed pursuant to Bankruptcy Code § 327, provided that the Debtors are not authorized to pay Houlihan Lokey any other fees, including their Restructuring Fee (as defined in paragraph 2(b) of the Engagement Letter) or Financing Fee (as defined in paragraph 2(c) of the Engagement Letter), without further Court approval after the filing of an interim fee application. It is further

ORDERED that Houlihan Lokey shall file an interim fee application (the "Interim Fee Application") to be heard on or before April 7, 2005 for services performed from

December 8, 2004 through April 7, 2005 (the "Period") and, as applicable, seeking to continue the 328 Employment. The Interim Fee Application shall comply with the guidelines promulgated by this Court and the United States Trustee except that Houlihan Lokey shall not be required to maintain time records. It is further

ORDERED that at the hearing on the Interim Fee Application, the Court shall consider whether to continue the 328 Employment. It is further

ORDERED that the indemnification and contribution provisions of the Engagement Letter are approved subject to the following, during the pendency of the Debtors' Cases:

(a) Houlihan Lokey shall be entitled to be indemnified in accordance with the Engagement Letter for any claim arising from, related to, or in connection with Houlihan Lokey's performance of the services described in the Engagement Letter, but not for other services, unless such other services and the indemnification, contribution or reimbursement therefore are approved by the Court;

(b) The Debtors shall have no obligation to indemnify Houlihan Lokey or provide contribution or reimbursement to Houlihan Lokey, for any claim or expense that is either (i) judicially determined (the determination having become final) to have arisen primarily from Houlihan Lokey's gross negligence, willful misconduct, breach of fiduciary duty (if any), bad faith or self-dealing; or (ii) settled prior to a judicial determination as to Houlihan Lokey's gross negligence, willful misconduct, breach of fiduciary duty (if any), bad faith or self-dealing, but determined by this Court, after notice and a hearing to be a claim or expense for which Houlihan Lokey should not receive indemnity, contribution or reimbursement under the terms of the Engagement Letter as modified by this Order; and

(c) If, before the earlier of (i) the entry of an order confirming a chapter 11 plan in these Cases (that order having become a final order no longer subject to appeal), and (ii) the entry of an order closing these Cases, Houlihan Lokey believes that it is entitled to the payment of any amounts by the Debtors on account of the Debtors' indemnification, contribution and/or reimbursement obligations under the Engagement Letter (as modified by this Order), including without limitation the advancement of defense costs, Houlihan Lokey must file an application therefore in this Court, and the Debtors may not pay any such amounts to Houlihan Lokey before the entry of an order by this Court approving the payment. This subparagraph (c) is intended only to specify the period of time during which the Court shall have jurisdiction over any request for compensation and expenses by Houlihan Lokey for indemnification, contribution or reimbursement and not a provision limiting the duration of the Debtors' obligation to indemnify Houlihan Lokey.

 # # # End of Order # # #

After entry, return copy to:

Richard H. London, SBT #24032678
VINSON & ELKINS L.L.P.
3700 Trammell Crow Center
2001 Ross Avenue
Dallas, Texas 75201-2975
Tel: 214-661-7299
Fax: 214-220-7716
VarTec@velaw.com

ATTORNEYS FOR THE DEBTORS

901026_1.DOC

EXHIBIT C

Copy of Engagement Letter

HOULIHAN LOKEY HOWARD & ZUKIN CAPITAL

INVESTMENT BANKERS

Personal and Confidential

November 1, 2004

Mr. Michael G. Hoffman
Chief Executive Officer
VarTec Telecom, Inc.
1600 Viceroy Drive
Dallas, TX 75235

Dear Michael:

This letter confirms the understanding and agreement (the "Agreement") between VarTec Telecom, Inc. (together with its subsidiaries, the "Company") and Houlihan Lokey Howard & Zukin Capital ("Houlihan Lokey") and supercedes and replaces the agreement dated April 8, 2004 ("Original Agreement"), which Original Agreement shall, subject to the following sentence, terminate upon mutual execution of this Agreement. Notwithstanding the foregoing, and pursuant to Section 1 of the Original Agreement, termination of the Original Agreement upon execution of this Agreement shall not terminate (a) the Company's indemnification and other obligations as set forth on Schedule A attached to the Original Agreement, (b) the confidentiality provisions set forth in Original Agreement; (c) Sections 5-8 of the Original Agreement, and (d) Houlihan Lokey's right to receive, and the Company's obligation to pay, any and all fees and expenses due under the Original Agreement as of the date of such termination:

1. <u>Engagement; Services; Term.</u> The Company hereby retains Houlihan Lokey as its financial advisor and investment banker to provide investment banking and related financial advisory services in connection with the possible (a) comprehensive restructuring of the terms of the Company's outstanding indebtedness (including, without limitation, trade credit, indebtedness for borrowed money owing to Rural Telephone Finance Cooperative (the "RTFC Debt"), and capital leases (collectively, the "Indebtedness") in one or more transactions (such as reducing the principal balance of, modifying the non-financial terms or covenants governing, waiving any portion of, or otherwise amending the Company's debt service requirements under, any Indebtedness), including a transaction in which the requisite consents to a reorganization or restructuring are obtained pursuant to a plan of reorganization under the Bankruptcy Code (the "Restructuring Transaction"); (b) issuance by the Company (or any entity formed by or at the direction, or which is a majority-owned subsidiary, of the Company) of equity, preferred stock, unsecured or non-senior subordinated securities and/or senior notes or bank debt, in one or more transactions, to any investor or lender (including any existing owner or creditor (other than Rural Telephone Finance Cooperative ("RTFC")) of the Company) in conjunction with a plan of reorganization under the Bankruptcy Code (each, a "Financing Transaction"); and (c) merger, consolidation, business combination or sale of all or a material portion of the assets or equity interests of the Company to any person or entity (including any existing owners, employees, or creditors or affiliates of the Company) in one or more transactions (provided, however, that two or more related transactions or transactions with related parties will be treated as one transaction for the purposes of this Agreement) (each, a "Sale Transaction"). A Restructuring Transaction, Financing Transaction and Sale Transaction are collectively referred to herein as "Transactions" and, individually, as a "Transaction."

At the request and direction of the Company, Houlihan Lokey's services will include, if necessary and appropriate (depending upon the nature of the Transaction), the following:

(a) reviewing the Company's business, financial condition, operations, competitive environment, prospects and related matters, including the evaluation of proposed divestitures and other strategic transactions;

(b) assisting in the review and analysis of a the Company's short and long-term operational and organizational business plans and related financial projections, including the development of a detailed financial model for the Company, the assessment of restructuring objectives and alternatives and assisting in the development of a comprehensive restructuring plan (collectively, the "Business Plan");

(c) assisting in the preparation and distribution of selected information and related documents, including offering/information memoranda, financial data and presentations to the Company's management, creditors and other third parties regarding the Company and/or the financial terms of a potential Transaction;

(d) soliciting and evaluating indications of interest and proposals, negotiating the financial aspects, and facilitating the consummation, of any Transaction, including participating in meetings or negotiations among the Company and its creditors, suppliers, lessors, and other interested parties and regulatory bodies in connection with any Transaction;

(e) providing testimony in connection with any in-court restructuring proceeding; and

(f) providing such other investment banking and related financial advisory services requested by the Company that are reasonably necessary to accomplish the foregoing.

The above services being included in the monthly fees set forth in Section 2.

If the Company receives any reasonable, credible and appropriate inquiry regarding a Transaction, Houlihan Lokey will be promptly informed of such inquiry so that it can evaluate such party and its interest in a Transaction, and assist the Company in any resulting negotiations. Houlihan Lokey will promptly inform the Company of any reasonable, credible and appropriate inquiry it receives or becomes aware of regarding a possible Transaction.

Where appropriate, Houlihan Lokey may involve one or more of its affiliates, including Houlihan Lokey Howard & Zukin Financial Advisors, Inc. and Houlihan Lokey Howard & Zukin (UK) Limited, in connection with the services described in this Agreement. Subject to Section 5 hereof, no additional fees will be charged to the Company for the services provided by said affiliates.

Houlihan Lokey will commit the personnel and resources necessary or appropriate to perform the services set forth herein and to work with the Company and its advisors.

Houlihan Lokey does not assume any responsibility for the Company's decision to pursue (or not to pursue) any business strategy or to effect (or not to effect) a Transaction or any other strategic alternative. Further, except as described herein, the Company has not retained Houlihan Lokey to provide any crisis management or business consulting services. As such, Houlihan Lokey will not implement any operational, administrative, cash management, profitability or similar improvements as part of its services hereunder.

Either party may terminate this Agreement at any time without cause upon delivery of thirty days' prior written notice to the other party. No expiration or termination of this Agreement shall affect (a) the Company's indemnification and other obligations as set forth on Schedule A attached hereto, (b) the confidentiality provisions set forth herein and Sections 5-8 hereof, and (c) Houlihan Lokey's right to receive, and the Company's obligation to pay, any and all fees and expenses due, all as more fully set forth in this Agreement. Notwithstanding anything to the contrary contained in this Agreement, the Company may terminate this engagement "for cause" immediately upon written notice by the Company. Upon termination of this engagement "for cause", this Agreement, including any obligations of the Company described in clause (c) of this paragraph or paragraph 2(e) below, will immediately be terminated and of no further force or effect; provided, however, that a termination "for cause" will not affect the Company's obligations described in clause (a) above or the parties obligations described in clause (b) above. For purposes of this Agreement, the terms "for cause" will mean fraud, bad faith, willful misconduct, or gross negligence by Houlihan Lokey in its performance hereunder.

2. **Fees and Expenses.**

(a) Monthly Fees. The Company shall pay Houlihan Lokey non-refundable fees of $100,000 per month commencing upon December 8, 2004 and on each monthly anniversary (as set forth below) until this Agreement shall be terminated. Monthly fees are payable in advance without notice or invoice, and shall be prorated as of the effective date or termination of this Agreement. Fifty percent (50%) of all monthly fees received ("Monthly Credits") under this Section 2(a) will be credited against the Transaction Fees (as defined below) due hereunder, provided that such Transaction Fees shall not be reduced below zero.

(b) Restructuring Fee. Upon the confirmation date of a plan of reorganization under the Bankruptcy Code, the Company shall pay Houlihan Lokey a to be determined cash fee ("Restructuring Fee") based on mutually agreeable market terms. For the avoidance of doubt, confirmation of a plan of reorganization under the Bankruptcy Code will not include a liquidating or wind down plan under Chapter 11 or a liquidation under Chapter 7.

(c) Financing Transaction. Upon the consummation of a Financing Transaction, the Company shall pay Houlihan Lokey a to be determined cash fee ("Financing Fee") based on mutually agreeable market terms.

(d) Sale Transaction. Upon the consummation of a Sale Transaction, the Company shall pay Houlihan Lokey a cash fee ("Sale Fee") equal to:

- 3.5% of the Sale Transaction Value up to $10,000,000;
- 3.0% of the Sale Transaction Value in excess of $10,000,000 up to $20,000,000;
- 2.0% of the Sale Transaction Value in excess of $20,000,000 up to $50,000,000;

- 1.5% of the Sale Transaction Value in excess of $50,000,000 up to $100,000,000;
- 1.0% of the Sale Transaction Value in excess of $100,000,000 up to $150,000,000; and
- 0.75% of the Sale Transaction Value above $150,000,000.

For the purpose of calculating the Sale Fee, the Sale Transaction Value shall be the total proceeds and other consideration paid or received, or to be paid or received, in connection with a Sale Transaction (which consideration shall be deemed to include amounts in escrow; provided, however that any fee relating to amounts in escrow shall be withheld and paid only upon final distribution of the escrow amounts and then only with respect to the amount in escrow finally received by the Company in the Sale Transaction), including, without limitation, cash, notes, securities, and other property received or to be received by the Company, its creditors and/or equity holders (including holders of warrants and convertible securities, and holders of options or stock appreciation rights, whether or not vested); deferred non-contingent payments (such as installments payments); amounts payable under consulting agreements, above-market employment contracts, non-compete agreements, employee benefit plans or similar arrangements; and Contingent Payments (as defined below) (collectively, "Total Consideration"). The Sale Transaction Value shall include any interest bearing current liabilities and any long-term indebtedness of the Company (including the principal amount of any debt for borrowed money) (i) repaid or retired in connection with or anticipation of a Sale Transaction (to the extent not duplicative of other amounts deemed consideration received in the Sale Transaction, i.e., no double counting of cash paid but promptly used to retire debt) and (ii) existing on the Company's balance sheet at the time of a Sale Transaction (if such Sale Transaction takes the form of a merger or a sale of stock) or assumed by a buyer in connection with a Sale Transaction (if such Sale Transaction takes the form of a sale of assets). Contingent Payments shall be defined as the fair market value of consideration received or receivable by the Company, its employees, former or current equity holders and/or any other parties in the form of deferred performance or retention-based payments, "earn-outs", or other contingent payments based upon the occurrence of future events, in each case, where the agreements providing for such payments are prepared as a condition precedent to or part and parcel with the Sale Transaction and not otherwise part of the services provided by Houlihan Lokey to the Company hereunder.

For the purpose of calculating the consideration received in the Sale Transaction, as applicable, any securities (other than a promissory note) will be valued at the time of the closing of the applicable Transaction as follows: (i) if such securities are traded on a stock exchange, the securities will be valued at the average last sale or closing price for the ten trading days immediately prior to the closing of the applicable Transaction; (ii) if such securities are traded primarily in over-the-counter transactions, the securities will be valued at the mean of the closing bid and ask quotations similarly averaged over a ten trading day period immediately prior to the closing of the applicable Transaction; and (iii) if such securities have not been traded prior to the closing of the applicable Transaction, Houlihan Lokey will prepare a valuation of the securities (considering any restrictions on transferability and minority discounts), and Houlihan Lokey and the Company will negotiate in good faith to agree on a fair valuation thereof for the purposes of calculating the Sale Fee. The value of any purchase money or other promissory notes, installment sales contracts or other deferred non-contingent consideration shall be deemed to be the face amount thereof. In the event the Sale Transaction Value includes any Contingent Payments, the Company and Houlihan Lokey will negotiate in good faith to agree on that portion of the Sale Fee to be paid to Houlihan Lokey upon the consummation of the Sale Transaction in consideration thereof. If the parties cannot reach such an agreement, an additional Sale Fee(s) shall be paid to Houlihan Lokey in the same proportions and at the same times as the Contingent Payments are paid or received.

The Sale Fee shall be paid to Houlihan Lokey by withholding such fee from the sale proceeds by instructing the payor(s) of the Sale Transaction Value to wire transfer the same directly to Houlihan Lokey upon the consummation of the Transaction, or, if there is a dispute regarding the payment or the amount of the fee, the disputed portion of the Sale Fee shall be held by the Company pending resolution of the dispute.

The Restructuring Fee, Financing Fee, and Sale Fee are collectively referred to herein as "Transaction Fees".

(e) Payment of Fees. If this Agreement is terminated for any reason, and the Company consummates, a Transaction within six (6) months after such termination date (the "Tail Period"), or during the Tail Period enters into an agreement in principle to engage in a Transaction that subsequently closes during the six months after the Tail Period, Houlihan Lokey shall be entitled to receive its Transaction Fee upon the consummation of such Transaction as if no such termination had occurred.

For the avoidance of doubt, in the event the Company and Houlihan Lokey are unable to agree in good faith upon the classification of any single Transaction as a Restructuring Transaction, Financing Transaction, or Sale Transaction, or if a single Transaction with only one third party (or a group of related third parties) shall consist of two or more types of Transactions (or elements thereof), Houlihan Lokey shall receive only one Transaction Fee not to exceed the greater of the Restructuring Fee, Financing Fee, or Sale Fee as calculated in accordance with the terms of this Agreement.

The parties acknowledge that a substantial commitment of time and effort will be required by Houlihan Lokey and its professionals hereunder, and that such commitment may deprive it of certain other business opportunities. Moreover, the actual time and commitment required for this engagement may vary substantially from month to month, thereby creating "peak load" issues for Houlihan Lokey. Given the numerous issues which may arise in these types of engagements, Houlihan Lokey's commitment to the variable level of time and effort necessary to address these issues, the professional services that will be required in connection with this engagement, and the market rate for these services, the parties agree that the fee arrangement set forth herein is reasonable, fairly compensates Houlihan Lokey, and provides certainty for the Company.

Notwithstanding anything to the contrary contained in this Agreement, upon the successful restructuring of the Company and the payment of the Transaction Fees related thereto, the Company will not have any further obligations to pay fees and expenses under this Agreement, including under this Section 2(e).

(f) Expenses. Additionally, and regardless of whether any Transaction is consummated, Houlihan Lokey shall be entitled to reimbursement of its necessary and reasonable out-of-pocket expenses incurred from time to time during the term hereof in connection with the services to be provided under this Agreement, promptly after invoicing the Company therefore. Notwithstanding the forgoing, such out-of-pocket expenses shall not exceed $20,000 per month or $50,000 in the aggregate without the prior written approval of the Chief Executive Officer of the Company. Houlihan Lokey's out-of-pocket expenses, including for travel-related expenses, and research, database and similar information charges paid to third party vendors, and postage, telecommunication and duplicating expenses, will be billed to the Company on a net cost to Houlihan Lokey, without any premium, upcharge or markup; provided, however, that research, database and similar information charges paid to third party vendors, and postage, telecommunication and duplicating expenses that are incapable of being identified with, or charged to a particular client or assignment in a reasonably practicable manner may be based upon a uniformly applied monthly assessment or percentage of the fees due to Houlihan Lokey. All travel will be reimbursed on a coach class basis as First and Business class travel will not be reimbursed. The Company will not reimburse any airline or hotel VIP club membership costs. Hotel stays will be at reasonable, respectable and convenient lodging facilities.

3. **Information.** The Company will furnish Houlihan Lokey with such information regarding the business and financial condition of the Company as is reasonably requested, all of which will be, to the Company's best knowledge, accurate and complete in all material respects at the time furnished. The Company will promptly notify Houlihan Lokey if it learns of any material misstatement in, or material omission from, any information previously delivered to Houlihan Lokey. Houlihan Lokey may rely, without independent verification, on the accuracy and completeness of all information furnished by the Company or any other potential party to a Transaction. The Company understands that Houlihan Lokey will not be responsible for independently verifying the accuracy of such information, and shall not be liable for any inaccuracies therein. Except as may be required by law or court process, any opinions or advice (whether written or oral) rendered by Houlihan Lokey are intended solely for the benefit and use of the Company, and may not be publicly disclosed in any manner or made available to third parties (other than the Company's management, directors, affiliates, advisors, accountants and attorneys, and other than in connection with a Transaction) without the prior written consent of Houlihan Lokey, which consent shall not be unreasonably withheld. Upon the request of the Company, Houlihan Lokey will, to the extent feasible, provide the Company with (i) any final or presented financial models or tools, (ii) to the extent identified and requested by the Company, any work in progress financial models, tools and reports related to services requested by the Company to be performed, and (iii) other information and materials developed in the course of the engagement hereunder and presented, including, in each case, soft copies thereof. Except as contemplated by the terms hereof or as required by applicable law or legal process, Houlihan Lokey will keep confidential all material non-public information regarding the Company and its subsidiaries and affiliates provided to it by or at the request of the Company, and shall not disclose such information to any third party or to any of its employees or advisors except to its employees and advisors who have a need to know such information in connection with Houlihan Lokey's performance of its responsibilities hereunder, who are advised of the confidential nature of the information and who agree to keep such information confidential. All such non-public information will be used solely in the course of the performance of services hereunder. Notwithstanding anything in this Agreement to the contrary, the parties agree that the terms of the Confidentiality Agreement entered into by the parties as of January 23, 2004 shall remain in full force and effect for a period of three years from the termination date of this Agreement.

4. **Indemnification; Standard of Care.** The Company agrees to provide indemnification, contribution and reimbursement to Houlihan Lokey and certain other parties in accordance with, and further agrees to be bound by the other provisions set forth in, Schedule A attached hereto.

5. **Other Services.** To the extent Houlihan Lokey is requested by the Company to perform any financial advisory or investment banking services which are not within the scope of this assignment, such fees shall be mutually agreed upon by Houlihan Lokey and the Company in writing, in advance, depending on the level and type of services required, shall be in addition to the fees and expenses described hereinabove, and shall be approved by the United States Bankruptcy Court for the Northern District of Texas. If Houlihan Lokey is required by subpoena, court order or similar demand to render services directly or indirectly relating to the subject matter of this Agreement (including, but not limited to, producing documents, answering interrogatories, and giving depositions or other testimony), the Company will reimburse Houlihan Lokey for the reasonable legal fees and expenses of their Houlihan Lokey's counsel incurred in connection therewith. In addition, if Houlihan Lokey is required by subpoena, court order or similar demand to render services not directly or indirectly relating to the subject matter of this Agreement, the Company will pay the then current hourly rates of the persons involved for

the time expended in rendering such services, including travel and all related reasonable out of pocket costs and expenses, and the reasonable legal fees and expenses of Houlihan Lokey's counsel incurred in connection therewith.

6. **Attorneys' Fees.** If any party to this Agreement brings an action directly or indirectly based upon this Agreement or the matters contemplated hereby against any other party, the prevailing party shall be entitled to recover, in addition to any other appropriate amounts, its reasonable costs and expenses in connection with such proceeding, including, but not limited to, reasonable attorneys' fees and court costs.

7. **Credit.** Upon the consummation of a Transaction, Houlihan Lokey may, at its own expense, place announcements in financial and other newspapers and periodicals (such as a customary "tombstone" advertisement) describing their services in connection therewith, subject to prior review and approval by the Company.

8. **Miscellaneous.** This Agreement shall be binding upon the parties hereto and their respective successors and permitted assigns. Nothing in this Agreement, expressed or implied, however, is intended to confer or does confer on any person or entity, other than the parties hereto and their respective successors and permitted assigns and, to the extent expressly set forth in this Agreement (including Schedule A attached hereto), the other Indemnified Parties, any rights or remedies under or by reason of this Agreement or as a result of the services to be rendered by Houlihan Lokey hereunder.

The Company shall use its reasonable best efforts to seek an order authorizing the employment of Houlihan Lokey pursuant to the terms of this Agreement as a professional person pursuant to, and subject to the standard of review of, Section 328 (a) of the Bankruptcy Code, the Bankruptcy Rules and all applicable local rules. The Company will supply Houlihan Lokey with a draft of such application and any proposed order authorizing Houlihan Lokey's retention in advance of the filing of such application and proposed order to enable Houlihan and its counsel to review and comment thereon, and such application will be mutually acceptable to Houlihan Lokey and the Company. If such an order is not obtained (or is later reversed or set aside for any reason), Houlihan Lokey may terminate this Agreement and the Company shall pay all fees due hereunder, and all reasonable expenses incurred prior to such termination date, in accordance with the terms of this Agreement. Houlihan Lokey represents that (i) its officers, employees and principals involved or likely to be involved in the engagement contemplated by this Agreement do not currently and will not during the term of this Agreement represent, advise or counsel any party seeking to purchase any assets of the Company or any material stakeholder of the Company, including RTFC, Teleglobe Inc. and its affiliates, Regions Bank, United Missouri Bank, or Telephone Electronics Corporation ("TEC"), without the prior written consent of the Company and (ii) it can and shall execute such declarations and affidavits as may be required under section 327 of the Bankruptcy Code to support Houlihan Lokey's application for employment. If Houlihan Lokey at any time is disqualified from employment because it is not disinterested, or if it is found to hold or represent an interest adverse to the estate, the Company shall have no further obligation to pay any fees or expenses otherwise due hereunder. The Company shall have no obligation to pay any of Houlihan Lokey's fees or expenses otherwise due hereunder, except as approved by the Bankruptcy Court.

The parties understand that Houlihan Lokey is being engaged hereunder to provide the services described above solely to the Company, and that Houlihan Lokey is not acting as an agent of, and shall have no duty of loyalty to, the owners or creditors of the Company or any other third parties in connection with this assignment.

The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect pursuant to the terms hereof.

The Company agrees that it will be solely responsible for ensuring that any Transaction complies with applicable law.

This Agreement, together with the Confidentiality Agreement incorporates the entire understanding of the parties regarding the subject matter hereof and thereof, and supersedes all previous agreements or understandings regarding the same, whether written or oral.

This Agreement may not be amended, and no portion hereof may be waived, except in a writing duly executed by the parties.

THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO SUCH STATE'S RULES CONCERNING CONFLICTS OF LAWS. EACH OF HOULIHAN LOKEY AND THE COMPANY (ON ITS OWN BEHALF AND, TO THE EXTENT PERMITTED BY APPLICABLE LAW, ON BEHALF OF ITS EQUITY HOLDERS) WAIVES ANY RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED UPON CONTRACT, TORT OR OTHERWISE) RELATED TO OR ARISING OUT OF THE ENGAGEMENT OF HOULIHAN LOKEY PURSUANT TO, OR THE PERFORMANCE BY HOULIHAN LOKEY OF THE SERVICES CONTEMPLATED BY, THIS AGREEMENT. ANY SUIT, ACTION OR PROCEEDING SEEKING TO ENFORCE ANY PROVISION OF, OR BASED ON ANY MATTER ARISING OUT OF OR IN CONNECTION WITH, THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY MAY BE BROUGHT IN ANY COURT OF COMPETENT JURISDICTION IN DALLAS COUNTY, TEXAS OR THE UNITED STATES FEDERAL COURT SITTING IN THE NORTHERN DISTRICT OF TEXAS AND EACH OF THE PARTIES HEREBY CONSENTS TO THE JURISDICTION OF SUCH COURTS (AND OF THE APPROPRIATE APPELLATE COURTS THEREFROM) IN ANY SUCH SUIT, ACTION OR PROCEEDING AND IRREVOCABLY WAIVES, TO THE FULL EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING IN ANY SUCH COURT OR THAT ANY SUCH SUIT, ACTION OR PROCEEDING WHICH IS BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. PROCESS IN ANY SUCH SUIT, ACTION OR PROCEEDING MAY BE SERVED ON ANY PARTY ANYWHERE IN THE WORLD, WHETHER WITHIN OR WITHOUT THE JURISDICTION OF ANY SUCH COURT.

We look forward to continuing to work with you on this engagement. Please confirm that the foregoing terms are in accordance with your understanding by signing and returning the enclosed copy of this Agreement. The Effective Date of this Agreement shall be deemed to be November 1, 2004.

Very truly yours,

HOULIHAN LOKEY HOWARD & ZUKIN CAPITAL

Adam Dunayer

By: ______________________________
Mr. Adam L. Dunayer
Director

Accepted and agreed to as of 11/18/04 :

VarTec Telecom, Inc.

By: Michael G Hoff
Mr. Michael G. Hoffman
Chief Executive Officer

SCHEDULE A

This Schedule is attached to, and constitutes a material part of, that certain letter agreement dated November 1, 2004, addressed to **VarTec Telecom, Inc.** by Houlihan Lokey (the "Agreement"). Unless otherwise noted, all capitalized terms used herein shall have the meaning set forth in the Agreement.

As a material part of the consideration for the agreement of Houlihan Lokey to furnish its services under the Agreement, the Company agrees to indemnify and hold harmless Houlihan Lokey and its affiliates, and their directors, officers, shareholders, employees, and controlling persons within the meaning of either Section 15 of the Securities Act of 1933, as amended, or Section 20 of the Securities Exchange Act of 1934, as amended (collectively, the "Indemnified Parties"), to the fullest extent lawful, from and against any and all losses, claims, damages or liabilities (or actions in respect thereof), joint or several, arising out of or related to the Agreement, any actions taken or omitted to be taken by an Indemnified Party (including acts or omissions constituting ordinary negligence) in connection with the Agreement, or any Transaction or proposed Transaction contemplated thereby. In addition, the Company agrees to reimburse the Indemnified Parties for any legal or other expenses reasonably incurred by them in respect thereof at the time such expenses are incurred; provided, however, the Company shall not be liable under the foregoing indemnity and reimbursement agreement for any loss, claim, damage or liability which is finally judicially determined to have resulted from the willful misconduct, fraud, bad faith or gross negligence of any Indemnified Party.

If for any reason the foregoing indemnification is unavailable to any Indemnified Party or insufficient to hold it harmless, the Company shall contribute to the amount paid or payable by the Indemnified Party as a result of such losses, claims, damages, liabilities or expenses in such proportion as is appropriate to reflect the relative benefits received (or anticipated to be received) by the Company, on the one hand, and Houlihan Lokey, on the other hand, in connection with the actual or potential Transaction and the services rendered by Houlihan Lokey. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law or otherwise, then the Company shall contribute to such amount paid or payable by any Indemnified Party in such proportion as is appropriate to reflect not only such relative benefits, but also the relative fault of the Company, on the one hand, and Houlihan Lokey, on the other hand, in connection therewith, as well as any other relevant equitable considerations. Notwithstanding the foregoing, the aggregate contribution of all Indemnified Parties to any such losses, claims, damages, liabilities and expenses shall not exceed the amount of fees actually received by Houlihan Lokey pursuant to the Agreement.

The Company shall not effect any settlement or release from liability in connection with any matter for which an Indemnified Party would be entitled to indemnification from the Company, unless such settlement or release contains a release of the Indemnified Parties reasonably satisfactory in form and substance to Houlihan Lokey. The Company shall not be required to indemnify any Indemnified Party for any amount paid or payable by such party in the settlement or compromise of any claim or action without the Company's prior written consent.

The Company further agrees that neither Houlihan Lokey nor any other Indemnified Party shall have any liability, regardless of the legal theory advanced, to the Company or any other person or entity (including the Company's equity holders and creditors) related to or arising out of Houlihan Lokey's engagement, except for any liability for losses, claims, damages, liabilities or expenses incurred by the Company which are finally judicially determined to have resulted from the willful misconduct, fraud, bad faith or gross negligence of any Indemnified Party. The indemnity, reimbursement, contribution and other obligations and agreements of the Company set forth herein shall apply to any modifications of the Agreement, shall be in addition to any liability which the Company may otherwise have, and shall be binding upon and inure to the benefit of any successors, assigns, heirs and personal representatives of the Company and each Indemnified Party. The foregoing provisions shall survive the consummation of any Transaction and any termination of the relationship established by the Agreement.

<u>EXHIBIT D</u>

Professional Biographies

PROFESSIONAL BIOGRAPHIES

Adam Dunayer

Mr. Dunayer is a Director in the Financial Restructuring Group in Houlihan Lokey's Dallas office. Mr. Dunayer leads the firm's Distressed Company Mergers and Acquisitions and Financial Restructuring practices in Dallas, and has over 15 years of experience in providing advice to clients in connection with financial restructuring, mergers, acquisitions and dispositions, leveraged buyouts, and capital-raising activities. Prior to joining Houlihan Lokey, Mr. Dunayer was a managing director with Bear, Stearns & Co. Inc., where he was co-head of their semiconductor and wireless software sectors within the Technology Group. He was also an executive vice president and chief financial officer with Miller Industries, Inc., where he served as president of the company's largest subsidiary. In this position, Mr. Dunayer led the acquisition of over 100 companies and an organization charged with operating a 3,000-employee, 2,000-vehicle fleet company with locations in 50 markets across the United States. In addition, Mr. Dunayer was with Bear, Stearns & Co. Inc.'s Southwest Investment Banking Group, working with numerous companies in both advisory and capital-raising capacities. Mr. Dunayer holds a B.B.A. from the University of Texas at Austin.

Christopher Wilson

Mr. Wilson is a Director in the Telecom Group in the Los Angeles office of Houlihan Lokey. Mr. Wilson was previously in Houlihan Lokey's Financial Restructuring Group where he specialized in the telecommunications industry, and he played a key role in the restructurings of WorldCom, ICG Communications, Asia Global Crossing, William Communications Group and Covad Communications, and the sale of the Latin American fiber assets of 360networks. Prior to joining Houlihan Lokey, Mr. Wilson was with Montgomery Securities (now Banc of America

Securities), specializing in media and telecommunications M&A and corporate finance. While at Montgomery Securities, he completed such transactions as Paul Allen's acquisition of Charter Communications for $4.5 billion and Helicon Communications for $550 million, and the $2.8 billion IPO of Fox Entertainment Group. Mr. Wilson was also a member of the Consumer Group of EVEREN Securities and in corporate finance with the Media and Telecommunications Group of Union Bank of California. In addition, he was a senior foreign exchange option trader at Drexel Burnham Lambert. In total, Mr. Wilson has completed M&A transactions with an aggregate consideration of approximately $6 billion, debt financings totaling approximately $21 billion and equity financings totaling approximately $4.6 billion. Mr. Wilson holds an M.B.A., with honors, from the Anderson Graduate School of Management at UCLA and a degree in engineering sciences from Harvard University.

Matthew Gates

Mr. Gates is a Vice President in the Telecom Group in the Los Angeles office of Houlihan Lokey. Mr. Gates was previously in Houlihan Lokey's Financial Restructuring Group, and prior to joining the Firm, Mr. Gates was an investment banker with Thomas Weisel Partners in San Francisco, where he focused on the communications equipment sector. Also, he was with Montgomery Securities and Bear Stearns, specializing in mergers and acquisitions and corporate finance for companies in the healthcare, consumer and financial services sectors. Mr. Gates holds an M.B.A. in financial management, strategy and accounting from the University of Chicago Graduate School of Business and a B.A. in economics, with departmental and college honors, from the University of Chicago. Mr. Gates is registered with the NASD as a General Securities Representative (Series 7, 63).

Brett Lowrey

Mr. Lowrey is a Vice President in the Financial Restructuring Group in the Dallas office of Houlihan Lokey. Since joining Houlihan Lokey, Mr. Lowrey has completed numerous debtor and creditor side restructuring assignments involving businesses in various industries including telecommunications, manufacturing, energy, retail and healthcare. Prior to joining the Firm, Mr. Lowrey was an associate in the Investment Banking Group of BMO Nesbitt Burns, specializing in mergers and acquisitions, divestitures, raising capital, and structured finance, primarily for companies in the oil and gas industry. He was also an associate in the Corporate Finance Group at KPMG, specializing in mergers and acquisitions, divestitures, and private placements, primarily in the healthcare industry. Mr. Lowrey holds an M.B.A. from the Southern Methodist University Cox School of Business and a B.S. from Oklahoma State University. Mr. Lowrey has completed additional graduate work in the area of accounting and is registered with the NASD as a General Securities Representative (Series 7, 63).

Michael Boone

Mr. Boone is an Associate in the Dallas office of Houlihan Lokey. Prior to joining Houlihan Lokey, Mr. Boone was a consultant with FTI Consulting where he was involved in restructuring assignments on both the debtor and creditor side in the telecommunications, distribution, and manufacturing industries. In addition, Mr. Boone was formerly with Arthur Andersen in its restructuring group where he primarily focused on creditor side restructuring engagements in a wide range of industries. Mr. Boone holds a M.B.A. from the University of Texas McCombs School of Business and a B.A. from Vanderbilt University. Mr. Boone also maintains a CFA designation.

Bellamy Suhendra

Mr. Suhendra is a Financial Analyst in the Financial Restructuring Group in the Los Angeles office of Houlihan Lokey. Prior to joining the Firm, Mr. Suhendra was a summer analyst in the Technology Group of Banc of America Securities. He was also a research assistant in the Directorate of Economic Research and Monetary Policy of the Central Bank of Indonesia and a Corporate Finance/Equity Research intern at Bahana Securities. Mr. Suhendra holds a B.A. in economics, with distinction and Phi Beta Kappa, from Cornell University. He is fluent in Bahasa Indonesia.

Benjamin Williams

Mr. Williams is a Financial Analyst in Houlihan Lokey's Dallas office. Prior to joining Houlihan Lokey, Mr. Williams worked as an investment banking intern at Cogent Partners and served as the economist for the William C. Connor Foundation at Texas Christian University. Mr. Williams graduated with a *magna cum laude* B.B.A. in Finance and Accounting from Texas Christian University in 2004.