

# Exhibit “B”

**In re VarTec Telecom, Inc., et al.**

**Notice of Proposed Global Settlement of  
Claims Held by Excel's Independent Representatives**

VarTec Telecom, Inc. and sixteen of its direct and indirect subsidiaries, including Excel Telecommunications, Inc. and Excel Communications Marketing, Inc. (collectively, "Excel"), are debtors and debtors in possession (the "Debtors") in jointly administered cases styled *In re VarTec Telecom, Inc., et al.*, Case No. 04-81694-HDH-11 (the "Bankruptcy Cases") pending before the United States Bankruptcy Court for the Northern District of Texas (Dallas Division) (the "Bankruptcy Court"). By order entered December 9, 2004, the Bankruptcy Court appointed an Official Committee of Excel Independent Representatives (the "IR Committee") to represent the interests of all independent representatives of Excel ("IRs") and to negotiate a global and comprehensive settlement of their claims against the Debtors. You have been identified by the business records of the Debtors as an independent representative of Excel who may have claims against the bankruptcy estates of Excel and/or the other Debtors.

Following extensive negotiations, the Debtors, the IR Committee, and the Debtors' senior secured lender, the Rural Telephone Finance Cooperative ("RTFC"), have reached a comprehensive compromise and settlement ("Global IR Settlement") of all claims held by independent representatives of Excel who were active as of November 1, 2004 (the "Petition Date"), according to the business records of the Debtors (the "Eligible IRs").<sup>1</sup> The Global IR Settlement is subject to the approval of the Bankruptcy Court. The IR Committee believes that the treatment of the Eligible IRs' claims in the Global IR Settlement is fair and reasonable and in the best interests of all Eligible IRs.

On November 17, 2005, the Debtors filed a motion with the Bankruptcy Court seeking approval of the Global IR Settlement ("Settlement Motion"), which will be heard on [December 19, 2005, at 1:30 p.m.], prevailing Central time, in the courtroom of the Honorable Harlin D. Hale, 1100 Commerce Street, 14th Floor, Dallas, Texas. Attached to the Settlement Motion is a form of written agreement that evidences the Global IR Settlement ("Settlement Agreement").<sup>2</sup> The Global IR Settlement provides, among other things, for the classification and treatment of all claims held by Eligible IRs (the "IR Claims") who participate in the settlement (the "Settling IRs") in the amounts set forth in the Debtors' schedule of IR Claims (the "IR Schedule"), which will be filed with the Bankruptcy Court on or before [November 25, 2005].

The Global IR Settlement also provides for the granting of releases by the Settling IRs of all IR Claims held by them and/or the IR Committee, of whatever kind or nature, whether known or unknown, against (i) the Debtors, their affiliates, and their respective officers, directors, employees, agents, and attorneys who served in such capacity on or after the Petition Date, and (ii) the RTFC, its affiliates, and their respective officers, directors, employees, agents, and attorneys who served in such capacity prior to or as of the IR Payment Date. In general terms, the Global IR Settlement divides the universe of all IR Claims into seven classes and treats the IR Claims within such classes as follows:

<b>Classification</b>	<b>Treatment of Claims</b>
Class A – 10-Day Rescission Period Claims (for new fees received by the Debtors on or between October 22, 2004 and October 31, 2004)	Class A Claims will be paid in full by a check drawn on a specially established bank account of the Debtors (a " <u>Settlement Check</u> ") mailed on the IR Payment Date.
Class B Claims – Prepetition Recruiting Commissions and Ambassador/ESD/SD Pool Claims	Class B Claims will be allowed as priority claims pursuant to section 507(a)(3) of the Bankruptcy Code up to the statutory maximum of \$4,925 per Settling IR for the combined amount of such Settling IR's Class B Claims and Class C Claims (the " <u>Combined Priority Amount</u> "). Such priority claims will be paid by Settlement Check mailed to the Settling IR on the IR Payment Date. That portion of a Settling IR's Class B Claim in excess of the Combined Priority Amount, if any, will be allowed, in full, upon the occurrence of the IR Payment Date, as a pre-petition general unsecured claim and treated under any plan of reorganization or liquidation confirmed and consummated in these Cases (" <u>Plan</u> ") as an allowed general unsecured claim in accordance with the Settlement Agreement.
Class C Claims – Prepetition Usage Commissions	Class C Claims will be allowed as priority claims pursuant to section 507(a)(3) of the Bankruptcy Code up to the Combined Priority Amount upon occurrence of the IR

<sup>1</sup> The Global IR Settlement neither compromises nor settles claims of any person or entity who is not an Eligible IR. Thus, the claims (if any) of (i) former IRs who were no longer active as of the Petition Date and (ii) independent representatives of the non-U.S. Excel entities, are not compromised or settled in the Global IR Settlement.

<sup>2</sup> All capitalized terms used herein but not defined shall have the meanings ascribed to such terms in the Settlement Agreement.

	Payment Date. Such priority claims will be paid by Settlement Check mailed to the Settling IR on the IR Payment Date. That portion of a Settling IR's Class C Claims in excess of the Combined Priority Amount, if any, will be allowed, in full, upon the occurrence of the IR Payment Date, as a pre-petition general unsecured claim and treated under any Plan as an allowed general unsecured claim in accordance with the Settlement Agreement.
Class D Claims – Post-Petition Usage Commissions	Class D Claims will be waived, released, and forever discharged on the IR Payment Date. No Distribution will be made on account Class D Claims.
Class E Claims – Unused Enrollment, Training, or Renewal Fees for Twelve Months prior to the Petition Date (expressly excluding Class A Claims)	Each Class E Claim shall receive in full satisfaction of such Class E Claim a pro rata share of \$600,000 calculated as provided in the Settlement Agreement. Each Class E Claim will be paid by Settlement Check mailed on the IR Payment Date.
Class F Claims – Post-Petition Payments Received by Debtors (Any Fees, Deposits, etc.)	Each holder of a Class F Claim will be paid his Class F Claim, in full, by Settlement Check mailed on the IR Payment Date
Class G Claims – Miscellaneous Claims Against the Released Parties (Expense Reimbursement, Tort Claims, Breach of Contract Claims, and any other IR Claim not included in Classes A through F)	Class G Claims will be waived, released and forever discharged on the IR Payment Date. No Distribution will be made on account of Class G Claims.

Subject to and in accordance with the Settlement Agreement, any IR Claim allowed or distribution made under the Global IR Settlement to Settling IRs will be subject to and net of the Debtors' rights of setoff or recoupment, if any ("Setoff Rights"), for (i) credit card chargebacks, payment reversals, credits, or other refunds in favor of such Settling IR in respect of any payments made by such Settling IR to the Debtors and later reversed or voided, and (ii) any outstanding loan of such Settling IR owing to the Debtors that remains unsatisfied as of the IR Payment Date, to be applied as set forth in the Settlement Agreement. To the extent the Debtors' Setoff Rights as to an individual Settling IR exceed the combined amount of a Settling IR's Distribution and allowed unsecured claim, if any, the Debtors shall be entitled to seek recovery from such Settling IR in accordance with applicable law. The Debtors also shall be authorized, but not required, to withhold from any Distribution amounts required to be withheld pursuant to any valid governmental, court, or administrative order to garnish or levy a Settling IR's compensation.

If the Bankruptcy Court approves the Global IR Settlement, Eligible IRs will be so notified and provided with information concerning their right to opt out of (*i.e.*, not participate in) the Global IR Settlement. At that time you will be able to obtain copies of the Settlement Motion, the Settlement Order, and the Settlement Agreement, and to access other information related to the Global IR Settlement, including the amounts listed in the IR Schedule, by going to [www.myexcel.com](http://www.myexcel.com) or by requesting the same by letter sent via U.S. Mail or facsimile to Vinson & Elkins L.L.P., Attn: Pam Lewis, 2001 Ross Avenue, Suite 3700, Dallas, Texas, 75201; Facsimile No. (214) 999-7729. You are encouraged to go to the website to review the relevant documents.

You have the right to object to the approval of the Global IR Settlement by the Bankruptcy Court. Any such objection must be in writing and filed with the Bankruptcy Court and served on the following on or before [December 16, 2005]: (i) the Debtors at VarTec Telecom, Inc., Attn: IR Settlement Objection, 2440 Marsh Lane, Carrollton, Texas, 75006; (ii) the Debtors' counsel at Vinson & Elkins L.L.P., Attn: James J. Lee, 2001 Ross Avenue, Suite 3700, Dallas, Texas, 75201; (iii) the IR Committee's counsel at White & Case LLP, Attn: John K. Cunningham, Wachovia Financial Center, 200 South Biscayne Blvd., Miami, Florida, 33131; (iv) the RTFC's counsel at Fulbright & Jaworski L.L.P., Attn: Toby L. Gerber, 2200 Ross Avenue, Suite 2800, Dallas, Texas, 75201; (v) the Official Committee of Unsecured Creditors' counsel at Carrington, Coleman, Sloman & Blumenthal, L.L.P., Attn: Stephen A. Goodwin, 200 Crescent Court, Suite 1500, Dallas, Texas, 75201; and (vi) the United States Trustee, Attn: George McElreath at 1100 Commerce Street, Room 9-C-60, Dallas, Texas, 75242.

This Notice contains only a summary of material terms of the proposed settlement. It is not intended to be a comprehensive description of, or a substitute for, the Settlement Agreement. You should consult the actual Settlement Agreement for the specific terms and conditions of the proposed settlement and the procedures for objecting to, participating in, or rejecting same. To the extent the description of the Global IR Settlement contained in this Notice conflicts with the express provisions of the Settlement Agreement, the express provisions of the Settlement Agreement shall control.