

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF TEXAS
(DALLAS DIVISION)

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|-------------------------------|---|-------------------------|
| In re: |) | Chapter 11 |
| |) | |
| VARTEC TELECOM, INC., et al., |) | Case No. 04-81694-saf11 |
| |) | |
| Debtors. |) | Jointly Administered |
| |) | |

**AMENDMENT NO. 1 TO STIPULATION AND ORDER FOR ASSUMPTION AND
ASSIGNMENT OF EXECUTORY CONTRACTS, AND RELATED CURE,
AMONG (I) THE DEBTOR, (II) THE OPERATING TELEPHONE
COMPANY SUBSIDIARIES OF VERIZON COMMUNICATIONS INC.,
AND (III) COMTEL TELECOM ASSETS LP**

The operating telephone company subsidiaries of Verizon Communications Inc. (such subsidiaries, collectively, "Verizon"),¹ the above-captioned debtors (the "Debtors"), and Comtel Telcom Assets L.P. as assignee of Comtel Investments LLC " ("Comtel" or the "Comtel

¹ The operating telephone company subsidiaries of Verizon Communications Inc. are Verizon North Inc., Contel of the South, Inc., Verizon South Inc., Verizon Northwest Inc., GTE Midwest Incorporated d/b/a Verizon Midwest, GTE Southwest Inc. d/b/a Verizon Southwest, Verizon California Inc., Verizon Delaware Inc., Verizon Florida Inc., Verizon Maryland Inc., Verizon New England Inc., Verizon New Jersey Inc., Verizon New York Inc., Verizon Pennsylvania Inc., Verizon Virginia Inc., Verizon Washington, DC Inc., Verizon West Virginia Inc., and Verizon West Coast Inc.



Buyer”) (all of the aforementioned collectively, the “Parties,” and individually, a “Party”) hereby stipulate and agree as follows with respect to an Amendment to the Stipulation and Order for Assumption and Assignment of Executory Contracts, and Related Cure, Among (i) the Debtor, (ii) the Operating Telephone Company Subsidiaries of Verizon Communications Inc., and (iii) Comtel Telecom Assets L.P. (the “Stipulation”). All capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Stipulation. The Recitals set forth in the Stipulation are incorporated herein by reference.

AMENDMENT

Notwithstanding anything in the Stipulation, the Parties agree to settle the Remaining PARS Dispute described in the Stipulation as follows:

1. Verizon shall withdraw all charges billed to Debtors on July 15, 2005, representing \$53,197.97.
2. Verizon shall withdraw the true-up charges of \$121,336.29 included in the Verizon/Debtors’ reconciliation covering the period from May 1, 2005 to June 30, 2005, and the Parties agree that the Debtors may take immediate advantage of such withdrawal by reducing the payment due under the Carriers Stipulation on August 17, 2005 by this amount.
3. Verizon will not charge the Debtors or seek to collect from the Debtors additional amounts for unbillable, uncollectible or post-billing adjustment amounts, or unpaid billing and collection ancillary charges under the B&C Agreement, for the post-petition purchased receivables.
4. Verizon will provide an additional \$50,000 credit to the Debtors on the July/August reconciliation pursuant to the Carrier Stipulation, and therefore the Debtors may

deduct this amount from the payment scheduled for August 17, 2005 pursuant to the Carrier Stipulation.

5. The payment of \$250,000 to be made by the Comtel Buyer to Verizon on or before the Final Closing Date pursuant to the Stipulation shall be unaffected by this Amendment.

6. Paragraph 8 of the Stipulation shall be amended to read as follows:

“8. Effective upon the consummation of the Final Closing Date, the Debtors and the Comtel Buyer, on the one hand, and Verizon on the other hand, shall be deemed to have fully and forever waived, released, extinguished and forever discharged each other from any and all claims, actions, complaints, causes of action, debts, costs and expenses (including attorneys' fees), demands or suits, at law or in equity or in bankruptcy (including, without limitation, any avoidance actions under Chapter 5 of the Bankruptcy Code) or otherwise, known or unknown, present or future, fixed or contingent, which each Party may have or claim to have against the other (i) from the beginning of time through the Petition Date relating to the Debtors, and (ii) from the beginning of time through the date hereof relating to (i) postpetition amounts owing to the Debtors under the B&C Agreement and withheld pursuant to the terms of the Carriers Stipulation, or (ii) the claims of Verizon for unbillable, uncollectible or post-billing adjustment amounts, or unpaid billing and collection ancillary charges, under the B&C Agreement, as described in the Carriers Stipulation (the “Remaining PARS Dispute”).”

EFFECT OF AMENDMENT

7. Other than as explicitly set forth herein, nothing set forth herein shall be deemed to modify or alter the terms of the Stipulation.

STIPULATED AND AGREED THIS ____ DAY OF _____, 2005.

VERIZON

By: _____

Name: Sherry Hessenthaler

Title: Vice President, Finance

-AND-

ARNALL GOLDEN GREGORY LLP

Darryl S. Laddin

Heath J. Vicente

171 17th Street, NW

Suite 2100

Atlanta, Georgia 30363

(404) 873-8500

ATTORNEYS FOR VERIZON

DEBTORS

By: _____
Michael G. Hoffman
President/Chief Executive Officer

-AND-

VINSON & ELKINS L.L.P.
Daniel C. Stewart, SBT #19206500
William L. Wallander, SBT #20780750
Trammell Crow Center
2001 Ross Avenue, Suite 3700
Dallas, Texas 75201
(214) 661-7299

ATTORNEYS FOR DEBTORS

RTFC*

By: _____

Name: _____

Title: _____

-AND-

FULBRIGHT & JAWORSKI L.L.P.

Toby L. Gerber, SBT # _____

200 Ross Avenue - Suite 2800

Dallas, Texas 75201

(214) 855-7171

ATTORNEYS FOR RTFC

*Signature by RTFC is solely because RTFC executed original Stipulation as to paragraph 9 thereof.

COMTEL TELECOM ASSETS L.P.

By: Comtel Assets Inc.,
Its: General Partner

By: _____
Name: William Zartler
Title: President

-AND-

LATHAM & WATKINS, LLP
Peter M. Gilhuly
633 West Fifth Street, Suite 4000
Los Angeles, California 90071-2007
(213) 485-1234

ATTORNEYS FOR COMTEL

SO ORDERED.