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October 4, 2002

Janet Deixler, Secretary of the Commission  
New York Public Service Commission  
Three Empire State Plaza  
New York, NY 12223-1350

RE: Petition for Authority to Transfer Ownership or Control of Startec Global Communications Corporation to Allied Capital Corporation

Dear Ms. Deixler:

Enclosed herewith for filing with the Commission, please find an original and five (5) copies of the petition to transfer control of Startec Global Communications Corporation, its wholly owned subsidiaries Startec Global Operating Corporation and Startec Global Licensing Corporation, to Allied Capital Corporation.

Also enclosed is a duplicate of this letter. Please stamp the duplicate received and return same in the postage-paid envelope attached thereto.

Should you have any questions or concerns relating to this matter, please contact the undersigned.

Respectfully submitted,

EARLY, LENNON, CROCKER & BARTOSIEWICZ, P.L.C.

Patrick D. Crocker

PDC/bmr

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**BEFORE THE NEW YORK PUBLIC SERVICE COMMISSION**

Petition for Authority to Transfer Ownership or )  
Control of Startec Global Communications ) Docket No.  
Corporation to Allied Capital Corporation )

To the Commission:

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**PETITION FOR AUTHORITY TO TRANSFER CONTROL**

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STARTEC GLOBAL COMMUNICATIONS CORPORATION ("Startec"), its wholly owned subsidiaries Startec Global Operating Company ("Startec Operating"), and Startec Global Licensing Company ("Startec Licensing") and Allied Capital Corporation ("Allied") (collectively, the "Applicants"), by their attorneys, hereby respectfully request that the New York Public Service Commission ("Commission"), approve the transfer of control of Startec from its current shareholders to Allied. Since Startec, Startec Operating, and Startec Licensing will continue to provide such service in New York, the Applicants do not seek to transfer Startec's operating authority in connection with this transaction. The Applicants request expedited treatment of this application in order to permit them to consummate the transaction without undue delay. In support hereof the parties would show unto the Commission the following to-wit:

**THE PARTIES**

1. Startec is a Delaware corporation. Through its subsidiaries Startec Operating and Startec Licensing, Startec provides domestic and international long distance services, striving, in particular, to meet the needs of select ethnic businesses and residential communities located in major metropolitan areas. The Commission authorized Startec Licensing as an IntraLATA, InterLATA, and Operator Service Provider.

The principal address for Startec, Startec Operating and Startec Licensing will be:

1151 Seven Locks Road  
Potomac, MD 20854

2. Allied is a publicly owned Maryland corporation headquartered in Washington, D.C. Allied provides investment capital (in the form of both debt and equity securities) to private and undervalued public companies. Allied is currently the largest business development company in the United States. The principal office of Allied is located at:

1919 Pennsylvania Avenue, NW  
Washington, DC 20006

3. Questions about this application should be directed to:

Patrick D. Crocker  
Early, Lennon, Crocker & Bartosiewicz, P.L.C.  
900 Comerica Building  
Kalamazoo, MI 49007  
Telephone: (269) 381-8844  
Facsimile: (269) 381-8822

#### **TRANSFER OF CONTROL**

4. On December 14, 2001, Startec and its wholly owned subsidiaries Startec Operating and Startec Licensing filed for bankruptcy under Chapter 11 of Title 11 of the U.S. Code in the U.S. Bankruptcy Court for the District of Maryland (Greenbelt Division)<sup>1</sup>.

#### **QUALIFICATIONS OF TRANSFEREE**

5. Allied is financially qualified to acquire control of Startec, Startec Operating, Startec Licensing and their business.

6. After the transaction, Startec, Startec Operating, and Startec Licensing will continue to operate as they have in the past. Startec, Startec Operating, and Startec Licensing will retain all key personnel, including certain senior management personnel.

7. Under the terms of a Debtors' Joint Plan of Reorganization ("Plan") filed with the Bankruptcy Court on June 14, 2002, Startec, Startec Operating, and Startec Licensing will be reorganized and reincorporated as new Delaware corporations, with the reorganized Startec

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<sup>1</sup> *In re Startec Global Communications Corp., et al.*, Case No. 001-25013 (DK).

Operating and Startec Licensing continuing to be wholly-owned subsidiaries of Startec. Among the three reorganized debtors, Startec Licensing will provide all intrastate and interstate domestic services and will hold the licenses and authorizations required for those services. A copy of the Plan is attached hereto as **Exhibit A**.

8. Thus, the transfer of ownership or control will be transparent to, and have no adverse impact upon, Startec customers.

#### **PUBLIC INTEREST**

9. The transfer of control of Startec from its current shareholder to Allied is in the public interest as it will provide Startec, Startec Operating and Startec Licensing with the best opportunity to continue providing domestic services to customers in the State of New York. Serving select ethnic and linguistic communities, in particular, Startec and its subsidiaries play a vital role in an important niche market.

10. In addition, Startec will have access to the financial resources it needs to introduce new products and services and to respond to competition in the competitive telecommunications environment in New York. Over time, consumers in New York will benefit from a greater number of products and service options as well as lower prices offered by Startec.

**WHEREFORE**, Startec and Allied respectfully request that the Commission authorize the transfer of control of Startec from its current shareholder to Allied so that the transaction may proceed without undue delay.

Respectfully submitted,

Early, Lennon, Crocker & Bartosiewicz, P.L.C.

By: \_\_\_\_\_

Patrick D. Crocker  
Early, Lennon, Crocker & Bartosiewicz, P.L.C.  
Attorneys for Startec Global Communications  
Corporation and Allied Capital Corporation

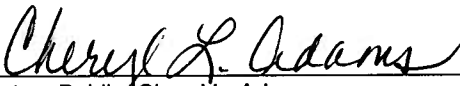
STATE OF MICHIGAN       )  
                                      ) ss  
COUNTY OF KALAMAZOO    )

**VERIFICATION**

I, Patrick D. Crocker, Attorney for Startec Global Communications Corporation and Allied Capital Corporation, first being duly sworn on oath, deposes and says that he has read the foregoing Petition and certifies that the statements made therein are true and correct to the best of his knowledge, information and belief.

  
\_\_\_\_\_  
Patrick D. Crocker  
Early, Lennon, Crocker & Bartosiewicz, P.L.C.

The foregoing instrument was acknowledged before me this 4<sup>th</sup> day of October 2002 by  
Patrick D. Crocker.

  
\_\_\_\_\_  
Notary Public, Cheryl L. Adams  
Commission Expires: 06/24/05  
County of Kalamazoo, Michigan

## **EXHIBIT A**

### **Debtors' Joint Plan of Reorganization**

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF MARYLAND  
Greenbelt Division

In re:	)	Chapter 11
	)	
Startec Global Communications Corporation,	)	Case No. 01-25013 (DK)
Startec Global Operating Company, and	)	Case No. 01-25009 (DK)
Startec Global Licensing Company,	)	Case No. 01-25010 (DK)
	)	
Debtors.	)	Jointly Administered Under
	)	Case No. 01-25013 (DK)

DEBTORS' JOINT PLAN OF REORGANIZATION

Philip D. Anker (MD Fed. Bar No. 08208)  
Thomas W. White  
Gwen Ponder

Wilmer, Cutler & Pickering  
2445 M Street, N.W.  
Washington, D.C. 20037-1420

Tel: 202-663-6000  
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Counsel to Debtors

Dated: June 14, 2002



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## EXHIBITS

EXHIBIT A (Terms of Modified Debt)
EXHIBIT B (Form of Warrant Agreement)
EXHIBIT C (Form of Holdings Certificate of Incorporation)
EXHIBIT D (Terms of Senior Executive Employment Agreements)
EXHIBIT E (Schedule of Assumed Contracts)
EXHIBIT F (Initial Board of Reorganized Holdings)

Pursuant to chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 1101 *et seq.*, Startec Global Communications Corporation, Startec Global Operating Company, and Startec Global Licensing Company, each a Delaware corporation, debtors and debtors in possession in the above-captioned and numbered jointly-administered chapter 11 cases, hereby respectfully propose the following Joint Plan of Reorganization dated June 14, 2002:

ARTICLE ONE  
DEFINITIONS AND INTERPRETATIONS

1.1. Definitions. Unless the context requires otherwise, the following words and phrases shall have the meanings set forth below:

1.1.1. Administrative Expense: A right to payment from the Consolidated Debtors constituting a cost or expense of administration of the Chapter 11 Cases of the Consolidated Debtors arising on or after the Filing Date and before the Effective Date under section 503(b) of the Bankruptcy Code that is entitled to priority under section 507(a)(1) of the Bankruptcy Code, including any actual and necessary costs and expenses of preserving one or more of the Consolidated Debtors' Estates, any actual and necessary costs and expenses of operating one or more of the Consolidated Debtors' businesses, and any fees or charges assessed against one or more of the Estates of the Consolidated Debtors under section 1930 of chapter 123 of title 28 of the United States Code.

1.1.2. Allied: Allied Capital Corporation, a Maryland corporation.

1.1.3. Allied Other Secured Claim: The Claim of Allied arising from that certain promissory note dated April 13, 2001 in the principal amount of \$10,000,000, secured by a Lien on all cash and accounts of the Subsidiary Debtors.

1.1.4. Allied Releasees: Allied and its current and former officers, directors, shareholders, employees, consultants, attorneys and other representatives.

1.1.5. Allied Unsecured Claim: The Claim of Allied arising from that certain promissory note dated April 13, 2001 in the principal amount of \$10,000,000, not secured by a Lien on any property of any of the Debtors.

1.1.6. Allied Tranche A Claim: The Claim of Allied under the "Tranche A" debtor-in-possession loan in the principal amount of \$16,315,000 made to the Debtors pursuant to, and as defined in, the DIP Facility Agreement.

1.1.7. Allied Tranche B Claim: The Claim of Allied under the "Tranche B" debtor-in-possession loan in the principal amount of \$7,500,000 made to the Debtors pursuant to, and as defined in, the DIP Facility Agreement.

1.1.8. Allowance Date: (a) With respect to a Claim or Administrative Expense Allowed pursuant to Final Order, the date on which such order becomes a Final Order; (b) with respect to a Claim or Administrative Expense Allowed under this Plan, the Effective Date; (c) with respect to a Claim or Administrative Expense Allowed by agreement of the Debtors in

accordance with Section 11.2 of this Plan, the date fixed in the agreement as the Allowance Date (or if no such date is specified, the date of the agreement); and (d) with respect to a Claim or Administrative Expense Allowed because no objection is filed thereto by the Claims Objection Deadline or other applicable deadline, the first Business Day after such deadline.

1.1.9. Allowed: With respect to Pre-Petition Claims, (a) any Claim against a Debtor for which a Proof of Claim has been Filed by the Bar Date, (b) any Claim that has been or is hereafter listed in the Schedules as neither disputed, contingent or unliquidated, and for which no Proof of Claim has been Filed by the Bar Date, or (c) any Claim allowed pursuant to this Plan, by agreement of the Debtors in accordance with Section 11.2 of this Plan, or by Final Order of the Bankruptcy Court; provided, however, that with respect to any Claim described in clauses (a) or (b) above, such Claim shall be Allowed only if (i) no objection to the allowance thereof has been interposed by the Claims Objection Deadline or within such other applicable period of time fixed by this Plan, the Bankruptcy Code, the Bankruptcy Rules or the Bankruptcy Court or (ii) such an objection has been interposed, but the objection has been withdrawn or the Claim shall have been allowed by a Final Order or by agreement of the Debtors in accordance with Section 11.2 of this Plan (but only if such allowance was not solely for the purpose of voting to accept or reject this Plan). With respect to Administrative Expenses, (a) any Professional Fee Claim allowed by Final Order of the Bankruptcy Court, or (b) any other Administrative Expense that is not disputed by the Debtors or is disputed by the Debtors and is allowed by agreement of the Debtors in accordance with Section 11.2 of this Plan or by Final Order of the Bankruptcy Court. Except as otherwise specified in this Plan or a Final Order of the Bankruptcy Court, or as otherwise required under applicable law with respect to an Administrative Expense, the amount of an Allowed Claim shall not include interest on such Claim accruing from and after the Filing Date.

1.1.10. Allowed Claim: A Claim against one of more of the Consolidated Debtors that has been Allowed.

1.1.11. Allowed . . . Claim: An Allowed Claim of the type described.

1.1.12. Alternative Plan: In the event that the Court declines to substantively consolidate the Estate of Holdings with the Estates of the Subsidiary Debtors in the manner set forth in Section 9.9(a) or otherwise, or this Plan is not otherwise confirmed as to Holdings, this Plan as applied only to Operating and Licensing.

1.1.13. Applicable Rate: A fixed annual rate of interest to be determined by the Bankruptcy Court or otherwise agreed to by the Reorganized Debtors and the relevant Creditor.

1.1.14. Assets: Any and all real or personal property of any nature, Including any real estate, buildings, structures, improvements, privileges, rights, easements, leases, subleases, licenses, goods, materials, supplies, furniture, fixtures, equipment, work in process, accounts, chattel paper, cash, deposit accounts, reserves, deposits, contractual rights, intellectual property rights, claims, Causes of Action and any other general intangibles of a Consolidated Debtor, as the case may be, of any nature whatsoever, Including all property of the Estates of the Consolidated Debtors pursuant to section 541 of the Bankruptcy Code.



1.1.15. Avaya: Avaya Canada Corp., a corporation organized under the laws of Canada.

1.1.16. Avaya Claim: The Claim in the amount of CDN \$61,186.10 of Avaya arising from that certain Master Procurement Agreement by and between Avaya and Holdings, dated February 14, 2001, the schedules thereto and the purchase orders executed in connection therewith.

1.1.17. Avaya Equipment: The PBX equipment owned by Holdings located in the State of Maryland and Vancouver, Canada, that secures the Avaya Secured Claim.

1.1.18. Avaya Secured Claim: That portion of the Avaya Claim that is secured by a Lien on the Avaya Equipment and that is a Secured Claim, as provided in Section 6.2.4 of this Plan.

1.1.19. Ballot: The form of ballot accompanying the Disclosure Statement provided to each Holder of a Claim entitled to vote to accept or reject this Plan.

1.1.20. Bankruptcy Code: The Bankruptcy Reform Act of 1978, as amended and codified in title 11 of the United States Code, 11 U.S.C. §§ 101 et seq., and applicable portions of titles 18 and 28 of the United States Code.

1.1.21. Bankruptcy Court: The division of the United States Bankruptcy Court for the District of Maryland (Greenbelt Division) having jurisdiction over the Chapter 11 Cases or any other court having jurisdiction over the Chapter 11 Cases or the applicable proceedings therein.

1.1.22. Bankruptcy Rules: The Federal Rules of Bankruptcy Procedure, as amended from time to time, as applicable to the Chapter 11 Cases, promulgated under 28 U.S.C. § 2075 and as supplemented by the Local Rules of the Bankruptcy Court.

1.1.23. Bar Date: With respect to all Creditors other than Governmental Units, (a) April 8, 2002, the date fixed by order of the Bankruptcy Court by which any Proof of Claim must be Filed, or (b) such other date by which a Proof of Claim must be Filed as fixed by Final Order of the Bankruptcy Court, the Bankruptcy Code, or the Bankruptcy Rules. With respect to Governmental Units, (a) June 12, 2002 or (b) such other date by which a Proof of Claim must be filed as fixed by Final Order of the Bankruptcy Court, the Bankruptcy Code, or the Bankruptcy Rules.

1.1.24. Board: The board of directors of a Debtor or a Reorganized Debtor, as applicable.

1.1.25. By-Laws: The By-Laws of a Debtor in effect as of the Filing Date.

1.1.26. Business Day: Any day, other than a Saturday, Sunday or legal holiday (as defined in Bankruptcy Rule 9006(a)).

1.1.27. Cash: United States currency, a certified check, a cashier's check or a wire transfer of good funds from any source, or a check drawn on a domestic bank by a Debtor, a Reorganized Debtor or other Entity making any distribution under this Plan.

1.1.28. Catch-up Distribution Date: The six (6) month anniversary of the Effective Date and, if necessary, each six (6) month anniversary thereafter.

1.1.29. Cause of Action: Any action, cause of action, suit, account, controversy, agreement, promise, right to legal remedies, right to equitable remedies, right to payment, or claim, whether known or unknown, reduced to judgment, not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, secured, unsecured and whether asserted or assertable directly or derivatively, in law, equity or otherwise.

1.1.30. Chapter 11 Cases: The cases under chapter 11 of the Bankruptcy Code, commenced by Holdings, Operating and Licensing in the Bankruptcy Court on December 14, 2001.

1.1.31. CIT: CIT Communications Finance Corporation, a Delaware corporation.

1.1.32. CIT Claim: The Claim in the amount of \$643,931.01 by CIT arising from its pre-petition capital equipment leases with Operating.

1.1.33. CIT Equipment: The Definity G3R manufactured by Lucent Technologies, Inc. and located in the State of Maryland that secures the CIT Claim.

1.1.34. CIT Secured Claim: That portion of the CIT Claim that is secured by a Lien on the CIT Equipment and that is a Secured Claim as provided in Section 6.2.6 of the Plan.

1.1.35. Claim: A claim (as defined in section 101(5) of the Bankruptcy Code) against any Consolidated Debtor, whether or not asserted, Including: (a) any right to payment from a Consolidated Debtor whether or not such right is reduced to judgment, liquidated, unliquidated, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured; or (b) any right to an equitable remedy for breach of performance if such performance gives rise to a right of payment from a Consolidated Debtor, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured.

1.1.36. Claims Objection Deadline: As to any Pre-Petition Claim, the date that is (90) days after the Effective Date or ninety (90) days after the Filing of the Proof of Claim for such Claim, whichever is later, or such other date determined by the Bankruptcy Court by Final Order.

1.1.37. Class: A class of Claims or Equity Interests designated pursuant to this Plan.

1.1.38. Committee Releasees: Each member, consultant, attorney, accountant, financial advisor or other representative of the Creditors' Committee.

1.1.39. Confirmation: The entry of the Confirmation Order, subject to all conditions specified in Section 13.1 of this Plan having been satisfied or waived by the Debtors.

1.1.40. Confirmation Date: The date upon which the Confirmation Order is entered by the Bankruptcy Court on its docket, within the meaning of Bankruptcy Rules 5003 and 9021.

1.1.41. Confirmation Hearing: The hearing held by the Bankruptcy Court pursuant to section 1128(a) of the Bankruptcy Code with respect to the confirmation of this Plan pursuant to section 1129 of the Bankruptcy Code.

1.1.42. Confirmation Order: The order of the Bankruptcy Court confirming this Plan pursuant to section 1129 of the Bankruptcy Code.

1.1.43. Consolidated Debtors:

- (a) If the Consolidated Plan is confirmed, the Debtors; or
- (b) If the Alternative Plan is confirmed, the Subsidiary Debtors only.

1.1.44. Consolidated Plan: In the event that the Court substantively consolidates the Estate of Holdings with the Estates of the Subsidiary Debtors in the manner set forth in Section 9.9(a) or otherwise, or this Plan is otherwise confirmed as to all Debtors, this Plan as applied to Holdings, Operating and Licensing.

1.1.45. Consummation: The performance of the acts necessary for the effectiveness of this Plan as of the Effective Date.

1.1.46. Convenience Class: All Holders of General Unsecured Claims (a) whose General Unsecured Claims, in the aggregate for each such Holder, are Allowed in an amount not in excess of \$20,000, or (b) who elects, on a Ballot timely submitted to accept or reject this Plan, to reduce their Claims, in the aggregate for each such Holder, to \$20,000 and to exchange and release such reduced Allowed Claim for an Allowed Convenience Class Claim of the same reduced amount; provided, however, the Convenience Class shall not include any of the Holders of Claims covered by clause (b) above if the inclusion of such Holders of Claims in the Convenience Class would cause the aggregate distribution to the Convenience Class under Section 6.3.3 of this Plan to (or otherwise such aggregate distribution would) exceed \$300,000, or such higher aggregate distribution amount as the Debtors elect.

1.1.47. Creditor: Any Entity that is a Holder of a Pre-Petition Claim against a Debtor.

1.1.48. Creditors' Committee: The official committee of unsecured Creditors appointed in these Chapter 11 Cases pursuant to section 1102(a) of the Bankruptcy Code on January 10, 2002, as the same may be constituted from time to time.

1.1.49. Debtor Releasees: The Consolidated Debtors' current and former officers, directors, shareholders, employees, consultants, attorney, accountants, financial advisors

and other representatives, but excluding any former officers, directors, shareholders, employees, consultants, attorney, accountants, financial advisors and other representatives as to whom any of the Debtors are on the opposite side in ongoing litigation (either as plaintiff or defendant) other than relating to any Proof of Claim or objection to a Proof of Claim filed in Bankruptcy Court.

1.1.50. Debtors: Holdings, Operating and Licensing.

1.1.51. DIP Facility Agreement: The postpetition loan facility agreement, dated as of December 17, 2001 between the Debtors and Allied, providing debtor-in-possession financing in the aggregate principal amount of \$23,815,000, as approved by the Final DIP Order.

1.1.52. Disallowed Claim: A Pre-Petition Claim, or any portion thereof, that (a) has been disallowed by a Final Order of the Bankruptcy Court (or by agreement of the Holder of the Claim to withdraw or treat such Claim or any portion thereof as disallowed), or (b) has not been Scheduled by the Debtor or is Scheduled at zero or as contingent, disputed or unliquidated and as to which the Bar Date has passed but no Proof of Claim has been filed or deemed timely filed with the Bankruptcy Court pursuant to either the Bankruptcy Code or any Final Order of the Bankruptcy Court.

1.1.53. Disclosure Statement: The Debtors' Joint Disclosure Statement describing this Plan, as amended, supplemented, or modified from time to time that is prepared and distributed in accordance with the Bankruptcy Code and Bankruptcy Rules and other applicable law.

1.1.54. Disputed . . . Claim: A Pre-Petition Claim, or any portion thereof, of the type described that is neither an Allowed Claim nor a Disallowed Claim.

1.1.55. Distribution Record Date: The Voting Deadline, as set forth in the Disclosure Statement.

1.1.56. Effective Date: The first Business Day on or after the Confirmation Date on which (a) no stay of the Confirmation Order is in effect (which date may be before the expiration of the 10-day period specified in Bankruptcy Rule 3020(e) if so requested by the Reorganized Debtors and ordered by the Bankruptcy Court); and (b) all conditions to the effectiveness of this Plan and Consummation specified in Section 13.2 hereof have been satisfied or waived, or such later date as the Debtors may determine prior to the entry of the Confirmation Order.

1.1.57. Eligible Employees: Those employees of the Reorganized Debtors eligible to receive Employee Incentive Options and/or to participate in the Employee Incentive Plan, as determined by the Board of Reorganized Holdings on or before the Effective Date.

1.1.58. Employee Incentive Options: Options to purchase up to 5,250,000 shares of New Common Stock, which options shall be issued on or as soon as practicable after the Effective Date to Eligible Employees of the Reorganized Debtors pursuant to the terms and conditions of the Employee Incentive Plan, as follows: 3,500,000 of the Employee Incentive Options shall be exercisable at \$.40 per share, and 1,750,000 of the Employee Incentive Options shall be exercisable at \$.79 per share. The Employee Incentive Options will vest as follows: one-

third shall vest on the Effective Date; one-third shall vest on the first anniversary of the Effective Date; and one-third shall vest on the second anniversary of the Effective Date.

1.1.59. Employee Incentive Plan: The equity incentive plan, which will be established on the Effective Date for Eligible Employees of the Reorganized Debtors pursuant to which, among other things, such Eligible Employees will be issued the Employee Incentive Options.

1.1.60. Entity or Entities: One or more entities as defined in section 101(15) of the Bankruptcy Code.

1.1.61. Equity Interest: Any equity interest in a Debtor, including shares of common stock and rights, options, warrants, calls, subscriptions or other similar rights or agreements, commitments or outstanding securities obligating a Debtor to issue, transfer or sell any shares of capital stock of a Debtor.

1.1.62. Estate: The estate of each Debtor established pursuant to section 541 of the Bankruptcy Code upon the commencement of its respective Chapter 11 Case.

1.1.63. File or Filed: File or filed with the Bankruptcy Court in the Chapter 11 Cases.

1.1.64. Filing Date: December 14, 2001, which was the date on which each of the Debtors Filed a voluntary petition for relief commencing the Chapter 11 Cases.

1.1.65. Final Decree: The decree contemplated under Bankruptcy Rule 3022.

1.1.66. Final DIP Order: The Final Order Pursuant to Section 364 of the Bankruptcy Code and Bankruptcy Rule 4001 Authorizing Postpetition Financing, Granting Secured, Superpriority Claims and Liens, Authorizing and Approving the Use of Cash Collateral and Granting Adequate Protection and Other Relief, entered by the Bankruptcy Court in the Chapter 11 Cases on April 1, 2002, as it may be amended from time to time.

1.1.67. Final Order: An order, ruling or judgment of the Bankruptcy Court or any other court of competent jurisdiction as to which the time to appeal, petition for certiorari, or move for reargument or rehearing has expired and as to which no appeal, petition for certiorari, or other proceedings for reargument or rehearing shall then be pending, or as to which any right to appeal, petition for certiorari, reargue, or rehear shall have been waived in writing in form and substance satisfactory to the Debtors or, on and after the Effective Date, the Reorganized Debtors or, in the event that an appeal, writ of certiorari, or reargument or rehearing thereof has been sought, such order of the Bankruptcy Court or other court of competent jurisdiction shall have been determined by the highest court to which such order was appealed, or certiorari, reargument or rehearing shall have been denied and the time to take any further appeal, petition for certiorari or move for reargument or rehearing shall have expired; provided, however, the possibility that a motion under Rule 59 or Rule 60 of the Federal Rules of Civil Procedure, or any analogous rule under the Bankruptcy Rules, may be Filed with respect to such order shall not cause such order not to be a Final Order.

- 1.1.68. GE Capital: GE Capital Corporation, a Delaware corporation.
- 1.1.69. GE Capital Claim: Those Claims in the aggregate amount of \$641,736.46 by GE Capital arising from its pre-petition capital equipment leases with Operating.
- 1.1.70. GE Capital Equipment: The calling card platform and ascend telecommunications equipment, located in the States of California, Florida, Maryland and New York, that secures the GE Capital Secured Claim.
- 1.1.71. GE Capital Secured Claim: That portion of the GE Capital Claim that is secured by a Lien on the GE Capital Equipment and that is a Secured Claim as provided in Section 6.2.5 of this Plan.
- 1.1.72. General Unsecured Claim: Any Claim against any of the Consolidated Debtors that is not an Administrative Expense, a Priority Tax Claim, an Other Priority Claim, the NTFC Claim, the Allied Tranche A Claim, the Allied Tranche B Claim, the Allied Other Secured Claim, the Avaya Claim, the CIT Claim, the GE Capital Claim, the Heller Claim, a Miscellaneous Secured Claim, the Allied Unsecured Claim, a Pre-Petition Note Claim, an Intercompany Claim, or a Subordinated Claim.
- 1.1.73. Governmental Unit: A government unit as defined in section 101(27) of the Bankruptcy Code.
- 1.1.74. Heller: GE Capital, in its capacity as successor in interest to Heller Financial Leasing, Inc. and UniCapital Corporation.
- 1.1.75. Heller Claim: The Claim in the amount of \$1,508,099.11 by Heller arising from its pre-petition capital equipment leases with Operating.
- 1.1.76. Heller Equipment: The equipment described in pre-petition capital equipment leases between Heller and Operating securing the Heller Secured Claim.
- 1.1.77. Heller Secured Claim: That portion of the Heller Claim that is secured by a Lien on the Heller Equipment and that is a Secured Claim as provided in Section 6.2.5 of this Plan.
- 1.1.78. Holder or Holders: One or more Entities holding a right to payment of an Administrative Expense, a Claim or Equity Interest.
- 1.1.79. Holdings: Startec Global Communications Corporation, a Delaware corporation.
- 1.1.80. Impaired: With respect to a Claim, Interest, Class of Claims or Class of Interests, a Claim, Interest, Class of Claims or Class of Interests that is impaired within the meaning of section 1124 of the Bankruptcy Code.
- 1.1.81. Including: Including, but not limited to.

1.1.82. Indenture: The Indenture, dated as of May 21, 1998, as amended, between Holdings, as issuer and the Indenture Trustee pursuant to which the Pre-Petition Notes were issued.

1.1.83. Indenture Trustee: First Union National Bank, as indenture trustee under the Indenture, or its duly appointed successor (if any).

1.1.84. Instrument: Any share of stock, security, promissory note or other "Instrument" within the meaning of that term as defined in section 9-102(47) of the Uniform Commercial Code.

1.1.85. Intercompany Claims:

- (a) If the Consolidated Plan is confirmed, all Intercompany Holdings Claims and Intercompany Subsidiary Claim, or
- (b) If the Alternative Plan is confirmed, all Intercompany Subsidiary Claims and all Intercompany Holdings Claims covered by clause (a) of Section 1.1.86 of this Plan, but not any Intercompany Holdings Claims covered by clause (b) of such Section.

1.1.86. Intercompany Holdings Claims: All Claims (a) held by Holdings against any Subsidiary Debtor, Including all Claims arising as a result of advances made by Holdings to any Subsidiary Debtor, or (b) held by any Subsidiary Debtor against Holdings, Including all Claims arising as a result of advances made by any Subsidiary Debtor to Holdings.

1.1.87. Intercompany Subsidiary Claims: All Claims held by a Subsidiary Debtor against another Subsidiary Debtor, Including Claims arising as a result of advances made by a Subsidiary Debtor to another Subsidiary Debtor.

1.1.88. Lien or Liens: Any charge against or interest in property to secure payment or performance of a claim, debt, or obligation.

1.1.89. Licensing: Startec Global Licensing Company, a Delaware corporation.

1.1.90. Miscellaneous Secured Claim: Any Claim, other than the Allied Tranche A Claim, the Allied Tranche B Claim, the Allied Other Secured Claim, the NTFC Claim, the Avaya Secured Claim, the CIT Secured Claim, the GE Capital Secured Claim, or the Heller Secured Claim, that is a Secured Claim.

1.1.91. Modified Allied Secured Note: The secured promissory note issued to Allied under the DIP Facility Agreement, modified to have the principal amount of \$7,500,000, as such amount may be increased pursuant to Section 9.2 or reduced pursuant to Section 9.9(c) of this Plan, payable to Allied by the Reorganized Debtors and, to the extent they are not prohibited under applicable insolvency law from becoming liable under such notes, the Non-Debtor Subsidiaries, jointly and severally, which note shall be subject to the Post Reorganization Credit Agreement and shall have the terms set forth in Exhibit A hereto.

1.1.92. Modified NTFC Junior Note: A promissory note in the principal amount of \$8,000,000 payable to NTFC by the Reorganized Debtors and, to the extent they are not prohibited under applicable insolvency law from becoming liable under such notes, the Non-Debtor Subsidiaries, which note shall be subject to the Post Reorganization Credit Agreement and shall have the terms set forth in Exhibit A hereto.

1.1.93. Modified NTFC Secured Note: A secured promissory note in the principal amount of \$27,500,000, payable to NTFC by the Reorganized Debtors and, to the extent they are not prohibited under applicable insolvency law from becoming liable under such notes, the Non-Debtor Subsidiaries, which note shall be subject to the Post Reorganization Credit Agreement and shall have the terms set forth in Exhibit A hereto.

1.1.94. Mukunda Claim: The Pre-Petition Claim of Ram Mukunda, as reflected in the Proof of Claim Filed April 8, 2002 against the Consolidated Debtors.

1.1.95. Mukunda Note: That certain promissory note dated October 8, 1998, as amended, in the principal amount of \$1,062,016.88, between Ram Mukunda, as maker, and Operating, as payee.

1.1.96. Mukunda Note and Claim Agreement: An agreement to be executed by and between the Reorganized Debtors and Ram Mukunda incorporating a settlement and compromise under Bankruptcy Rule 9019 and section 1123(b)(3)(A) of the Bankruptcy Code and providing for, each as of the Effective Date, (a) the immediate release by Reorganized Operating and the other Reorganized Debtors of any Claims against Ram Mukunda relating to or arising under the Mukunda Note; (b) the release by Ram Mukunda of the Mukunda Claim; and (c) the execution by Ram Mukunda and Reorganized Operating of the Senior Executive Employment Agreement for Mr. Mukunda.

1.1.97. New Common Stock: 50,000,000 shares of voting common stock of Reorganized Holdings, par value \$.001 per share, to be authorized by the Reorganized Holdings Certificate of Incorporation.

1.1.98. New Holdings: A Delaware corporation to be named "Startec Global Communications Holding Company," which will be incorporated on or before the Effective Date if the Alternative Plan is confirmed.

1.1.99. New Preferred Stock: Six thousand three hundred (6,300) shares of voting preferred stock of Reorganized Holdings, par value \$.001 per share, with a liquidation preference of \$1,000 per share (or such lesser number as may be issuable to Allied pursuant to Section 9.9(c)(6) of this Plan), to be authorized by the Reorganized Holdings Certificate of Incorporation and issued by Reorganized Holdings on the Effective Date pursuant to this Plan.

1.1.100. New Subsidiary Certificates of Incorporation: The new certificates or articles of incorporation or formation or an amendment to the current certificates or articles for each of the Reorganized Debtors other than Reorganized Holdings.

1.1.101. New Subsidiary Stock: One thousand (1,000) shares of voting common stock of each of the Subsidiary Debtors, par value \$.01 per share, to be authorized by the New



Subsidiary Certificates of Incorporation and issued by such Debtors, on or as soon as reasonably practicable after the Effective Date, to New Holdings if the Alternative Plan is confirmed.

1.1.102. New Warrant: A common stock purchase warrant granting to NTFC the right to purchase 1,750,000 shares of New Common Stock at an exercise price of \$0.40 per share, as more fully provided in a warrant agreement substantially in the form attached hereto as Exhibit B.

1.1.103. Non-Debtor Subsidiary: Any corporation that is directly or indirectly wholly owned or controlled by a Debtor or Reorganized Debtor and which is not one of the Debtors.

1.1.104. NTFC: NTFC Capital Corporation, a Delaware corporation.

1.1.105. NTFC Claim: The Claim in the amount of \$38,848,464.71 by NTFC arising from its pre-petition secured loan to Holdings, secured by Liens on all or substantially all Assets of Operating and Startec Global Communications UK LTD. and by a pledge by Holdings of the stock of Operating, pursuant to that certain Loan and Security, dated as of December 31, 1998, by and between NTFC and Startec Global Communications Corporation (Maryland), and all amendments thereto.

1.1.106. NTFC Releasees: NTFC and its current and former officers, directors, shareholders, employees, consultants, attorneys and other representatives.

1.1.107. Old Holdings Certificate of Incorporation: The certificate of incorporation of Holdings in effect as of the Filing Date.

1.1.108. Old Holdings Common Stock: The common stock of Holdings, par value \$.01 per share, issued and outstanding as of the Filing Date.

1.1.109. Old Holdings Equity Interest: Any Equity Interest evidenced by Old Holdings Common Stock and any other Equity Interest in Holdings.

1.1.110. Order: An order or judgment of the Bankruptcy Court as entered on the docket.

1.1.111. Operating: Startec Global Operating Company, a Delaware corporation.

1.1.112. Other Priority Claim: Any Claim against the Consolidated Debtors accorded priority in right of payment under section 507(a) of the Bankruptcy Code, other than a Priority Tax Claim or an Administrative Expense.

1.1.113. Plan: This Plan of Reorganization, Including, as applicable, the Alternative Plan or the Consolidated Plan, together with all exhibits and schedules hereto, as it may be amended or modified from time to time in accordance with this Plan, the Bankruptcy Code and the Bankruptcy Rules.

1.1.114. Plan Documents: The documents (other than this Plan) and instruments to be issued, executed, delivered, assumed and/or performed in conjunction with Consummation of this Plan as of, or as soon as reasonably practicable after, the Effective Date, Including the Modified Allied Secured Note, the Modified NTFC Secured Note, the Modified NTFC Junior Note, the Post Reorganization Credit Agreement (Including all documents necessary to create, continue or perfect a valid security interest thereunder), the Mukunda Note and Claim Agreement, the Senior Executive Employment Agreements, the New Warrant, the New Subsidiary Certificates of Incorporation, the Reorganized Holdings Certificate of Incorporation, the Reorganized Holdings By-Laws, and the Employee Incentive Plan.

1.1.115. Post-Reorganization Credit Agreement: An agreement governing the debt obligations represented by the Modified Allied Secured Note, the Modified NTFC Secured Note, and the Modified NTFC Junior Secured Note, which agreement shall contain the terms and conditions set forth in Exhibit A hereto and shall otherwise be in form and substance acceptable to the Reorganized Debtors, Allied and NTFC.

1.1.116. Pre-Petition Claim: A Claim arising before the Filing Date or a Claim of the kind specified in sections 502(g), 502(h) or 502(i) of the Bankruptcy Code.

1.1.117. Pre-Petition Note Claims: Any and all Claims of the Indenture Trustee and Holders of Pre-Petition Notes arising under the Indenture, the Pre-Petition Notes or the transaction, agreements or Instruments upon which the Pre-Petition Notes are based, Including any and all Claims asserted by the Indenture Trustee in the Proof of Claim in the amount of \$171,200,000.00, dated March 29, 2002 or any amendment of replacement thereof.

1.1.118. Pre-Petition Notes: The 12% Senior Notes due 2008 that were issued by Holdings pursuant to the Indenture.

1.1.119. Priority Tax Claim: A Claim of a Governmental Unit against the Consolidated Debtors entitled to priority of payment under section 507(a)(8) of the Bankruptcy Code.

1.1.120. Professional: An Entity (a) employed by the Consolidated Debtors or the Committee pursuant to a Final Order of the Bankruptcy Court in accordance with sections 327 and 1103 of the Bankruptcy Code and to be compensated for services rendered on or after the Filing Date and prior to the Effective Date, pursuant to sections 327, 328, 330 and 331 of the Bankruptcy Code, or (b) for which compensation and reimbursement has been sought before the Bankruptcy Court pursuant to section 503(b)(4) of the Bankruptcy Code.

1.1.121. Professional Fee Claim: Those fees and expenses claimed by Professionals in the Chapter 11 Cases of the Consolidated Debtors, pursuant to sections 327, 328, 330, 331 and/or 503(b) of the Bankruptcy Code, and unpaid as of the Effective Date.

1.1.122. Proof of Claim: A proof of claim Filed in any or all of the Chapter 11 Cases pursuant to section 501 of the Bankruptcy Code and/or any order of the Bankruptcy Court, together with supporting documents.

1.1.123. Pro Rata Share: Proportionately so that, with respect to an Allowed Claim in a particular Class, the ratio of (a) (i) the amount of property distributed on account of the Allowed Claim to (ii) the Allowed amount of such Claim is the same as the ratio of (b) the amount of property distributed on account of all Allowed Claims in the Class in which the particular Claim is included to (ii) the amount of all Claims (Including Disputed Claims, but not Including Disallowed Claims) in that Class.

1.1.124. Remaining Outstanding Percent: That percent of the Allowed Allied Tranche B Claim or the Allied Tranche A Claim, by which such Claim is reduced, through (i) the payment to Allied of Cash by (or through) Holdings, or (ii) the acquisition of Assets of Holdings by Allied, if the Alternative Plan is confirmed, as and under the conditions specified in Section 9.9(c) of this Plan.

1.1.125. Reorganized Debtors:

- (a) If the Consolidated Plan is confirmed, the Debtors from and after the Effective Date; or
- (b) If the Alternative Plan is confirmed, the Subsidiary Debtors and New Holdings from and after the Effective Date.

1.1.126. Reorganized Holdings: From and after the Effective Date,

- (a) If the Consolidated Plan is confirmed, Holdings from and after the Effective Date.
- (b) If the Alternative Plan is confirmed, New Holdings.

1.1.127. Reorganized Holdings By-Laws: The By-Laws of Reorganized Holdings.

1.1.128. Reorganized Holdings Certificate of Incorporation: The certificate of incorporation of Reorganized Holdings, substantially in the form attached hereto as Exhibit C.

1.1.129. Reorganized Operating: Operating from and after the Effective Date.

1.1.130. Satisfied Percent: One hundred percent (100%) minus the Remaining Outstanding Percent.

1.1.131. Schedule of Assumed Contracts: The schedule of executory contracts and unexpired leases to be assumed by the Consolidated Debtors submitted in accordance with Section 8.1 of this Plan.

1.1.132. Scheduled: With respect to a Claim, the Claim is listed on the Schedules.

1.1.133. Schedules: The schedules of assets and liabilities that the Debtors have Filed pursuant to section 521 of the Bankruptcy Code and the Bankruptcy Rules, as they may be amended and supplemented from time to time.

1.1.134. Secured Claim: (a) a Claim that is secured by a Lien on property in which the Estates have an interest, which Lien is valid, perfected and enforceable under applicable law or by reason of a Final Order, or that is (subject to Section 10.10(c) of this Plan) subject to setoff under section 553 of the Bankruptcy Code, to the extent of the value of the Creditor's interest in the Estates' interest in such property or to the extent of the amount subject to setoff, as applicable, as determined pursuant to section 506(a) of the Bankruptcy Code, or (b) a Claim Allowed under this Plan as a Secured Claim.

1.1.135. Senior Executive Employment Agreements: The employment agreements, effective on the Effective Date, between Reorganized Operating and Ram Mukunda and Prabhav V. Maniyar, which agreements shall supersede any prior employment agreements. The material terms of the Senior Executive Employment Agreements for Ram Mukunda and Prabhav V. Maniyar are attached hereto as Exhibit D.

1.1.136. Subordinated Claim: Any Claim, whether arising from the sale or issuance of an Equity Interest or otherwise, that is subordinated to the same level as Old Holdings Equity Interests pursuant to section 510(b) of the Bankruptcy Code.

1.1.137. Subsidiary Debtors: Operating and Licensing.

1.1.138. Subsidiary Equity Interests: Any and all Equity Interests in a Subsidiary Debtor outstanding as of the Filing Date.

1.1.139. Uniform Commercial Code: The Uniform Commercial Code as in effect in the State of Maryland as of the date hereof.

1.1.140. Unsecured Stock Distribution: Shares of New Common Stock, to be distributed to Holders of Allowed General Unsecured Claims in Class 3A of this Plan, subject to, as provided in, and in accordance with Sections 6.3.1 and 11.6 of this Plan.

1.1.141. Valuation Amount: As to the GE Capital Secured Claim (Class 2E) and the Heller Secured Claim (Class 2F), the lesser of the Allowed Amount of such Claim or the value of, as applicable, the GE Capital Equipment or the Heller Equipment, as determined by the Bankruptcy Court in accordance with section 506(c) of the Bankruptcy Code, or by agreement of the Reorganized Debtors and the Holder of the Claim.

1.2. Interpretations. Whenever from the context it appears appropriate, each term stated in either the singular or the plural shall include the singular and the plural, and pronouns stated in the masculine, feminine or neuter gender shall include the masculine, the feminine, and the neuter. Unless otherwise defined in this Plan, all accounting terms shall be construed in accordance with generally accepted accounting principles in the United States of America. Unless otherwise specified, all section or exhibit references in this Plan are to the respective section in, or exhibit to, this Plan. The words "herein," "hereof," "hereto," "hereunder," and other words of similar import refer to this Plan as a whole and not to any particular section,

subsection or clause contained therein. Any capitalized term used herein that is not defined herein shall have the meaning assigned to that term in the Bankruptcy Code. The rules of construction contained in section 102 of the Bankruptcy Code shall apply to this Plan. The headings in this Plan are for convenience of reference only and shall not limit or otherwise affect the provisions hereof. To the extent that there is any inconsistency between any provisions of this Plan and any of the provisions contained in the Plan Documents to be entered into as of the Effective Date, the Plan Documents shall control. To the extent that there is any inconsistency between the provisions contained in this Plan and any description thereof in the Disclosure Statement, this Plan shall control.

## ARTICLE TWO TREATMENT OF ADMINISTRATIVE CLAIMS

2.1. Administrative Expenses. On the latter of (a) the Effective Date (or as soon thereafter as is reasonably practicable), (b) five Business Days after the Allowance Date with respect to such Allowed Administrative Expense, or (c) such later date on which the Consolidated Debtors and the Holder of the Administrative Expense otherwise agree, each Allowed Administrative Expense, other than a Professional Fee Claim, Allied Tranche A Claim or the Allied Tranche B Claim, shall receive, on account of and in full and complete satisfaction, settlement, release and discharge of such Allowed Administrative Expense, (a) Cash equal to the unpaid portion of such Allowed Administrative Expense, or (b) such other less favorable treatment as to which the Consolidated Debtors and the Holder of the Administrative Expense shall have agreed upon in writing; provided, however, Allowed Administrative Expenses with respect to liabilities incurred by the Consolidated Debtors in the ordinary course of business during the Chapter 11 Cases shall, at the option of the Consolidated Debtors, be paid in the ordinary course of business in accordance with the terms and conditions of any agreements relating thereto.

### 2.2. Professional Fees.

Each Professional seeking any award in respect of a Professional Fee Claim incurred through and including the Confirmation Date shall be required to file and serve a final application for allowance of compensation and reimbursement of expenses on or before the date that is sixty days after the Effective Date. Within five Business Days after a Professional Fee Claim is Allowed by Final Order, the Professional shall receive, on account of and in full and complete satisfaction, settlement, release and discharge of its Allowed Professional Fee Claim, (a) Cash equal to the amount awarded to such Professional by Final Order of the Bankruptcy Court, less all amounts previously paid to such Professional pursuant to any order of the Bankruptcy Court providing for payment of interim compensation to Professionals, or (b) such other less favorable treatment as to which the Consolidated Debtors and such Professional shall have agreed upon in writing.

Any reasonable fees and expenses of Professionals or other attorneys, accountants or other professionals retained by the Consolidated Debtors or the Reorganized Debtors for services rendered after the Confirmation Date, including those for services rendered after the Effective Date relating to objections to Disputed Claims and the implementation of this Plan, shall not require the filing of any applications with the Bankruptcy Court and may be paid by the

Reorganized Debtors in the ordinary course of business and without further Bankruptcy Court approval.

2.3. Allied Tranche B Claim. On the Effective Date (or as soon thereafter as is reasonably practicable), Allied shall receive, on account of and (subject to Section 9.9(c) of this Plan) in full and complete satisfaction, settlement, release and discharge of the Allowed Allied Tranche B Claim, (a) the Modified Allied Secured Note and (b) payment of any accrued and unpaid interest and other amounts due.

### ARTICLE THREE TREATMENT OF PRIORITY TAX CLAIMS

3.1. Priority Tax Claims. Each Holder of an Allowed Priority Tax Claim shall receive, on account of and in full and complete satisfaction, settlement, release and discharge of such Allowed Priority Tax Claim, at the sole option of the Reorganized Debtors:

- (a) On the latter of (i) the Effective Date (or as soon thereafter as is reasonably practicable), (ii) five Business Days after the Allowance Date with respect to such Allowed Priority Tax Claim, or (iii) the date on which the Reorganized Debtors and the Holder of such Allowed Priority Tax Claim otherwise agree, Cash in an amount equal to such Allowed Priority Tax Claim;
- (b) Beginning on the first anniversary following the Effective Date or such earlier date as the Bankruptcy Court may order, Cash payments made in equal annual installments, with the final installment being payable no later than the sixth anniversary of the date of the assessment of such Allowed Priority Tax Claim, in an aggregate amount equal to such Allowed Priority Tax Claim, together with interest on the unpaid balance of such Allowed Priority Tax Claim calculated from the Effective Date through the date of payment at the Applicable Rate; or
- (c) Such other treatment agreed to by the Holder of such Allowed Priority Tax Claim and the Reorganized Debtors.

### ARTICLE FOUR CLASSIFICATION OF CLAIMS AND INTERESTS

4.1. Classification of Classes Pursuant to Sections 1122 and 1123(a)(1) of the Bankruptcy Code. Allowed Claims and Equity Interests are classified under this Plan as follows (other than Administrative Expenses and Priority Tax Claims, which are not classified as provided in section 1123(a)(1) of the Bankruptcy Code and are, instead, addressed in Articles Two and Three of this Plan). A Claim or Interest is placed in a particular Class for the purposes of voting on this Plan and of receiving distributions pursuant to this Plan only to the extent that such Claim or Interest is an Allowed Claim or Interest in that Class and such Claim or Interest has not been paid, released or otherwise settled prior to the Effective Date.

4.2. Claims.

Class 1. Class 1 consists of all Other Priority Claims.

Class 2A. Class 2A consists of the NTFC Claim.

Class 2B. Class 2B consists of the Allied Tranche A Claim.

Class 2C. Class 2C consists of the Allied Other Secured Claim.

Class 2D. Class 2D consists of the Avaya Secured Claim

Class 2E. Class 2E consists of the GE Capital Secured Claim.

Class 2F. Class 2F consists of the Heller Secured Claim.

Class 2G. Class 2G consists of the CIT Secured Claim.

Class 2H. Class 2H consists of all Miscellaneous Secured Claims.

Class 3A. Class 3A consists of all General Unsecured Claims other than those in the Convenience Class.

Class 3B. Class 3B consists of the Allied Unsecured Claim.

Class 3C. Class 3C consists of all General Unsecured Claims in the Convenience Class.

Class 4. Class 4 consists of the Pre-Petition Note Claims.

Class 5. Class 5 consists of all Intercompany Claims.

4.3. Equity Interests.

Class 6. Class 6 consists of all Old Holdings Equity Interests and any Subordinated Claims.

Class 7. Class 7 consists of all Subsidiary Equity Interests.

ARTICLE FIVE  
IDENTIFICATION OF CLASSES OF CLAIMS AND INTERESTS  
IMPAIRED AND NOT IMPAIRED BY THIS PLAN

5.1. Classes of Claims and Equity Interests Impaired by this Plan and Entitled to Vote. The NTFC Claim (Class 2A), Allied Tranche A Claim (Class 2B), the Allied Other Secured Claim (Class 2C), the Avaya Secured Claim (Class 2D), the GE Capital Secured Claim (Class 2E), the Heller Secured Claim (Class 2F); the CIT Secured Claim (Class 2G), General Unsecured Claims (Class 3A), the Allied Unsecured Claim (Class 3B), the Convenience Class (Class 3C), and Pre-Petition Note Claims (Class 4) are Impaired by this Plan and the Holders of Allowed Claims in such Classes are entitled to vote to accept or reject this Plan; provided, however, if the Alternative Plan is confirmed, Holders of Allowed Claims in Class 2D and Class 4, and any other Holders of Allowed Claims against Holdings, shall be deemed not to be Impaired and shall not be entitled to vote such Claims with respect to the Alternative Plan.

5.2. Classes of Claims and Equity Interests Not Impaired by this Plan and Conclusively Presumed to Accept this Plan. Other Priority Claims (Class 1), Miscellaneous Secured Claims (Class 2H), and (provided that the Consolidated Plan, and not the Alternative Plan, is confirmed) the Subsidiary Equity Interests (Class 7) are not Impaired by this Plan. Under section 1126(f) of the Bankruptcy Code, the Holders of such Claims and Equity Interests are conclusively presumed to accept this Plan, and the acceptances of such Holders will not be solicited.

5.3. Classes of Claims and Equity Interests Impaired by this Plan and Deemed Not to Have Accepted this Plan. Intercompany Claims (Class 5) and (subject to Section 9.9(c) of this Plan) Old Holdings Equity Interests (Class 6) are Impaired by this Plan and do not receive or retain any property under this Plan provided, however, if the Alternative Plan is confirmed, Holders of Old Holdings Equity Interests (Class 6) shall be deemed not to be Impaired and shall not be entitled to vote such Equity Interest with respect to the Alternative Plan as confirmed. In addition, if the Alternative Plan is confirmed, the Subsidiary Equity Interests will be Impaired and will not receive any property under this Plan. Under section 1126(g) of the Bankruptcy Code, the Holders of the Intercompany Claims, the Old Holdings Equity Interests and, if the Alternative Plan is confirmed, the Subsidiary Equity Interests are deemed not to have accepted this Plan. However, the Holders of the Intercompany Claims and the Subsidiary Equity Interests are co-proponents of and support this Plan.

## ARTICLE SIX TREATMENT OF CLAIMS AND INTERESTS

### 6.1. Other Priority Claims (Class 1).

On the latest of (a) the Effective Date (or as soon thereafter as is reasonably practicable), (b) five Business Days after the Allowance Date for such Other Priority Claim, or (c) the date on which the Consolidated Debtors and the Holder of such Allowed Other Priority Claim otherwise agree, each Holder of an Allowed Other Priority Claim shall receive, on account of and in full and complete settlement, release and discharge of such Allowed Other Priority Claim, (a) Cash equal to the amount of such Allowed Other Priority Claim or (b) such other treatment as to which the Reorganized Debtors and such Holder shall have agreed upon in writing in an amount sufficient to render such Allowed Priority Claim not Impaired under section 1124 of the Bankruptcy Code.

Class 1 is not Impaired and is conclusively presumed to have accepted this Plan.

### 6.2. Secured Claims.

#### 6.2.1. NTFC Claim (Class 2A).

Subject to Section 9.9(c), the NTFC Claim shall be Allowed in the amount of \$38,848,464.71 as of the Filing Date. On the Effective Date (or as soon thereafter as is reasonably practicable), NTFC shall receive on account of and in full and complete settlement, release, and discharge of the NTFC Claim, (A) the Modified NTFC Secured Note, (B) the Modified NTFC Junior Note, (C) the New Warrant, (D) 700,000 shares of New Common Stock, and (E) either (i) an additional 525,000 shares of New Common Stock if Class 3A does not vote



to accept this plan; or (ii) an additional 175,000 shares of New Common Stock if Class 3A votes to accept this Plan but either or both of Class 3C and Class 4 vote to reject this Plan or the Alternative Plan is confirmed.

Class 2A is Impaired and is entitled to vote on this Plan.

6.2.2. Allied Tranche A Claim (Class 2B).

The Allied Tranche A Claim shall be Allowed in the amount of \$16,315,000 as of the Filing Date and shall, with Allied's consent, be treated solely for purposes of this Plan as a Secured Claim arising before the Filing Date, not as an Administrative Expense arising on or after the Filing Date. On the Effective Date (or as soon thereafter as is reasonably practicable), Allied shall, subject to Allied's election under Sections 6.2.3 and 6.3.2, receive on account of and (subject to Section 9.9(c) of this Plan) in full and complete settlement, release and discharge of the Allied Tranche A Claim, (A) 6,300 shares of New Preferred Stock; (B) 25,200,000 shares of New Common Stock; and (C) either (i) an additional 1,575,000 shares of New Common Stock if Class 3A does not vote to accept this plan; or (ii) an additional 525,000 shares of New Common Stock if Class 3A votes to accept this Plan but either or both of Class 3C and Class 4 vote to reject this Plan or the Alternative Plan is confirmed.

Class 2B is Impaired and is entitled to vote on this Plan.

6.2.3. Allied Other Secured Claim (Class 2C).

On the Effective Date (or as soon thereafter as is reasonably practicable), Allied shall, subject to its election right in this subsection, receive, on account of the Allied Other Secured Claim, \$1.00 in Cash. All Liens securing the Allied Other Secured Claim shall be deemed released and of no further force and effect, and, except as provided for in the following sentence, no other distributions shall be made in respect of the Allied Other Secured Claim. Allied's agreement to accept the treatment of the Allied Other Secured Claim as set forth above is conditioned upon and in consideration for Allied's right to elect that a portion of the New Common Stock being distributed to Allied under this Plan, be distributed on account of Allied's Claim in this Class 2C. Allied shall, on or before the Effective Date, notify the Reorganized Debtors of the number of shares of the New Common Stock that shall be exchanged for the Claim represented in this Class 2C.

Class 2C is Impaired and is entitled to vote on the Plan.

6.2.4. Avaya Secured Claim (Class 2D).

If the Consolidated Plan is confirmed the Avaya Secured Claim shall be allowed in the amount of \$15,000. Avaya shall receive, in full and complete settlement, release and discharge of the Avaya Claim, six Cash payments made in equal monthly installments of \$2,500 beginning on the first day of the first full month following the Effective Date, without interest. Avaya shall retain a Lien on the Avaya Equipment to secured the Avaya Secured Claim. On and after the Effective Date, the Avaya Equipment and any other equipment sold or leased by Avaya to Reorganized Holdings shall be deemed owned by Reorganized Holdings, subject to the Lien

securing payment of the Avaya Secured Claim, notwithstanding any lease agreements or other documents executed before the Filing Date under which the Holder of the Avaya Secured Claim purported to retain title to the Avaya Equipment (all such documents shall be of no further force and effect). Upon payment in full of the Avaya Secured Claim, Reorganized Holdings shall own the Avaya Equipment free and clear of such secured Claim and Lien. The Holder of the Avaya Claim shall receive no distribution under this Plan in respect of any amount of the Avaya Claim greater than the Avaya Secured Claim, and any such deficiency portion of the Avaya Claim shall be discharged in full. Class 2D is Impaired under the Consolidated Plan and is entitled to vote on the Consolidated Plan.

If the Alternative Plan is confirmed, the claims and rights of the Holder of the Avaya Secured Claim vis-à-vis Holdings shall be fully preserved. Class 2D is not Impaired under the Alternative Plan and is therefore not entitled to vote on the Alternative Plan.

6.2.5. GE Capital Secured Claim (Class 2E) and Heller Secured Claim (Class 2F).

On the Effective Date, the GE Capital Claim shall be Allowed in the amount of \$641,736.46, and the Heller Claim shall be Allowed in the amount of \$1,508,099.11. The GE Secured Claim shall equal the Valuation Amount of the GE Capital Equipment. The Heller Secured Claim shall equal the Valuation Amount of the Heller Equipment.

Valuation Amount: At the sole option of the Reorganized Debtors, on the Effective Date, or as soon thereafter as is reasonably practicable, the Holder of the GE Capital Secured Claim (Class 2E) and the Heller Secured Claim (Class 2F) shall, in full and complete settlement of the GE Secured Claim and the Heller Secured Claim, respectively, be (a) paid in full in Cash (or the indubitable equivalent) in an amount equal to the Valuation Amount of such Secured Claim, (b) satisfied by returning to the Holder of such Claim the GE Capital Equipment or the Heller Equipment, respectively, (c) given a five-year promissory note for payment of the Valuation Amount, plus interest thereon from the Effective Date through the date of payment in full at the Applicable Rate, secured by the GE Capital Equipment and the Heller Equipment, respectively or (d) paid and/or satisfied through any combination of subparagraphs (a), (b) and (c) of this Section 6.2.5 of the Plan. On and after the Effective Date, the GE Capital Equipment and the Heller Equipment and any other equipment sold or leased by the Holder of the GE Capital Secured Claim and the Heller Secured Claim to Debtors shall be deemed owned by the Reorganized Debtors, subject to the Lien securing payment of the GE Capital Secured Claim and the Heller Secured Claim, notwithstanding any lease agreements or other documents executed before the Filing Date under which the Holder of the GE Capital Secured Claim and the Heller Secured Claim purported to retain title to the GE Capital Equipment or the Heller Equipment (all such documents shall be of no further force and effect). Upon payment in full of the GE Capital Secured Claim and the Heller Secured Claim, Reorganized Holdings shall own the GE Capital Equipment and the Heller Equipment, respectively, free and clear of such Secured Claims and Liens.

Unsecured Amount: On account of any deficiency between (i) the Allowed amount of the GE Capital Claim and the Allowed amount of the Heller Claim, and (ii) the Valuation Amount of such Claims, the Holder of the GE Capital Claim (Class 2E) and the Heller Claim

(Class 2F) shall receive no distributions under this Plan and any such deficiency portion of the GE Capital Claim and the Heller Claim shall be discharged in full.

Class 2E and Class 2F are Impaired and entitled to vote on this Plan.

6.2.6. CIT Secured Claim (Class 2G).

On the Effective Date, the CIT Secured Claim shall be Allowed in the amount of \$643,941. On account of and in full and complete settlement, release and discharge of the CIT Secured Claim, the Holder of the CIT Secured Claim shall retain its Lien on the CIT Equipment (until the CIT Secured Claim is paid in full), which shall secure repayment of the CIT Secured Claim, and shall receive, (i) on the first day of the first month following the Effective Date, a Cash payment of \$25,000, (ii) commencing on the first day of the first full month following the Effective Date, monthly Cash payments in the amount of \$10,200 each for 40 months, and (iii) a Cash payment of \$26,000 due 42 months from the Effective Date. Certain CIT Equipment, specifically certain interface cards, a display monitor, and certain phone sets shall be returned to the Holder of the CIT Claim. On and after the Effective Date, all remaining CIT Equipment shall be deemed owned by Reorganized Operating, subject to the Lien securing payment of the CIT Secured Claim, notwithstanding any lease agreements or other documents executed before the Filing Date under which the Holder of the CIT Secured Claim purported to retain title to the CIT Equipment (all of such documents shall be of no further force and effect). Upon payment in full of the CIT Secured Claim, Reorganized Operating shall own the CIT Equipment free and clear of such Lien. The Holder of the CIT Claim shall receive no distribution under this Plan in respect of any amount of the CIT Claim greater than the CIT Secured Claim, and any such deficiency portion of the CIT Claim shall be discharged in full.

Class 2G is Impaired and is entitled to vote on this Plan.

6.2.7. Miscellaneous Secured Claims (Class 2H).

On the latest of (i) the Effective Date, (ii) the date on which such Miscellaneous Secured Claim becomes an Allowed Claim, and (iii) the date on which the Consolidated Debtors and the Holder of such Allowed Miscellaneous Secured Claim otherwise agree, at the election of the Consolidated Debtors prior to the Effective Date, each Holder of an Allowed Miscellaneous Secured Claim shall be entitled to receive, on account of such Holder's Miscellaneous Secured Claim, one of the following treatments: (A) the unaltered legal, equitable and contractual rights to which such Holder of an Allowed Miscellaneous Secured Claim is entitled, (B) such Holder's Allowed Miscellaneous Secured Claim shall be reinstated and rendered Unimpaired in accordance with section 1124(2) of the Bankruptcy Code, C) such other treatment as mutually agreed to by the such Holder and the Consolidated Debtors so as not to render such Claim Impaired.

Class 2H is not Impaired and is conclusively presumed to have accepted this Plan.

6.3. Unsecured Claims.

6.3.1. General Unsecured Claims (Class 3A).

If Class 3A votes to accept this Plan, each Holder of an Allowed General Unsecured Claim in such Class shall, on account of and in full and complete settlement, release and discharge of such Claim, receive from Reorganized Holdings as soon as reasonably practicable following the later of the Claims Objection Deadline for all General Unsecured Claims or the Allowance Date for such Allowed General Unsecured Claim, its Pro Rata Share of 1,400,000 shares of New Common Stock in accordance with Sections 11.3 and 11.6 of this Plan.

If Class 3A votes not to accept this Plan, no New Common Stock will be issued to Class 3A, each Holder of a Class 3A Allowed General Unsecured Claim shall not receive or retain any property or interest in property on account of such Class 3A Claim, and all Class 3A Claims shall be discharged in accordance with this Plan and section 1141 of the Bankruptcy Code.

Class 3A is Impaired and is entitled to vote on this Plan.

**6.3.2. Allied Unsecured Claim (Class 3B).**

On the Effective Date or as soon thereafter as is reasonably practicable, Allied will receive, on account of the Allied Unsecured Claim, \$1.00 in Cash. Except as provided in the following sentence, no other distributions will be made in respect of the Allied Unsecured Claims. Allied's agreement to accept the treatment of its Claim as set forth above is conditioned upon and in consideration for Allied's right to elect that a portion of the New Common Stock being distributed under this Plan to Allied on account of Allied's Claim in this Class 3B. Allied shall, on or before the Effective Date, notify the Reorganized Debtors of the number of shares of the New Common Stock that shall be exchanged for the Claim represented in this Class 3B.

Class 3B is Impaired and is entitled to vote on this Plan.

**6.3.3. Convenience Class (Class 3C).**

If Class 3C Votes to accept this Plan, on the Allowance Date for such Allowed Convenience Class Claims (or as soon thereafter as is reasonably practicable), each Holder of an Allowed Convenience Class Claim shall receive on account of and in full and complete settlement, release and discharge of such Convenience Class Claim, Cash equal to five percent (5%) of the Allowed amount of such Allowed Convenience Class Claim.

If Class 3C votes not to accept this Plan, no Holder of a Class 3C Allowed General Unsecured Claim shall receive or retain any property or interest in property on account of such Class 3C Claim, and all Class 3C Claims shall be discharged in accordance with this Plan and section 1141 of the Bankruptcy Code.

Class 3C is Impaired and is entitled to vote on this Plan

**6.3.4. Pre-Petition Note Claims (Class 4).**

If (a) Classes 3A, 3B and 4 vote to accept this Plan and (b) the Consolidated Plan is confirmed, then, on the Effective Date (or as soon thereafter as is reasonably practicable), each Holder of an Allowed Pre-Petition Note Claim shall receive, on account of and in full and

complete settlement, release, and discharge of such Allowed Pre-Petition Note Claim, its Pro Rata Share of 700,000 shares of New Common Stock.

If any of Classes 3A, 3C or 4 vote not to accept this Plan and the Consolidated Plan is confirmed, no Holder of a Pre-Petition Note Claim shall receive any shares of New Common Stock or receive or retain any property or interest in property on account of such Class 4 Claim, and all Class 4 Claims shall be discharged in accordance with this Plan and section 1141 of the Bankruptcy Code.

If the Alternative Plan is confirmed, the Claims of the Holders of the Pre-Petition Notes Claims vis-à-vis Holdings shall be fully preserved and shall not be affected by the Alternative Plan. The Holders of the Pre-Petition Note have Filed no Proof of Claim, and have no Claim, against the Subsidiary Debtors.

Class 4 is Impaired under the Consolidated Plan and is entitled to vote on the Consolidated Plan.

Class 4 is not Impaired under the Alternative Plan and is not entitled to vote on the Alternative Plan.

6.4. Intercompany Claims (Class 5).

On the Effective Date, all Intercompany Claims will be extinguished and no distributions will be made in respect of such Intercompany Claims.

Class 5 is Impaired and is deemed to have rejected this Plan.

6.5. Old Holdings Equity Interests (Class 6).

On the Effective Date, if the Consolidated Plan is confirmed, all Old Holdings Equity Interests will be extinguished and no distributions will be made in respect of such Old Holdings Equity Interests and all outstanding shares of Old Holdings Common Stock and any options, warrants or other rights to acquire Old Holdings Common Stock shall be cancelled. Class 6 is Impaired under the Consolidated Plan and is deemed to reject the Consolidated Plan.

If the Alternative Plan is confirmed, the Equity Interests of the Holders of Old Holdings Equity Interests shall be fully preserved and shall not be affected by the Alternative Plan. Class 6 is not Impaired under the Alternative Plan and is not entitled to vote on the Alternative Plan.

6.6. Subsidiary Equity Interests (Class 7).

If the Consolidated Plan is confirmed, Holdings shall retain the Subsidiary Equity Interests and its respective share or shares of common stock of such Debtors representing such Subsidiary Equity Interests. Class 7 is not Impaired under the Consolidated Plan and is conclusively presumed to have accepted the Consolidated Plan.

If the Alternative Plan is confirmed, on the Effective Date, all Subsidiary Equity Interests will be extinguished and no distribution will be made in respect of such Subsidiary Equity

Interests. Class 7 is Impaired under the Alternative Plan and is deemed to have rejected the Alternative Plan.

ARTICLE SEVEN  
ACCEPTANCE OR REJECTION OF THIS PLAN; EFFECT OF  
REJECTION BY ONE OR MORE IMPAIRED  
CLASSES OF CLAIMS OR INTERESTS

7.1. Acceptance by an Impaired Class of Creditors. Consistent with section 1126(c) of the Bankruptcy Code, an Impaired Class of Claims shall have accepted this Plan if this Plan is accepted by Holders of at least two-thirds in dollar amount and more than one-half in number of the Allowed Claims in such Class that have timely and properly voted to accept or reject this Plan by so marking and returning their Ballots.

7.2. Confirmation Pursuant to Section 1129(b) of the Bankruptcy Code. With respect to any Impaired Class that does not accept this Plan, the Debtors intend to request that the Bankruptcy Court confirm this Plan in accordance with section 1129(b) of the Bankruptcy Code.

ARTICLE EIGHT  
UNEXPIRED LEASES AND EXECUTORY CONTRACTS

8.1. Assumption and Rejection of Executory Contracts and Unexpired Leases.

- (a) On the Effective Date subject to Section 9.9 hereof, all executory contracts and unexpired leases to which any or all of the Consolidated Debtors are a party shall be deemed rejected, except for any executory contracts or unexpired leases that (a) have already, by such date, been assumed or rejected pursuant to Final Order of the Bankruptcy Court, (b) are designated as a contract or lease to be assumed on the Schedule of Assumed Contracts attached as Exhibit E hereto, as such Schedule of Assumed Contracts may be amended from time to time on or prior to the Confirmation Date, or (c) are the subject of a separate motion by the Debtors to assume or reject pursuant to section 365 of the Bankruptcy Code. The Debtors may amend the Schedule of Assumed Contracts at any time on or prior to the Confirmation Date by filing such amendment with the Bankruptcy Court and serving it on the non-Debtor parties to the executory contracts or unexpired leases added to or deleted from the Schedule of Assumed Contracts.
- (b) On the Effective Date, each executory contract or unexpired lease of any and all of the Consolidated Debtors on the Schedule of Assumed Contracts, as it may be amended from time to time on or prior to the Confirmation Date, shall be assumed by the Consolidated Debtor identified in the Schedule of Assumed Contracts as the Debtor-party to such executory contract or unexpired lease. Each executory contract and unexpired lease assumed pursuant to this Plan by any Consolidated Debtor shall revert in, be deemed assigned to, and be fully enforceable by, the applicable Reorganized Debtor on and after the Effective Date.
- (c) Notwithstanding anything to the contrary contained herein, the Consolidated Debtors reserve the right, through the date that is 90 days after the Effective Date,

to file a motion, complaint or other pleading with the Bankruptcy Court seeking to "recharacterize" as, or declare that any agreement in the form of a lease of personal or real property is, a financing. To the extent that, in response to such a pleading, the Bankruptcy Court enters a Final Order, either before, on, or after the Effective Date, that any such agreement identified for assumption pursuant to this Plan is, in fact, a financing transaction, the non-Debtor party to the Agreement shall have a Miscellaneous Secured Claim to the extent that its Claim for the indebtedness resulting from the recharacterization as a Secured Claim secured by an unavoidable Lien and, to any other extent, a General Unsecured Claim.

8.2. Bar Date for Rejection Damages. Unless otherwise provided by a Final Order of the Bankruptcy Court entered prior to the Confirmation Date, if the rejection of any executory contract or unexpired lease of any and all of the Consolidated Debtors gives rise to any Claim against any of the Consolidated Debtors, a Proof of Claim with respect to such Claim must be Filed (with a copy served on the Consolidated Debtors) by (a) the deadline for the filing of such Proof of Claim as specified by the Bankruptcy Court in any order granting any motion by the Consolidated Debtors authorizing the rejection of such executory contract or unexpired lease or (b) if such executory contract or unexpired lease is rejected pursuant to this Plan, rather than pursuant to a separate motion, or otherwise no different deadline is established in any order of the Bankruptcy Court, thirty days from the Confirmation Date. Any Entity that fails to File and serve a Proof of Claim with respect to any Claim it has arising from or relating to such a rejection within the period set forth above shall be forever barred from asserting any such Claim against any or all of the Consolidated Debtors, Reorganized Debtors or the property or interests in property of the Consolidated Debtors or Reorganized Debtors. All Claims arising from the rejection of executory contracts or unexpired leases shall be classified as a General Unsecured Claim; provided, however, with respect to any unexpired lease of equipment that is rejected (and that is not "recharacterized" under Section 8.1(c) hereof or that is not addressed in Sections 6.2.4, 6.2.5 or 6.2.6 of this Plan) the equipment shall be returned to the non-Debtor party to the lease.

8.3. Cure of Defaults. Except to the extent that different treatment has been agreed to by the non-Debtor party to any executory contract or unexpired lease to be assumed pursuant to this Plan, the Consolidated Debtors shall, pursuant to sections 365, 1123(a)(5)(G) and 1123(b)(2) of the Bankruptcy Code, within thirty days after the Effective Date, file with the Bankruptcy Court, and serve on the non-Debtor party to each such executory contract or unexpired lease to be assumed, a notice listing the amount needed to cure all defaults by the Consolidated Debtors under the executory contract or unexpired lease to be assumed arising or accruing on or prior to the Effective Date. The non-Debtor party shall have fifteen days from the date of service to file with the Bankruptcy Court and serve on the Consolidated Debtors any objection to the proposed cure or cure amount set forth in the notice served by the Consolidated Debtors. If such an objection is not timely filed and served, the cure or cure amount set forth in the Consolidated Debtors' notice shall control, the Consolidated Debtors shall pay such amount in Cash (unless the Consolidated Debtors and the non-Debtor party to the executory contract or unexpired lease have agreed to different treatment), and the non-Debtor party shall be forever barred from claiming that any additional amount is owed by any of the Consolidated Debtors under the executory contract or unexpired lease as a result of any default arising or accruing on or prior to the Effective Date. If an objection is timely filed and served by the non-Debtor party to the

executory contract or unexpired lease, the Bankruptcy Court shall determine the proper cure or cure amount. Notwithstanding anything to the contrary contained in this Plan, at all times through the date that is five Business Days after the Bankruptcy Court enters an order resolving and fixing any disputed cure or cure amount, the Consolidated Debtors shall have the right to reject such executory contract or unexpired lease, by providing notice to the non-debtor party to the executory contract or unexpired lease.

## ARTICLE NINE

### MEANS OF IMPLEMENTATION OF THIS PLAN

9.1. Vesting of Property. Except as otherwise provided in this Plan, on the Effective Date, title to all property of the Consolidated Debtors' Estates shall pass to and vest in the applicable Reorganized Debtors, free and clear of all Claims, Equity Interests, Liens, security interests, charges and other encumbrances. Confirmation of this Plan (subject to the occurrence of the Effective Date) shall be binding and all Holders of a Claim or Equity Interest in the Consolidated Debtors, and the Consolidated Debtors' debts shall, without in any way limiting Section 12.1 of this Plan, be discharged, as provided in section 1141 of the Bankruptcy Code.

9.2. Funding. In addition to any funding it may provide for expenses incurred by the Reorganized Debtors on or after the Effective Date, Allied may advance up to \$2,000,000 to the Reorganized Debtors on or after the Effective Date to fund Cash payments to be made under this Plan of the Reorganized Debtors. Any such advance shall be added to the principal amount of the Modified Allied Secured Note and shall be repaid on the terms set forth in such note.

9.3. Corporate Action for Reorganized Debtors. On the Effective Date (or as soon as reasonably practicable thereafter), Reorganized Holdings shall file with the Secretary of State of the State of Delaware, in accordance with sections 103 and 303 of the Delaware General Corporation Law, the Reorganized Holdings Certificate of Incorporation and such certificate shall be the certificate of incorporation for Reorganized Holdings. On the Effective Date, the Reorganized Holdings By-Laws shall become the By-Laws of Reorganized Holdings. On the Effective Date (or as soon as reasonably practicable thereafter), each of the Reorganized Debtors (other than Reorganized Holdings) shall file with the Secretary of State of the State of Delaware New Subsidiary Certificates of Incorporation and such New Subsidiary Certificates of Incorporation shall be the certificates of incorporation for the Reorganized Debtors (other than Reorganized Holdings). On the Effective Date, the By-Laws of each Subsidiary Debtor shall become the By-Laws of the respective Reorganized Debtors (other than Reorganized Holdings).

9.4. Implementation. Pursuant to the Confirmation Order and upon Confirmation of this Plan, the Reorganized Debtors shall be authorized to take all necessary or appropriate steps, and perform all necessary or appropriate acts, to consummate the terms and conditions of this Plan. The Reorganized Debtors are hereby authorized to and shall, execute all Plan Documents and Instruments and such other documents, and take such other actions, as are necessary or appropriate to effectuate the transactions provided for in this Plan, without the need for any additional approvals, authorizations or consents.

9.5. Issuance of New Securities, Transfer Taxes. The issuance and distribution of the New Preferred Stock, New Common Stock, New Warrant, Employee Incentive Options and,



under the conditions specified in Section 9.12, the New Subsidiary Stock, is hereby authorized and directed without the need for any further corporate action, under applicable law, regulation, order, rule or otherwise. In accordance with section 1146(c) of the Bankruptcy Code, the issuance, transfer or exchange of a security, or the making or delivery of an instrument of transfer under this Plan, including the granting or recording of any Lien or mortgage on any property under the Modified Allied Secured Note or the Modified NTFC Secured Note, may not be taxed under any law imposing a stamp tax or similar tax, including a mortgage recording tax.

9.6. Cancellation of Existing Securities and Agreements. On the Effective Date, except as otherwise provided herein, (i) any instrument or document evidencing or creating any indebtedness or obligation of the Consolidated Debtors shall be cancelled, including, if the Consolidated Plan is confirmed, the Pre-Petition Notes, as well as any security, note, bond, or indenture, of the Consolidated Debtors, including all certificates or other documents representing Old Holdings Equity Interests if the Consolidated Plan is confirmed and all certificated and other documents representing Subsidiary Equity Interests if the Alternative Plan is confirmed, and (ii) all Intercompany Claims shall be released and discharged (subject to Section 9.9(d)). Notwithstanding the foregoing, the applicable provisions, and any Liens created thereunder, of the Indenture shall continue solely for the purpose of permitting the Indenture Trustee to make the distributions to be made to the Holders of the Pre-Petition Notes, as provided in and subject to Section 6.3.4 of this Plan.

9.7. Board of Directors and Officers of Reorganized Holdings. On the Effective Date, the operation of Reorganized Holdings shall become the general responsibility of the Board of Reorganized Holdings, subject to, and in accordance with, the Reorganized Holdings Certificate of Incorporation and the Reorganized Holdings By-Laws. The Reorganized Holdings Certificate of Incorporation will provide for, among other things, a Board, consisting of seven members, and one member of the Board of Reorganized Holdings shall include the Chief Executive Officer of Reorganized Holdings. NTFC will be allowed to appoint, at its option, either one voting member or one observing member of the Board of Reorganized Holdings. The initial board of Reorganized Holdings shall consist of the individuals identified on Exhibit F to this Plan. Such directors shall be deemed elected or appointed, as the case may be, pursuant to the Confirmation Order, but shall not take office and shall not be deemed to be elected or appointed until the occurrence of the Effective Date. The directors of each of the Subsidiary Debtor as of the Confirmation Date shall be the same as the Board of Reorganized Holdings. The officers of each Consolidated Debtor as of the date of the Confirmation Date shall be the officers of such Reorganized Debtor as of the Effective Date. Those directors of the Consolidated Debtors not continuing in office shall be deemed removed therefrom as of the Effective Date pursuant to the Confirmation Order.

9.8. Survival of Indemnification and Contribution Obligations. Notwithstanding anything to the contrary contained in this Plan, the obligations of the Debtors to indemnify and/or provide contribution to its directors, officers, agents, employees and representatives who are serving in such capacity on the Confirmation Date, pursuant to the Old Holdings Certificate of Incorporation, Old Holdings By-Laws, applicable statutes or contractual obligations, in respect of all past, present and future actions, suits, proceedings or claims against any of such directors, officers, agents, employees and representatives, based upon any act or omission related to service with, for or on behalf of the Debtors, whether occurring before or after the Effective

Date, shall not be discharged or Impaired by Confirmation or Consummation of this Plan, but rather shall survive unaffected by this Plan and the Confirmation Order.

9.9. Substantive Consolidation for Plan Purposes Only; Procedure.

- (a) Subject to Section 9.9(c), this Plan contemplates entry of the Confirmation Order effecting the substantive consolidation of the Chapter 11 Cases solely for the purposes of all actions associated with Confirmation and Consummation of the Consolidated Plan. On the Confirmation Date or such other date as may be set by a Final Order of the Bankruptcy Court, but subject to the occurrence of the Effective Date: (i) all Intercompany Claims shall be eliminated and extinguished; (ii) all pre-petition cross-corporate guarantees of the Consolidated Debtors shall be eliminated; (iii) any obligation of, and all guarantees thereof executed by, one or more of the Consolidated Debtors shall be deemed to be one obligation of the Consolidated Debtors; (iv) any Claims Filed or to be Filed in connection with any such obligation and such guarantees shall be deemed one Claim against the consolidated Debtors; (v) each and every Claim Filed in the individual Chapter 11 Case of any of the Consolidated Debtors shall be deemed Filed against the Consolidated Debtors in the consolidated Chapter 11 Cases of the Consolidated Debtors and shall be deemed, subject to the terms of the Consolidated Plan, a single obligation of all of the Consolidated Debtors on and after the Confirmation Date; and (vii) all duplicative Claims (identical in both amount and subject matter) Filed against more than one of the Consolidated Debtors will be automatically expunged (and without the need for the entry of any Order or the filing of any objection), so that only one Claim survives against the Consolidated Debtors, but in no way shall such Claim be deemed Allowed by reason of this Section 9.9. Notwithstanding the provisions of this Section 9.9 or any other provision of this Plan, each Consolidated Debtor shall, as a Reorganized Debtor, continue to exist after the Effective Date as a separate legal entity from all other Reorganized Debtors and shall retain title to all the Assets such Consolidated Debtor owned immediately prior to the Effective Date. Nothing in this Section 9.9 shall affect the legal and organizational structure of the Reorganized Debtors or limit, modify or otherwise affect the classification of Claims set forth in Article Five of this Plan and the different distributions each such Class is entitled to receive as set forth in Article Six of this Plan.
- (b) This Plan will serve as, and will be deemed to be, a motion for entry of the Confirmation Order, substantively consolidating, subject to the occurrence of the Effective Date, the Chapter 11 Cases for the purposes and subject to the terms of Section 9.9(a). Pursuant to Bankruptcy Rule 9019 and any applicable state law, and as consideration for the distributions, classifications of Claims, and other benefits provided under this Plan, the provisions of Section 9.9(a) shall constitute a compromise and settlement of any Cause of Action or disputes that could be brought by any Holder of a Claim or Equity Interest asserting that such Claim or Equity Interest would have received more favorable treatment had substantive consolidation not been effected. The Confirmation Order shall constitute the Bankruptcy Court's approval of such compromise and settlement and its finding

that this is a good faith compromise and settlement pursuant to applicable law, given and made after due notice and opportunity for a hearing, and shall bar any Cause of Action by any Holder of a Claim or Equity Interest with respect to any of the matters described in this Section 9.9.

- (c) Notwithstanding anything to the contrary contained herein, in the event that the Bankruptcy Court declines to substantively consolidate the Estate of Holdings with the Estates of the Subsidiary Debtors in the manner set forth in Section 9.9(a) or otherwise declines to confirm this Plan for Holdings, then the Alternative Plan shall be confirmed for the Subsidiary Debtors. Under the Alternative Plan:

- (1) Neither any Claims against Holdings (Including the Pre-Petition Note Claims and the Avaya Claim) nor the Old Holdings Equity Interest shall be discharged or otherwise affected by this Plan, except as provided in this Section 9.9(c);
- (2) Allied's Liens against all Assets of Holdings securing the Allied Tranche B Claim and the Allied Tranche A Claim shall not be discharged or otherwise affected, except as provided in this Section 9.9(c);
- (3) After the Confirmation Date but before the Effective Date, Holdings shall file a motion with the Bankruptcy Court under section 363 of the Bankruptcy Code to sell the Assets of Holdings, Including Holdings' stock in the Non-Debtor Subsidiaries (but not the Subsidiary Equity Interests), or Allied shall file a motion with the Bankruptcy Court for relief from the stay under section 362 of the Bankruptcy Code and the Final DIP Order to foreclose on its Liens on Holdings' Assets (excluding the Subsidiary Equity Interests) and to conduct a foreclosure sale of such Assets;
- (4) At such section 363 or foreclosure sale, Allied may credit-bid its Claims under the DIP Facility Agreement as follows: first, Allied may credit-bid all or part of the Allied Tranche B Claim and, second, Allied may credit-bid all or part of the Allied Tranche A Claim;
- (5) If Allied is the winning bidder at such sale and acquires the Assets of Holdings, Allied will, on or before the Effective Date, contribute all the Assets of Holdings that Allied acquires to Reorganized Holdings, and the following transactions shall be deemed to occur:
  - (i) The amount credit-bid by Allied shall be applied dollar-for-dollar, first, to reduce the Allowed amount of the Allied Tranche B Claim and, second, to reduce the Allowed amount of the Allied Tranche A Claim. The reduction in the amount of each of these Claims, expressed as a percentage of the original Allowed amount, shall be the Remaining Outstanding Percent of each such Claim.
  - (ii) The principal amount of the Modified Allied Secured Note shall be reduced by a percentage of \$7,500,000 equal to any percentage

reduction in the Allowed amount of the Allied Tranche B Claim pursuant to clause (i).

- (iii) The number of shares of New Preferred Stock to be issued to Allied under Section 6.2.2 of this Plan shall be reduced by a percentage equal to any percentage reduction of the Allowed amount of the Allied Tranche A Claim pursuant to clause (i).
  - (iv) The distributions to be received by Allied under Sections 2.3, 6.2.2, 6.2.3, and 6.3.2, as reduced and/or thereafter increased pursuant to Section 9.9(c)(5)(ii) and 9.9(c)(5)(iii), shall be deemed in settlement, release and discharge of the Satisfied Percent of the Allied Tranche B Claim and the Allied Tranche A Claim, respectively. Allied shall be deemed to have retained the Remaining Outstanding Percent of the Allied Tranche B Claim and the Allied Tranche A Claim, respectively, which it then credit-bid to acquire the assets of Holdings at the sale described above.
  - (v) In exchange for the Assets contributed to Reorganized Holdings, the principal amount of the Modified Allied Secured Note shall be increased by the amount by which it was reduced pursuant to clause (ii) and Allied shall receive the number of shares of New Preferred Stock equal to the amount of the reduction in such shares pursuant to clause (iii). As a result of the transactions contemplated by this Section 9.9(c)(5), Reorganized Holdings will have the same Assets as Holdings did immediately prior to Confirmation, and Allied will receive the same aggregate consideration for the Allied Tranche B Claim and the Allied Tranche A Claim as it would have received had the Consolidated Plan been confirmed.
- (6) If an Entity other than Allied is the winning bidder at such sale and acquires any Assets for Cash at such sale, then
- (i) Allied shall receive the net Cash proceeds of the sale up to the total Allowed amount of the Allied Tranche B Claim and the Allied Tranche A Claim.
  - (ii) The net Cash proceeds Allied receives shall be applied dollar-for-dollar, first, to reduce the Allowed amount of the Allied Tranche B Claim and, second, to reduce the Allowed amount of the Allied Tranche A Claim. The reduction in the amount of these Claims, expressed as a percentage of the original Allowed Amount, shall be the "Remaining Outstanding Percent" of each such Claim.
  - (iii) The principal amount of the Modified Allied Secured Note shall be reduced by a percentage of \$7,500,000 equal to any percentage reduction in the Allowed amount of the Allied Tranche B Claim pursuant to clause (iii).

- (iv) The number of shares of New Preferred Stock, to be issued to Allied under Section 6.2.2 of this Plan, shall be reduced by a percentage equal to any percentage reduction of the Allowed amount of the Allied Tranche A Claim pursuant to clause (ii).
- (v) The distributions to be received by Allied as provided in Sections 2.3, 6.2.2, 6.2.3, and 6.3.2, as reduced pursuant to Section 9.9(c)(6)(iii) and (iv), shall be deemed in complete settlement, release and discharge of the Satisfied Percent of the Allied Tranche B Claim and the Allied Tranche A Claim, respectively. Allied shall be deemed to have retained the Remaining Outstanding Percent of the Allied Tranche B Claim and the Allied Tranche A Claim, respectively, which shall have been satisfied by the net Cash proceeds received in the sale under this Section 9.9(c).
- (d) Nothing herein shall result in the consolidation of the Non-Debtor Subsidiaries with the Consolidated Debtors or the Reorganized Debtors. Nor shall anything herein be construed to release or discharge any claims that any of the Reorganized Debtors has or may have against any Non-Debtor Subsidiary (and against Holdings, if the Alternative Plan is confirmed), all of which Claims shall be fully preserved.

9.10. Prior Ownership Changes. If the Alternative Plan is confirmed and, prior to the Effective Date, there has occurred an ownership change (as defined in section 382(g) of the Internal Revenue Code) with respect to the consolidated group of which Holdings is the common parent, and which includes any Subsidiary Debtor, a timely election shall be made by Holdings pursuant to section 1.1502-95 of the U.S. Treasury Regulations to apportion to the Subsidiary Debtors a portion of the consolidated section 382 limitation arising from each such prior ownership change. The amount of the consolidated section 382 limitation to be apportioned to the Subsidiary Debtors for each such prior ownership change shall be the lesser of (a) the total amount of the section 382 limitation arising from the prior ownership change or (b) the amount of the section 382 limitation arising from the ownership change occurring with respect to the Subsidiary Debtors in connection with the transactions effected pursuant to the Alternative Plan, as such amount is reasonably determined by New Holdings and set forth in a notice to Holdings prior to the time the apportionment election is to be made.

9.11. Satisfaction, Release and Extinguishment of DIP Loan Agreement. Subject to Section 9.9(c), this Plan and the distributions and benefits to be provided hereunder to Allied and NTFC are in full satisfaction of all Claims, Liens and other rights granted those parties under the DIP Loan Agreement, the Final DIP Order and any and all documents executed pursuant thereto. From and after the Effective Date, neither Allied nor NTFC shall have any further Claims, Liens or rights arising under the DIP Loan Agreement, the Final DIP Order and any and all documents executed pursuant thereto.

9.12. New Subsidiary Shares. In the event that the Alternative Plan is confirmed the New Subsidiary Stock shall be issued to New Holdings on (or as soon as reasonably practicable after) the Effective Date.

9.13. Mukunda Note and Claim Agreement. On the Effective Date, the Reorganized Debtors and Ram Mukunda will enter into and implement the Mukunda Note and Claim Agreement.

9.14. Executive Compensation.

- (a) The Senior Executive Employment Agreements shall be effective as of the Effective Date and such Senior Executive Employment Agreements shall supersede all employment agreements between the Debtors and Ram Mukunda and Prabhav V. Maniyar in effect prior to the Effective Date.
- (b) On the Effective Date, Reorganized Holdings shall institute the Employee Incentive Plan, which will provide for the issuance of the Employee Incentive Options.

9.15. Reorganized Debtors' Retention of Claims Against Other Entities. Except as otherwise expressly provided herein, pursuant to section 1123(b)(3) of the Bankruptcy Code, from and after the Effective Date, the Reorganized Debtors shall retain and shall have the exclusive right, in their discretion, to enforce against any Person any and all Causes of Action of the Consolidated Debtors, including all Causes of Action arising out of or relating to all Causes of Action of a trustee and debtor-in-possession under sections 542, 544, 545, 546, 547, 548, 549, 550, and 553 or otherwise under chapter 5 of the Bankruptcy Code. Unless a Cause of Action against any Entity is expressly waived, relinquished, released, compromised or settled as provided or identified in this Plan or any Final Order, the Consolidated Debtors expressly reserve all causes of action for later adjudication and, therefore, no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable or otherwise) or laches, shall apply to such causes of action upon or after the Confirmation or Consummation of this Plan.

ARTICLE TEN  
PROVISIONS COVERING DISTRIBUTIONS

10.1. Cash Payments. Any Cash payment to be made pursuant to this Plan may be made, at the option of the Reorganized Debtors, by draft, check, wire transfer, or as otherwise required or provided in any relevant agreement or applicable law. Cash payments to foreign Creditors may be made, at the option of the Reorganized Debtors, in such funds and by such means as are necessary or customary in a particular foreign jurisdiction. Cash payments made pursuant to this Plan in the form of checks shall be null and void if not cashed within 120 days of the date of the issuance thereof. Requests for reissuance of any check shall be made directly to the Reorganized Debtors as set forth in Section 10.7 below.

10.2. Payment of Statutory Fees. All fees payable pursuant to 28 U.S.C. § 1930 that are due through the Effective Date shall be paid by the Debtors and any such fees payable by the Reorganized Debtors thereafter shall be paid by the Reorganized Debtors as and when due.

10.3. No Interest. Except with respect to Holders of Unimpaired Claims to the extent they are entitled to interest under applicable law or as otherwise expressly provided herein, no Holder of an Allowed Claim or Equity Interest shall receive interest on the distribution to which

such Holder is entitled hereunder, regardless of whether such distribution is made on the Effective Date or thereafter.

10.4. Fractional Securities. Notwithstanding any other provision of this Plan, only whole numbers of shares of New Common Stock will be issued or transferred, as the case may be, pursuant to this Plan. Reorganized Holdings will not distribute any fractional shares of New Common Stock under this Plan. For purposes of distribution, fractional shares of New Common Stock shall be rounded down to the nearest whole share of New Common Stock.

10.5. Withholding of Taxes. The Reorganized Debtors may withhold from any property distributed under this Plan any property that is subject to withholding for taxes payable by the Entity entitled to such property to the extent required by applicable law. As a condition to making any distribution under this Plan, the Reorganized Debtors or their designee, as the case may be, may request that the Holder of any Allowed Claim provide such Holder's taxpayer identification number and such other certification as may be deemed necessary to comply with applicable tax reporting and withholding laws.

10.6. Surrender of Instruments. As a condition to receiving any distribution under this Plan, at the election of the Reorganized Debtors, each Holder of an Instrument evidencing a Claim must surrender such Instrument to Reorganized Holdings or its designee. Any Holder of a Claim that fails to (a) surrender such Instrument or (b) execute and deliver an affidavit of loss and/or indemnity reasonably satisfactory to Reorganized Holdings or its designee before the later to occur of (i) six months following the Effective Date and (ii) three months following the date such Holder's Claim becomes an Allowed Claim, shall be deemed to have forfeited all rights, Claims, and/or Equity Interests and may not participate in any distribution under this Plan. Upon timely compliance with this Section 10.6, the Holder of a Claim or Equity Interest evidenced by any such lost, stolen, mutilated or destroyed Instrument will, for all purposes under this Plan, be deemed to have surrendered such Instrument.

10.7. Undeliverable or Unclaimed Distributions. In accordance with section 347(b) of the Bankruptcy Code, any Entity that is entitled to receive a Cash distribution under this Plan but that fails to cash a check within 120 days of its issuance shall be entitled to receive a reissued check from the Reorganized Debtors for the amount of the original check, without any interest, if such Entity requests in writing the Reorganized Debtors to reissue such check and provides the Reorganized Debtors with such documentation as the Reorganized Debtors request to verify in their reasonable discretion that such Entity is entitled to such check, prior to the later to occur of (i) the first anniversary of the Effective Date and (ii) six months following the date such Holder's Claim becomes an Allowed Claim. If an Entity fails to cash a check within 120 days of its issuance and fails to request reissuance of such check prior to the later to occur of the dates specified in clause (i) and (ii) of the immediately prior sentence, such Entity shall not be entitled to receive any further distribution under this Plan. If the distribution to any Holder of an Allowed Claim is returned to the Reorganized Debtors as undeliverable, no further distributions will be made to such Holder unless and until the Reorganized Debtors or their designee are notified in writing of such Holder's then-current address. After the second anniversary of the Effective Date, all unclaimed property shall revert to the Reorganized Debtors and the claim of any Holder or successor to such Holder with respect to such property shall be discharged and forever barred notwithstanding any federal or state escheat laws to the contrary.

10.8. Effect of Foreign Proceedings. If any Entity receives, in a foreign proceeding, payment of, or a transfer of property on account of, an Allowed Claim, such Entity may not receive any payment under this Plan on account of such Claim until each of the other Holders of Claims in the same Class has received under this Plan distributions, based on such other Holders' Pro Rata Share, equal in value to the consideration received by such Entity in the foreign proceeding.

10.9. Distributions to Holders of Class 4 Claims.

- (a) All distributions (if any) of New Common Stock on account of Class 4 Pre-Petition Note Claims shall be made to the Indenture Trustee for further distribution to individual Holders of Class 4 Pre-Petition Note Claims. Any such distribution of New Common Stock by the Indenture Trustee shall be made pursuant to the terms of this Plan and the Indenture. The Indenture Trustee shall be solely responsible for all stock distributions to Holders of Allowed Prepetition Note Claims and no such Holder shall have any claim against the Reorganized Debtors for any act or omissions of the Indenture Trustee. Notwithstanding any provision in this Plan to the contrary, the Indenture shall continue in effect to the extent necessary to allow the Indenture Trustee to receive and make distributions pursuant to this Plan on account of Class 4 Pre-Petition Note Claims. Any actions taken by the Indenture Trustee on or after the Effective Date that are not for this purpose shall be null and void as against the Reorganized Debtors and the Reorganized Debtors shall have no obligations to the Indenture Trustee for any fees, costs and expenses incurred in connection with any such action.
- (b) As of the close of business on the Distribution Record Date, the transfer ledgers for the Pre-Petition Notes shall be closed, and there shall be no further changes in the record holders of any Pre-Petition Notes. The Reorganized Debtors and the Indenture Trustee shall have no obligation to recognize any transfer of Pre-Petition Notes occurring on or after the Distribution Record Date. The Reorganized Debtor and the Indenture Trustee shall instead be entitled to recognize for all purposes hereunder only those Holders listed on the transfer ledgers of the Indenture Trustee as of the close of business on the Distribution Record Date. In the event of any dispute regarding the identity of any Entity entitled to any payment or distribution in respect of any Claim under this Plan, no distributions will be made in respect of such Claim until the Bankruptcy Court resolves that dispute pursuant to a Final Order. As soon as reasonably practicable after the Distribution Record Date, the Indenture Trustee shall provide the Consolidated Debtors with a list of the record holders (as of the Distribution Record Date) of any Pre-Petition Notes, the address of such record holders, and the principal amount of Pre-Petition Notes held by such record holders.

10.10. Setoffs.

- (a) The Consolidated Debtors may, but shall not be required to, set off against any Claim, and the payments or other distributions to be made pursuant to this Plan in respect of such Claim, claims (whether arising before, on or after the Filing Date



or the Effective Date) of any nature whatsoever that the Consolidated Debtors may have against the holder of such Claim; but neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Consolidated Debtors of any such claim that the Consolidated Debtors may have against such Holder.

- (b) Nothing herein, Including any substantive consolidation of the Chapter 11 Cases for purposes of distribution contemplated by Section 9.9, is intended or shall be construed to limit or otherwise affect any claims, defenses or rights of any Debtor with respect to setoff or recoupment. The Consolidated Debtors expressly reserve all such claims, defenses and rights with respect to setoff and recoupment.
- (c) Any Holder of a Pre-Petition Claim against any of the Consolidated Debtors who asserts a right of setoff against any debt owing to any of the Consolidated Debtors that arose before the Filing Date must assert such right of setoff in a timely filed Proof of Claim or, to the extent such Proof of Claim is not required to preserve such right of setoff under applicable law, within ninety (90) days of the Effective Date, or such right of setoff shall be forever barred.

#### ARTICLE ELEVEN PROCEDURES FOR RESOLVING DISPUTED CLAIMS

11.1. Objections to Claims. Only the Consolidated Debtors or, after the Effective Date, the Reorganized Debtors shall have the authority to File, settle, compromise, withdraw or litigate to judgment objections to Claims. The Consolidated Debtors or the Reorganized Debtors, as the case may be, may object to a Claim by filing an objection with the Bankruptcy Court and serving such objection upon the Holder of such Claim on or before the Claims Objection Deadline.

11.2. Litigation and Settlement of Objections. Unless otherwise ordered by the Bankruptcy Court or agreed to by written stipulation of the Consolidated Debtors or the Reorganized Debtors, or until an objection thereto by the Consolidated Debtors or by Reorganized Debtors is withdrawn, the Debtors or the Reorganized Debtors shall litigate the merits of each Disputed Claim until determined by a Final Order; provided, however, that, (a) prior to the Effective Date, the Consolidated Debtors, subject to the approval of the Bankruptcy Court, and (b) after the Effective Date, the Reorganized Debtors, without approval of the Bankruptcy Court may withdraw, compromise and/or settle any objection to any Claim, Including any Claim for Administrative Expenses.

11.3. Payments and Distributions With Respect to Disputed Claims. No payments or distributions shall be made in respect of any Disputed Claim (or any disputed Administrative Expense) until such Disputed Claim (or disputed Administrative Expense) becomes an Allowed Claim (or any Allowed Administrative Expense). Distributions to each Holder of a Claim, to the extent that such Claim ultimately becomes an Allowed Claim or Allowed Administrative Expense, will be made, without interest, in accordance with the provisions of this Plan.

11.4. Reserve. If Class 3A votes to accept this Plan, the Reorganized Debtors shall maintain in reserve the New Common Stock that would be distributed to Holders of Disputed

Claims in Class 3A if any or all such Claims were Allowed. If Class 3A, Class 3C, and Class 4 vote to accept this Plan, and the Consolidated Plan is confirmed, the Reorganized Debtors shall maintain in reserve the New Common Stock that would be distributed to Holders of Disputed Claims (if any) in Class 4 if any or all such Claims were Allowed.

11.5. Estimation. For purposes of effectuating this Plan (Including Section 11.4) and the allocations and distributions to Holders of Allowed General Unsecured Claims, the Bankruptcy Court may, pursuant to section 502 of the Bankruptcy Code, by estimation or otherwise, fix or liquidate the amount of any contingent or unliquidated General Unsecured Claim, in which event the amount so fixed will be deemed the Allowed amount of such Claim for purposes of this Plan or, in lieu thereof, the Bankruptcy Court may determine the maximum contingent or unliquidated amount for such Claim, which amount shall be the maximum amount in which such Claim ultimately may be Allowed under this Plan, if such Claim is Allowed in whole or part. The Bankruptcy Court's determination may limit the distribution to be made on individual Disputed Claims, regardless of the amount finally Allowed on account of such Disputed Claims, and no Holder shall have recourse against the Reorganized Debtors or any of their respective professional consultants, attorneys, advisors, officers, directors or members or their successors or assigns, or any of their respective property on account thereof.

11.6. Distributions After Disallowance of Disputed General Unsecured Claims. If Class 3A votes to accept this Plan, Holders of Allowed General Unsecured Claims in Class 3A that receive an initial distribution after Allowance of such Holder's General Unsecured Claim, may receive subsequent distributions if and to the extent that other General Unsecured Claims that, if Allowed, would be in Class 3A are disallowed or expunged, as follows: as soon as reasonably practicable following each Catch-Up Distribution Date, each Holder of an Allowed General Unsecured Claim that has previously received any New Common Stock pursuant to Section 6.3.1 or 11.3 of this Plan, shall receive a distribution on New Common Stock in an amount equal to the difference, if any, between (i) the number of shares of New Common Stock representing such Holder's aggregate Pro Rata Share of the Unsecured Stock Distribution as of such Catch-Up Distribution Date and (ii) the aggregate number of shares of New Common Stock previously distributed to such Holder under Section 6.3.1 or 11.3 of this Plan. If Class 3A, Class 3C, and Class 4 vote to accept this Plan, and the Consolidated Plan is confirmed, and to the extent there are Disputed Claims in Class 4, the Reorganized Debtors shall implement similar provisions for subsequent distributions from the New Common Stock held in reserve for disputed Claims in Class 4 pursuant to Section 11.4 of this Plan, to Holders of Allowed Pre-Petition Notes Claims in accordance with Section 6.3.4 of this Plan upon the disallowance of any Disputed Pre-Petition Note Claim.

## ARTICLE TWELVE

### EFFECT OF THIS PLAN ON CLAIMS AND INTERESTS

#### 12.1. Discharge of All Claims and Equity Interests and Releases.

- (a) **Except as otherwise specifically provided by this Plan, Confirmation of this Plan (subject to the occurrence of the Effective Date) shall discharge and release the Consolidated Debtors, the Reorganized Debtors, their successors and assigns and their respective Assets and properties from any debt, charge,**

Cause of Action, liability, Lien, encumbrance, security interest, Claim, Interest, or other cause of action of any kind, nature or description (Including any claim of successor liability) that arose before the Confirmation Date, and any debt of the kind specified in sections 502(g), 502(h) or 502(i) of the Bankruptcy Code, whether or not a Proof of Claim or Interest is or could have been Filed or is deemed Filed, whether or not such Claim or Interest is or could have been Allowed, and whether or not the Holder of such Claim or Interest voted or could have voted to accept or reject this Plan.

- (b) Except as otherwise specifically provided by this Plan or the Confirmation Order, effective as of the Effective Date, none of the Debtor Releasees, the Committee Releasees, the Allied Releasees or the NTFC Releasees shall have any responsibility, or have or incur any liability, to any Entity whatsoever (i) for any matter expressly approved or directed by the Confirmation Order or (ii) under any theory of liability (except for any claim based upon willful misconduct or gross negligence) for any act taken or omission made in good faith directly related to formulating, implementing, confirming, or consummating this Plan, the Disclosure Statement, or any Plan Document; provided that nothing in this Section 12.1 shall limit the liability of any Entity for breach of any express obligation it has under this Plan, the Plan Documents, or any other documents executed in connection herewith or therewith or pursuant hereto or thereto, or under any other agreement or document entered into by such Entity in accordance with or pursuant to the terms of this Plan, except to the extent expressly provided herein or for any breach of a duty of care owed to any other Entity occurring after the Effective Date.
- (c) On the Effective Date, each of the Consolidated Debtors shall release unconditionally, and hereby is deemed to release unconditionally, (i) each of the Debtor Releasees (sole in their capacities as such), (ii) the Creditors Committee and, solely in their capacity as members or representatives of the Creditors Committee, the Committee Releasees, (iii) the Allied Releasees, and (iv) the NTFC Releasees from any and all claims, obligations, suit, judgments, damages, rights, causes of action and liabilities whatsoever, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity or otherwise, based in whole or in part upon any act or omission, transaction, event or other occurrence taking place on or after the Filing Date and up to and including the Effective Date in any way relating to the Chapter 11 Cases, this Plan or the Disclosure Statement.

12.2. **Injunction.** The satisfaction, release and discharge pursuant to Sections 12.1 and 12.3 of this Plan, shall act as an injunction against any Entity commencing or continuing any action, employment of process, or act to collect, offset or recover any Claim or Cause of Action satisfied, released or discharged under this Plan. The injunction, discharge and releases described in Sections 12.1, 12.2 and 12.3 of this Plan shall apply regardless of whether or not a Proof of Claim or Interest based on any Claim, debt, liability

or Interest is Filed or whether or not a Claim or Interest based on such Claim, debt, liability or Interest is Allowed, or whether or not such entity voted to accept or reject this Plan. Without in any way limiting the foregoing, all injunctions or stays entered in these Chapter 11 Cases and existing immediately prior to the Confirmation Date shall remain in full force and effect until the Effective Date.

12.3. Exculpation. On the Effective Date, and in consideration of the distributions to be received under this Plan, (i) each Holder of a Claim or Interest who has voted to accept this Plan shall be deemed to have unconditionally released the Debtor Releasees, the Committee Releasees, the Allied Releasees and the NTFC Releasees from any and all claims, obligations, suits, judgments, damages, rights, Causes of Action and liabilities whatsoever which any such Holder may be entitled to assert, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity or otherwise, based in whole or in part upon any act or omission, transaction, event or other occurrence taking place on or after the Filing Date and up to and including the Effective Date in any way relating to the Chapter 11 Cases, this Plan or the Disclosure Statement, excepting, however, from such release any obligation owing to a holder of an Allowed Claim or Allowed Interest arising under this Plan; and (ii) each Holder of a Claim or Interest shall be deemed to have unconditionally released the Debtor Releasees, the Committee Releasees, the Allied Releasees and the NTFC Releasees from any and all Claims, obligations, suits, judgments, damages, rights, Causes of Action and liabilities whatsoever which any such Holder may be entitled to assert, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity or otherwise, based in whole or in part upon any act or omission, transaction, event or other occurrence taking place on or after the Filing Date and up to and including the Effective Date for which released rights the Holder is entitled to a Claim or Interest that receives or retains value as provided in the Plan.

ARTICLE THIRTEEN  
CONDITIONS PRECEDENT TO CONFIRMATION ORDER  
AND EFFECTIVE DATE

13.1. Conditions Precedent to Entry of the Confirmation Order. The Confirmation Order must be in form and substance acceptable to the Consolidated Debtors, Allied and NTFC for this Plan to be confirmed on the Confirmation Date.

13.2. Conditions Precedent to the Effective Date. The following conditions must occur and be satisfied or waived by the Consolidated Debtors, Allied and NTFC, on or before the Effective Date for this Plan to become effective on the Effective Date.

- (a) Confirmation Order. The Confirmation Order shall have been entered by the Bankruptcy Court and no stay of the Confirmation Order shall have been entered and remain in effect.
- (b) Authorizations, Consents and Approvals. All authorizations, consents and regulatory approvals from any Governmental Unit required to be obtained by the Consolidated Debtors, if any, in connection with this Plan's effectiveness shall have been obtained.

- (c) Sale Pursuant to Alternative Plan. If the Alternative Plan is confirmed, the sale described in Section 9.9(c) shall have occurred and, to the extent that Allied acquires Assets of Holdings as the successful bidder in such sale, Allied shall have contributed those Assets to Reorganized Holdings.

13.3. Effect of Failure of Conditions. If all the conditions to effectiveness and the occurrence of the Effective Date have not been satisfied or waived by the Consolidated Debtors, Allied and NTFC in a writing filed with the Bankruptcy Court on or before the first Business Day that is more than 120 days after the Confirmation Date, then, at the election and upon motion of the Consolidated Debtors made before the time that all of the conditions have been satisfied or so duly waived, the Confirmation Order shall be vacated by the Bankruptcy Court; provided, however, that notwithstanding the filing of such a motion, the Confirmation Order shall not be vacated if all of the conditions to Consummation set forth in Section 13.2 are either satisfied or duly waived before the Bankruptcy Court enters an order granting the relief requested in such motion.

#### ARTICLE FOURTEEN RETENTION OF JURISDICTION

14.1. Bankruptcy Court to Retain Jurisdiction. The business and Assets of the Consolidated Debtors shall remain subject to the jurisdiction of the Bankruptcy Court until the Effective Date. From and after the Effective Date, the Bankruptcy Court shall retain and have jurisdiction of all matters arising out of, and related to the Chapter 11 Cases of the Consolidated Debtors or this Plan pursuant to, and for purposes of, sections 105(a) and 1142 of the Bankruptcy Code and for, among other things, the following purposes: On and after the Effective Date, the Bankruptcy Court shall retain jurisdiction over all matters arising in, arising under, or related to the Chapter 11 Cases of the Consolidated Debtors for, among other things, the following purposes:

- (a) To hear and determine applications for the assumption or rejection of executory contracts or unexpired leases and the allowance of Claims resulting therefrom.
- (b) To determine any motion, adversary proceeding, avoidance action, application, contested matter, and other litigated matter pending on or commenced after the Confirmation Date.
- (c) To ensure that distributions to holders of Allowed Claims are accomplished as provided herein.
- (d) To consider Claims or the allowance, classification, priority, compromise, estimation, or payment of any Pre-Petition Claim or other Claim, Administrative Expense, or Equity Interest.
- (e) To consider any objections to a Claim asserted against any of the Consolidated Debtors and any counterclaims asserted by the Reorganized Debtors thereto.

- (f) To enter, implement, or enforce such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, reversed, revoked, modified, or vacated.
- (g) To issue injunctions, enter and implement other orders, and take such other actions as may be necessary or appropriate to restrain interference by any Person with the consummation, implementation, or enforcement of this Plan, the Confirmation Order, or any other order of the Bankruptcy Court.
- (h) To hear and determine any application to modify this Plan in accordance with section 1127 of the Bankruptcy Code, to remedy any defect or omission or reconcile any inconsistency in this Plan, the Disclosure Statement, or any order of the Bankruptcy Court, including the Confirmation Order, in such a manner as may be necessary to carry out the purposes and effects thereof.
- (i) To hear and determine all Fee Claims.
- (j) To hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of this Plan, the Confirmation Order, any transactions or payments contemplated hereby, or any agreement, instrument, or other document governing or relating to any of the foregoing.
- (k) To take any action and issue such orders as may be necessary to construe, enforce, implement, execute, and consummate this Plan, including any release or injunction provisions set forth herein, or to maintain the integrity of this Plan following consummation.
- (l) To determine such other matters and for such other purposes as may be provided in the Confirmation Order.
- (m) To hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code.
- (n) To hear any Causes of Action preserved under Sections 9.9(d) and 9.15 of this Plan asserted by the Reorganized Debtors, to the extent permitted by law.
- (o) To hear and determine any other matters related hereto and not inconsistent with the Bankruptcy Code and title 28 of the United States Code.
- (p) To enter a final decree closing the Reorganization Cases.
- (q) To recover all Assets of the Debtors and property of the Estates, wherever located.

In the event that the Alternative Plan is confirmed, the Bankruptcy Court shall retain jurisdiction over the Chapter 11 Cases of Holdings to the fullest extent provided in 28 U.S.C. §§ 157 and 1334.

ARTICLE FIFTEEN  
MISCELLANEOUS PROVISIONS

15.1. Nonvoting Stock. In accordance with section 1123(a)(6) of the Bankruptcy Code, the Reorganized Holdings Certificate of Incorporation shall contain a provision prohibiting the issuance of nonvoting equity securities.

15.2. Withdrawal of this Plan. The Debtors reserve the right, at any time prior to the entry of the Confirmation Order, to revoke or withdraw this Plan. If the Debtors revoke or withdraw this Plan, if the Confirmation Date does not occur, or if the Confirmation Order is vacated pursuant to Section 13.3, or if the Effective Date does not occur, then (i) this Plan, any settlement or compromise embodied in this Plan (Including the fixing or limiting to an amount certain any Claim or Class of Claims), the assumption or rejection of executory contracts or leases effected by this Plan, and any document or agreement executed pursuant to this Plan, will be deemed null and void; (ii) this Plan shall be of no effect and shall be deemed vacated, and the Chapter 11 Cases shall continue as if this Plan had never been Filed and, in such event, the rights of any Holder of a Claim or Equity Interest shall not be affected nor shall such Holder be bound by, for purposes of illustration only, and not limitation, (a) this Plan, (b) any statement, admission, commitment, valuation or representation contained in this Plan or the Disclosure Statement or (c) the classification and proposed treatment (Including any allowance) of any Claim in this Plan; and (iii) nothing contained in this Plan or in the Disclosure Statement shall be deemed an admission or statement against interest or to constitute a waiver or release of any claims by or against any Debtor or any other Entity or to prejudice in any manner the rights of any Debtor or any Entity in any further proceedings involving any Debtor or any Entity.

15.3. Captions. Article and Section captions used in this Plan are for convenience only and will not affect the construction of this Plan.

15.4. Method of Notice. All notices required to be given under this Plan, if any, shall be in writing and shall be sent by facsimile transmission (with hard copy to follow), by first class mail, postage prepaid, by hand delivery or by overnight courier to:

If to a Debtor:

Startec Global Communications Corporation  
1151 Seven Locks Road  
Potomac, Maryland 20854  
Attn: Jeffrey L. Poersch, Esq.  
Fax No.: (240) 314-4219

with copies to:

Wilmer Cutler Pickering  
2445 M Street, N.W.  
Washington, D.C. 20037  
Attn: Philip D. Anker, Esq.  
Fax No.: (202) 663-6363

If to Allied:

Allied Capital Corporation  
1919 Pennsylvania Avenue, N.W.  
Third Floor  
Washington, D.C. 20005-3434  
Attn: Mr. Scott Binder  
Fax No.: (202) 659-2053

With copies to:

Dickstein Shapiro Morin & Oshinsky LLP  
2102 L. Street, N.W.  
Washington, D.C. 20037  
Attn: David Parker, Esq.  
Fax No.: (202) 887-0689

If to NTFC:

GE Capital, Telecom Financial Services  
10 Riverview Drive  
Danbury, Connecticut 06810  
Attn: Robert W. Wotten

With copies to:

Hunton Williams  
Riverfront Plaza, East Tower  
951 East Byrd Street  
Richmond, Virginia 23219-4074  
Attn: Peter S. Partee, Esq.  
Fax No.: (804) 788-8218

Any of the above may, from time to time, change its address for future notices and other communications hereunder by filing a notice of the change of address with the Bankruptcy Court. Any and all notices given under this Plan shall be effective when received.

15.5. Dissolution of the Committee. On the Effective Date, as to the Chapter 11 Cases of the Consolidated Debtors, the Creditors' Committee shall cease to exist and its members and employees or agents (Including any attorneys, investment bankers, financial advisors, accountants and other Professionals employed) shall cease from all further duties, responsibilities and obligations relating to and arising from and in connection with these Chapter 11 Cases and shall have no right to compensation for any further actions taken; provided, however, that following the Effective Date, the responsibilities of the Creditors' Committee and its members



and employees or agents shall be limited to the preparation of their respective fee applications, if any.

15.6. Amendments and Modifications to Plan. This Plan may be altered, amended or modified by the Debtors, before or after the Confirmation Date, as provided in section 1127 of the Bankruptcy Code, with the consent of the Debtors, Allied and NTFC.

15.7. Section 1125(e) of the Bankruptcy Code.

- (a) **The Debtors (and each of their respective Affiliates, agents, directors, officers, employees, advisors and attorneys) have, and upon Confirmation of this Plan shall be deemed to have, solicited acceptances of this Plan in good faith and in compliance with the applicable provisions of the Bankruptcy Code.**
- (b) **The Debtors (and each of their respective Affiliates, agents, directors, officers, employees, advisors, and attorneys) have, and upon confirmation of this Plan shall be deemed to have, participated in good faith and in compliance with the applicable provisions of the Bankruptcy Code with regards to the distributions of the Modified Allied Secured Note, Modified NTFC Secured Note, the Modified NTFC Junior Note, the New Preferred Stock, the New Common Stock, the New Warrant, the Employee Incentive Plan, and any new employee contracts under this Plan, and therefore are not, and on account of such distributions will not be, liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of this Plan or such distributions made pursuant to this Plan.**

15.8. Exemption from Securities Registration. To the maximum extent provided by section 1145 of the Bankruptcy Code and applicable non-bankruptcy laws, the New Common Stock, the New Preferred Stock, the New Subsidiary Stock and the New Warrant issued pursuant to this Plan shall be exempt from registration under the Securities Act of 1933, as amended.

15.9. Business Days. If the Effective Date or any other date on which a transaction or deadline may occur under this Plan shall occur on a day that is not a Business Day, the transaction or deadline contemplated by this Plan to occur on such day shall instead occur on the next succeeding Business Day.

Dated: June 14, 2002

Respectfully submitted,

STARTEC GLOBAL COMMUNICATIONS CORPORATION  
STARTEC GLOBAL OPERATING COMPANY  
STARTEC GLOBAL LICENSING COMPANY

Debtors and Debtors-In-Possession

By: \_\_\_\_\_

Name: Ram Mukunda

Title: President and Chief Executive Officer

# EXHIBIT A

## Terms of Modified Debt

<b>Debtors</b>	Startec Global Communications Corporation (the "Holdings"), Startec Global Operating Company ("Operating"), and Startec Global Licensing Company ("Licensing"), each a Delaware corporation. (Newco if Alternative Plan adopted.)
<b>Co-Debtors</b>	All subsidiaries of Debtors, except where prohibited by national insolvency laws.
<b>Lenders</b>	Allied Capital Corporation, a Maryland corporation ("Allied"), and NTFC Capital Corporation, a Delaware corporation ("NTFC").
<b>Senior Notes</b>	\$7,500,000 to Allied <sup>1</sup> \$27,500,000 to NTFC
<b>Junior Notes</b>	\$8,000,000 to NTFC
<b>Maturity Date</b>	5 years
<b>Interest Rate</b>	10% per annum
<b>Payments</b>	<p>Payments of principal and interest will be made quarterly for three years, commencing with the first full calendar quarter after the Effective Date of the Plan. Payments will be made only to the extent of Excess Cash Flow generated by the Debtors for the quarter. Payments will be applied in the following order:</p> <ol style="list-style-type: none"><li>(1) to accrued and unpaid interest on the Senior Notes from prior quarters;</li><li>(2) to interest on the amount in (1) accrued during the current quarter;</li><li>(3) to interest on the Senior Notes accrued during the current quarter;</li><li>(4) to principal on the Senior Notes until the Senior Notes are</li></ol>

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<sup>1</sup> Subject to adjustment under the Plan.

- fully paid;
- (5) to accrued and unpaid interest on the Junior Note from prior quarters;
  - (6) to interest on the amount in (5) accrued during the current quarter;
  - (7) to interest on the Junior Notes accrued during the current quarter;
  - (8) to principal on the Junior Notes until the Junior Notes are fully paid.

Excess Cash Flow will equal EBITDA for a quarter after adjusting for non-cash items, less an allowance for working capital, budgeted capital expenditures and permitted payments (e.g., other permitted indebtedness, and capitalized lease obligations).

The aggregate outstanding amount of principal and interest at the end of the three year period above will be amortized and paid in equal installments of principal over the last eight quarters, together with interest thereon.

To the extent not previously paid during the first three years following the execution of the Notes, the Junior Note and all interest accrued thereon will be paid in full no later than the Maturity Date.

**Security Interest**

First lien on all assets of the Debtors, other than those granted to other persons pursuant to the Plan. The existing security interest in foreign assets under the DIP Facility will likewise secured the Notes, except to the extent prohibited by national insolvency laws.

**Deposit Accounts**

All receivables shall be payable into an account or accounts under the control of the Lenders.

**Lien Priority**

Upon the foreclosure or other liquidation of the collateral secured, Allied will have the first priority to the extent of its Senior Note, thereafter to NTFC on account of its Senior Note and finally to NTFC on account of its Junior Note.

**Covenants**

Capital Expenditure limitations will be operative during the entire term. Financial covenants (at least minimum revenues, EBITDA Margin and Debt Service Ratio) will apply commencing on the later of January 1, 2006 or the 1st day of the 13th full calendar quarter following the Effective Date, based upon the Debtors' current five-year plan.

**Events of Default**

Those typically found in credit agreements of this type.

# **EXHIBIT B**

## **Form of Warrant Agreement**

**COMMON STOCK PURCHASE WARRANT**  
Startec Global Communications Corporation<sup>2</sup>

1,750,000 Shares

THIS COMMON STOCK PURCHASE WARRANT (collectively with all amendments, renewals, extensions and replacements, this *Warrant*) is issued as of \_\_\_\_\_, 2002 by **Startec Global Communications Corporation** a Delaware corporation (hereinafter, the *Company*), to **NTFC Capital Corporation**, a Delaware corporation or its registered assigns (hereinafter, *Holder*). The Company hereby grants and agrees as set out herein, to and for the benefit of Holder.

1. **Definitions.** For purposes hereof, the following terms shall have the meanings set out below. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Credit Agreement identified below.

(a) *Common Stock* is defined as the common stock, \$ .001 par value per share, of the Company.

(b) *Credit Agreement* is defined as the Amended and Restated Credit Agreement among the Company, the Holder and certain other parties, dated the date hereof, collectively with all amendments, renewals, extensions and replacements thereof and therefor.

(c) *Fair Market Value* is defined, as to any property on any relevant date, the fair market value of such property. Such value will be the value of such property reasonably determined by the Board of Directors of the Company and reasonably acceptable to the Holder, but if the Holder has not so accepted such determination within 10 business days of the date notice of such determination is delivered to the Holder, then such value will be determined by an independent investment banking firm selected by the Holder and reasonably acceptable to the Company. If the Fair Market Value determined by such investment banking firm exceeds the Fair Market Value determined by the Board of Directors by 10% or more, the cost of the engagement of the investment banking firm will be borne by the Company; otherwise such cost will be borne by the Holder.

(d) *Market Price* is defined, as to any security on any relevant date, as the Fair Market Value per share of such security, or if there shall be a public market for such security, the average of the daily closing prices for the ten (10) consecutive trading days before such date excluding any trades which are not bona fide arm's length transactions. The closing price for each day shall be (a) if such security is listed or admitted for trading on any national securities exchange, the last sale price of such security, or the mean of the closing bid and asked prices thereof if no such sale occurred, in each case as officially reported on the principal securities exchange on which such security is listed; or (b) if quoted on NASDAQ or any similar system of automated dissemination of quotations of securities prices then in common use, the mean between the closing high bid and low asked quotations of such security in the over-the-counter

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<sup>2</sup> Name of issuer will be conformed as necessary if Alternative Plan is confirmed.

market as shown by NASDAQ or such similar system of automated dissemination of quotations of securities prices, as reported by any member firm of the New York Stock Exchange selected by the Company; (c) if not quoted as described in clause (b), the mean between the high bid and low asked quotations for the Common Stock as reported by NASDAQ or any similar successor organization, as reported by any member firm of the New York Stock Exchange selected by the Company. If such security is quoted on a national securities or central market system in lieu of a market or quotation system described above, the closing price shall be determined in the manner set forth in clause (a) of the preceding sentence if bid and asked quotations are reported but actual transactions are not, and in the manner set forth in clause (b) of the preceding sentence if actual transactions are reported.

(e) *Significant Corporate Event* is defined as (a) any sale, transfer or lease of all or substantially all of the Company's assets, a merger or consolidation involving the Company in each case in which the Common Stock will be converted into the right to receive cash or new securities of the surviving corporation, (b) any tender or exchange offer in which the Company repurchases more than 10% of the then issued and outstanding shares of Common Stock capital stock, or (c) adoption of a plan of liquidation or dissolution of the Company.

(f) *Warrant Number* is defined as the number of Warrant Shares; the Warrant Number initially shall be as set out in paragraph 2 hereof, but shall be subject to certain adjustments from time to time as further provided herein.

(g) *Warrant Shares* is defined as the Common Stock shares issued or issuable hereunder, referred to collectively.

2. **Grant.** The Company, for value received, hereby grants to Holder, or its nominee, under the terms herein, the right to purchase One Million, Seven Hundred Fifty Thousand (**1,750,000**) of the fully paid and non-assessable shares of the Company's authorized but unissued Common Stock.

3. **Plan of Reorganization.** This Warrant is issued pursuant to the Debtors' Joint Plan of Reorganization of Startec Global Communications Corporation et al. Under Chapter 11 Of The Bankruptcy Code (the *Plan*), dated as of \_\_\_\_\_, 2002, as modified and confirmed by the Findings of Fact, Conclusions of Law and Order Under 11 U.S.C. § 1129 and Rule 3020 of the Federal Rules of Bankruptcy Procedure Confirming the Debtors' Joint Plan of Reorganization of Startec Global Communications Corporation et al., which order was signed by the United States Bankruptcy Court for the District of Maryland, Greenbelt Division, in Cases Number 01-25009, 01-25010 and 01-25-013 (Jointly Administered under Case No. 01-25013) on \_\_\_\_\_, 2002 and entered on the docket of the Bankruptcy Court on \_\_\_\_\_, 2002.

4. **Term.** The right to exercise this Warrant shall expire on the later of (a) five (5) years after the date hereof, and (b) six (6) months after both the Senior Note and the Junior Note issued to NTFC Capital Corporation pursuant to the Plan have been repaid in full.

5. **Exercise Price.** The exercise price of this Warrant (the *Exercise Price*) shall be Zero Dollars and Forty cents (40¢) per share, subject to adjustment from time-to-time as set out below.

## 6. Adjustments to Warrant Number and Exercise Price.

(a) **Stock Split or Dividend.** In case the shares of Common Stock at any time outstanding shall be subdivided into a greater or combined into a lesser number of shares of Common Stock, by stock-split, reverse split or otherwise, or in case shares of Common Stock shall be issued as a stock dividend, the Warrant Number shall be increased or decreased, as applicable, to an amount which shall bear the same relation to the Warrant Number in effect immediately prior to such subdivision, combination or stock dividend as the total number of shares of Common Stock issued and outstanding immediately after such subdivision, combination or stock dividend shall bear to the total number of shares of Common Stock issued and outstanding immediately prior to such subdivision, combination or stock dividend; likewise, in case of such a subdivision, combination or stock dividend, the Exercise Price shall correspondingly be increased or decreased, as applicable, to the price which shall bear the same relation to the Exercise Price in effect immediately prior to such subdivision, combination or stock dividend as the total number of shares of Common Stock issued and outstanding immediately prior to such subdivision, combination or stock dividend shall bear to the total number of shares of Common Stock issued and outstanding immediately after such subdivision, combination or stock dividend; an adjustment pursuant to this subparagraph shall become effective immediately after the effective date of such subdivision, combination or stock dividend, retroactive to the record date (if any) for such subdivision, combination or stock dividend.

(b) **Dilutive Issuances.** If the Company, at any time or from time to time after the date of this Warrant, shall issue, sell or grant to Allied Capital Corporation, or any affiliate (as defined in Rule 405 promulgated pursuant to the Securities Act of 1933) thereof, shares of Common Stock other than as a stock dividend on, or upon the subdivision or combination of, previously outstanding shares of Common Stock, at a price per share that is less than the Exercise Price on the date of such issuance, sale or grant, then the Exercise Price shall be reduced as of the date of the relevant issuance, sale or grant to a price determined in accordance with the following formula:

$$N = O [(AO+C)/BO]$$

wherein

N = the Exercise Price to be in effect immediately after the subject issuance, sale or grant;

O = the Exercise Price as in effect immediately prior to such issuance, sale or grant;

A = the number of shares of Common Stock issued and outstanding immediately before such issuance, sale or grant;

B = the number of shares of Common Stock issued and outstanding immediately after such issuance, sale or grant; and

C = the net consideration received for such issuance, sale or grant.



(c) **Increase in Warrant Number.** Whenever the Exercise Price is reduced according to the formula set out above, the Warrant Number shall increase to equal the quotient obtained by dividing the product of the original Exercise Price times the original Warrant Number, as dividend, by the reduced Exercise Price as divisor.

(d) **Merger.** In case of any capital reorganization, or any reclassification of the Common Stock of the Company, or in case of any consolidation of the Company with or the merger of the Company into any other entity (other than a consolidation or merger in which the Company is the surviving entity), this Warrant shall after such reorganization, reclassification, consolidation or merger be exercisable upon the terms and conditions specified herein, for the number of shares of stock or other securities or property of the Company, or of the other entity resulting from such consolidation or surviving such merger (as the case may be), which the holder of this Warrant would have been entitled to receive, under the terms of such reorganization, reclassification, consolidation or merger, if this Warrant had been exercised in full prior to such reorganization, reclassification, consolidation or merger. In any such case, if necessary, the provision set forth in this Warrant with respect to the rights and interests thereafter of the Holder shall be appropriately adjusted so as to be applicable, as nearly as may reasonably be, to any shares of stock or other securities or property thereafter deliverable on the exercise of this Warrant. The subdivision or combination of shares of Common Stock at any time outstanding into a greater or lesser number of shares of Common Stock shall not be deemed to be a reclassification of the Common Stock of the Company for the purposes of this subparagraph. The Company shall not effect any such consolidation or merger unless, prior to or simultaneously with the consummation thereof, the surviving entity (if other than the Company) resulting from such consolidation or merger shall assume, by written agreement executed and delivered to the Company, the obligation to deliver to the Holder such shares of stock, securities or assets to which in accordance with the foregoing provisions, such Holder may be entitled, as well as any other obligations arising under this Warrant.

(e) **Adjustments to Numbers of Other Securities.** If as a result of any provision of this paragraph 6 the Holder shall become entitled to acquire any securities of the Company other than or in addition to Common Stock, the number or amount of such other securities to which the Holder is entitled shall be subject to adjustment from time to time in a manner and on terms as nearly equivalent as practicable to the provisions applicable to the Warrant Number, and the provisions of this paragraph with respect thereto shall apply as nearly as may be practicable to such other securities.

(f) **De Minimis.** Anything in this paragraph to the contrary notwithstanding, no adjustment shall be made hereunder in any case where the increase in the Warrant Number would be less than one (1) share of Common Stock; but in such case any adjustment that would otherwise be made shall be delayed and the adjustment shall be made only after one or more subsequent events which, together with any adjustment so delayed, shall entitle Holder to receive at least one (1) whole additional share of such stock.

**7. Covenants As To Par Value, Authority, Preemptive Rights and Charges.** If at any time the per share exercise price of this Warrant shall be less than the par value of one share of Common Stock, the Company shall take such action as shall be necessary to reduce such par value to an amount less than the per share exercise price of this Warrant. The Company shall

take such action as shall be necessary to maintain the authority to issue validly the appropriate number of shares of Common Stock upon exercise of this Warrant according to the terms herein, and shall cause such shares, upon payment of the Exercise Price, to be fully paid, non-assessable, free of preemptive rights and free from all taxes, liens, security interests and charges with respect to the issuance thereof.

#### **8. Required Notices.**

(a) **Notice of Adjustments.** Whenever the Warrant Number and Exercise Price shall change pursuant to the terms of paragraph 6 hereof, the Company shall promptly notify the Holder in writing of such change and deliver to Holder a statement setting forth the Warrant Number and Exercise Price after such adjustment(s), and a brief statement of the facts requiring such adjustment(s) and the computation by which such adjustment(s) was made.

(b) **Notice of Significant Events.** In case the Company shall propose to (1) pay any dividend or make any other distribution to the holders of its capital stock, (2) offer to the holders of its capital stock rights to subscribe for or to purchase shares of Common Stock or shares of any other class of securities, rights or options, (3) effect any reclassification of its capital stock, (4) effect any reorganization, or (5) effect any Significant Corporate Event, then, in each such case, the Company shall give to the holder a notice of such proposed action, which shall specify the date on which a record is to be taken for the purposes of such dividend or distribution, or the date on which such reclassification, reorganization, or Significant Corporate Event is to take place and the date of participation therein by the holders of capital stock, if any such date is to be fixed and shall also set forth such facts with respect thereto as shall be reasonably necessary to indicate the effect of such action on the capital stock, if any, and the number and kind of any other shares of capital stock which will comprise the Warrant Shares, and the Exercise Price, after giving effect to any adjustment, if any, which will be required by Section 6 as a result of such action, if such adjustments are capable of determination prior to the effective date of dividend, distribution, reclassification, reorganization of Significant Corporate Event. Such notice shall be so given in the case of any action covered by clause (1) or (2) above at least 20 days prior to the record date for determining holders of the capital stock for purposes of such action, and in the case of any other such action, at least 30 days prior to the date of the taking of such proposed action or the date of participation therein by the holders of capital stock, whichever shall be the earlier.

(c) **Notice of Expiration.** The Company shall provide written notice to the Holder at least 60, but not more than 90, days prior to the termination of the Warrant.

#### **9. Exercise Procedures.**

(a) **Unconditional Subscription.** This Warrant may be exercised in whole or in part by presenting it and tendering the aggregate Exercise Price in legal tender or by bank's, cashier's or certified check to the Company at its address specified in the Investment Agreement, along with a written subscription notice substantially in the form of **Exhibit 9.00** hereof. In such case, the date on which this Warrant is thus presented, accompanied by tender or payment as hereinbefore or hereinafter provided, shall be referred to herein as the *Exercise Date*. The Company shall forthwith at its expense (including the payment of issue taxes), issue and deliver the proper number of shares of Common Stock, and such shares shall be deemed validly issued

for all purposes as of the opening of business on the Exercise Date, regardless of any delay in the actual issuance.

(b) **Conditional Exercise.** This Warrant may also be exercised in whole or in part conditionally in contemplation of the future consummation of one or more transactions, by presenting it and tendering the aggregate Exercise Price in the manner specified in subparagraph (a) above, along with a notice clearly stating the conditional nature of the exercise, specifying the conditions precedent to the exercise in reasonable detail and the date after which the exercise shall be deemed withdrawn if such conditions remain unsatisfied, and otherwise containing the information called for in Exhibit 9.00. Upon such presentment, tender and notice, if the specified conditions are satisfied within the specified period without prior revocation of the exercise by Holder, the Company shall forthwith issue and deliver the proper number of shares of Common Stock in the manner described above. In such case, the date on which the last remaining condition was met shall be referred to herein as the Exercise Date, and such shares shall be deemed validly issued for all purposes as of the opening of business on such Exercise Date, regardless of any delay in the actual issuance. If, on the other hand, after any such presentment, tender and notice, any condition is unsatisfied on the specified date, or if the Holder revokes such exercise in writing prior to the satisfaction of all conditions, the Company shall forthwith return this Warrant and the Exercise Price to the Holder, and this Warrant shall be deemed not to have been exercised.

10. **Transfer; Restrictions on Transfer.** This Warrant shall be registered on the books of the Company which shall be kept at its principal office for that purpose, and shall be transferable in whole or in part but only on such books by the Holder in person or by duly authorized attorney with written notice substantially in the form of Exhibit 10.00 hereto, only in compliance with the preceding paragraph, and only in compliance with certain transfer restrictions set out in the Agreement. The Company may issue appropriate stop orders to its transfer agent to prevent a transfer in violation of such restrictions or the preceding paragraph.

11. **Closing of Books.** The Company shall not close its transfer books against the transfer of this Warrant or any Common Stock or other securities issuable upon the exercise of this Warrant in any manner which interferes with the exercise of this Warrant.

12. **Replacement of Warrant.** At the request of the Holder and on production of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant and (in the case of loss, theft, or destruction) if required by the Company, upon delivery of an indemnity agreement with surety in such reasonable amount as the Company may determine thereof, the Company at its expense will issue in lieu thereof a new Warrant of like tenor.

13. **Investment Covenant.** The Holder by its acceptance hereof covenants that this Warrant is, and any stock issued hereunder will be, acquired for investment purposes, and that the Holder will not distribute the same in violation of any state or federal law or regulation.

14. **Form of Notice.** Any notice or other communication required by this Warrant to be given to the Holder shall be provided as follows:

15. **Waiver of Jury Trial.** THE COMPANY WAIVES ALL RIGHT TO TRIAL BY JURY OF ALL CLAIMS, DEFENSES, COUNTERCLAIMS AND SUITS OF ANY KIND DIRECTLY OR INDIRECTLY ARISING FROM OR RELATING TO THIS WARRANT OR THE DEALINGS OF THE PARTIES IN RESPECT HERETO. THE COMPANY ACKNOWLEDGES AND AGREES THAT THIS PROVISION IS A MATERIAL TERM OF THIS WARRANT AND THAT THE HOLDER WOULD NOT EXTEND ANY FUNDS UNDER THE LOAN DOCUMENTS IF THIS WAIVER OF JURY TRIAL WERE NOT A PART OF THIS WARRANT. THE COMPANY ACKNOWLEDGES THAT THIS IS A WAIVER OF A LEGAL RIGHT AND THAT IT MAKES THIS WAIVER VOLUNTARILY AND KNOWINGLY AFTER CONSULTATION WITH, OR THE OPPORTUNITY TO CONSULT WITH, COUNSEL OF ITS CHOICE. THE COMPANY AGREES THAT ALL SUCH CLAIMS, DEFENSES, COUNTERCLAIMS AND SUITS SHALL BE TRIED BEFORE A JUDGE OF A COURT OF COMPETENT JURISDICTION, WITHOUT A JURY.

IN WITNESS WHEREOF, the Company has caused this Warrant to be signed on its behalf by its undersigned officer, and its corporate seal to be affixed hereto, as of the date first above written.

SEAL:

**Startec Global Communications Corporation**

Attest: \_\_\_\_\_  
\_\_\_\_\_, Secretary

By: \_\_\_\_\_  
Ram Mukunda, President

Exhibit 9.00

IRREVOCABLE SUBSCRIPTION

To: Startec Global Communications Corporation

Gentlemen:

The undersigned hereby elects to exercise its right under the attached Warrant by purchasing \_\_\_\_\_ shares of the Common Stock of your company, and hereby irrevocably subscribes to such issue. The certificates for such shares shall be issued in the name of

\_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Address)

\_\_\_\_\_  
(Taxpayer Number)

and deliver to \_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Address)

The exercise price of \$ \_\_\_\_\_ is enclosed.

Date: \_\_\_\_\_

Signed: \_\_\_\_\_ (Name of Holder, Please Print)

\_\_\_\_\_  
(Address)

\_\_\_\_\_  
(Signature)

Exhibit 10.00

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby assigns to

\_\_\_\_\_

\_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Address)

\_\_\_\_\_ the attached Warrant together with all right, title and interest therein, and does hereby irrevocably appoint \_\_\_\_\_ attorney to transfer said Warrant on the books of **Startec Global Communications Corporation**, with full power of substitution in the premises.

Done this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

Signed: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

# **EXHIBIT C**

## **Form of Holdings Certificate of Incorporation**

AMENDED AND RESTATED  
CERTIFICATE OF INCORPORATION  
OF  
STARTEC GLOBAL COMMUNICATIONS CORPORATION<sup>3</sup>

The undersigned Corporation hereby certifies as follows:

1. The name of the corporation is Startec Global Communications Corporation (the "Corporation"). The date of filing of its original certificate of incorporation with the Secretary of State was April 21, 1998 under the name "STGC Holding Corporation."

2. This Amended and Restated Certificate of Incorporation amends, restates and integrates the provisions of the Certificate of Incorporation of the Corporation as currently in effect. Pursuant to the authority of Section 303 of the General Corporation Law of the State of Delaware (the "DGCL"), the provisions contained in this Amended and Restated Certificate of Incorporation are contained in and authorized by the Debtors' Joint Plan of Reorganization of Startec Global Communications Corporation et al (the "Plan") Under Chapter 11 Of The Bankruptcy Code, dated as of \_\_\_\_\_, 2002, as modified and confirmed by the Findings of Fact, Conclusions of Law and Order Under 11 U.S.C. § 1129 and Rule 3020 of the Federal Rules of Bankruptcy Procedure Confirming the Debtors' Joint Plan of Reorganization of Startec Global Communications Corporation et al (the "Order"), which Order was signed by the United States Bankruptcy Court for the District of Maryland, Greenbelt Division, (the "Court") in Cases Number 01-25009, 01-25010 and 01-25-013 (Jointly Administered under Case No. 01-25013) on \_\_\_\_\_, 2002 and entered on the docket of the Court on \_\_\_\_\_, 2002. The Court has jurisdiction of the proceedings for the reorganization of the Corporation under Chapter 11 of the United States Bankruptcy Code, 11 U.S.C. § 101 et. seq.

3. The text of the Certificate of Incorporation as currently in effect is hereby amended and restated to read as set forth herein in full:

\_\_\_\_\_

FIRST. The name of the corporation is Startec Global Communications Corporation (hereinafter referred to as the "Corporation").

<sup>3</sup> To be modified as appropriate where Reorganized Holdings is a newly-formed corporation pursuant to the Alternative Plan.



SECOND. The address of the Corporation's registered office in the State of Delaware is 2711 Centerville Road, Suite 400 in the City of Wilmington, County of New Castle, Delaware 19805. The name of its registered agent at such address is Corporation Service Company.

THIRD. The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the DGCL.

FOURTH.

(a) The total number of shares of capital stock which the Corporation is authorized to issue is Fifty Million, Six Thousand Three Hundred (50,006,300) shares, consisting of Fifty Million (50,000,000) shares of common stock, par value \$0.001 per share ("Common Stock"), and Six Thousand Three Hundred (6,300) shares of preferred stock, par value \$0.001 per share ("Preferred Stock").

(b) COMMON STOCK

(1) Voting Rights. Subject to the voting rights of the holders of Preferred Stock, the holders of Common Stock shall be entitled to one vote per share on all matters to be voted on by the stockholders of the Corporation.

(2) Dividends and Distributions. Dividends may be declared and paid on the Common Stock from funds lawfully available therefor as, if and when determined by the Board of Directors in accordance with the DGCL, provided however, that dividends and distributions may not be declared or paid on any Common Stock until the Preferred Stock has been redeemed in full and the redemption price therefor paid as contemplated in Section (C)(5) below of this Article Fourth. For purposes of this Article Fourth, unless the context requires otherwise, the term "distribution" shall include, without limitation, the transfer of cash or property without consideration, whether by way of dividend or otherwise, payable other than in Common Stock, or the purchase or redemption of shares of capital stock of the Corporation for cash or property, including any such transfer, purchase or redemption by a subsidiary of the Corporation.

(3) Liquidation. Upon any liquidation (voluntary or otherwise), dissolution or winding up of the Corporation, holders of shares of Common Stock will be entitled to receive all assets of the Corporation available for distribution to its stockholders, subject to any preferential rights of any then outstanding Preferred Stock.

(c) PREFERRED STOCK

(1) Voting Rights. Except as provided below, the Preferred Stock shall vote together with the Common Stock as a single class on all actions to be voted on or approved by the stockholders of the Corporation. The holders of Preferred Stock shall be entitled to one vote per share. The affirmative vote of the majority of the

holders of the outstanding Preferred Stock, voting as a separate class, shall be necessary for effecting or validating the following actions:

a. any amendment, alteration, or repeal of any provision of the Certificate of Incorporation of the Corporation that authorizes or creates any additional class of capital stock or that alters or changes the voting powers, preferences, or other special rights or privileges, or restrictions of the Preferred Stock;

b. any reclassification of any outstanding securities of the Corporation;

c. merger or consolidation with or into any corporation if such merger or consolidation would result in the stockholders of the Corporation holding (by virtue of securities issued as consideration in such transaction or otherwise) less than a majority of the voting power of the surviving corporation immediately after such merger or consolidation;

d. sale or other disposition of all or substantially all the Corporation's assets in a single transaction or series of related transactions;

e. liquidation or dissolution of the Corporation; and

g. waiver of any term of the Preferred Stock.

(2) Dividends and Distributions. The holders of Preferred Stock shall not be entitled to receive dividends on account of the Preferred Stock.

(3) Liquidation, Dissolution or Winding Up; Liquidation Preference. Upon any liquidation (voluntary or otherwise), dissolution or winding up of the Corporation, the holders of shares of Preferred Stock shall be entitled to receive, before any distribution or payment on account of any other class of capital stock of the Corporation, from any source of funds legally available therefor, the sum of One Thousand Dollars (\$1,000.00) for each share of Preferred Stock then outstanding (the "Liquidation Preference"). If upon such liquidation, dissolution, or winding up of the Corporation the assets to be distributed among the holders of Preferred Stock shall be insufficient to permit payment to the holders of Preferred Stock of the full Liquidation Preference, then the entire assets of the Corporation to be so distributed with respect to the Preferred Stock shall be distributed ratably among the holders of Preferred Stock in proportion to the full preferential amount payable in respect of the Preferred Stock. Written notice of such liquidation, dissolution, or winding up, stating a payment date, shall be delivered in person, mailed by certified or registered mail, return receipt requested, or sent by telecopier or telex, not less than 20 business days prior to the payment date stated therein, to the holders of record of Preferred

Stock, such notice to be addressed to each such holder at its address as shown by the records of the Corporation. The consolidation or merger of the Corporation into or with any other entity or entities which results in the exchange of outstanding shares of the Corporation for securities or other consideration issued or paid or caused to be issued or paid by any such entity or affiliate thereof (other than a merger to reincorporate the Corporation in a different jurisdiction), the sale, lease, abandonment, transfer or other disposition by the Corporation of all or substantially all its assets, and any acquisition by any person or entity or group of related persons or entities by means of a consolidation, corporate reorganization, merger or other transaction or series of related transactions, of more than 50% of the outstanding voting power of the Corporation shall without limitation be deemed to be in each such case a liquidation, dissolution, or winding up of the Corporation within the meaning of the provisions of this Article Fourth. Upon the payment of the Liquidation Preference, the holders of such shares shall have no further rights to participate in the profits or distributions of the Corporation. No distribution shall be made to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Preferred Stock, unless, prior thereto, the Liquidation Preference is paid in full.

(4) Redemption. The Corporation may redeem the shares of Preferred Stock from time to time, in whole or in part, at a redemption price equal to the Liquidation Preference, payable in immediately available funds. Notice of redemption shall be mailed to each holder of shares of Preferred Stock to be redeemed not less than 30 nor more than 60 days prior to the redemption date. If less than all of the outstanding shares of Preferred Stock are to be redeemed, the Corporation will select the shares to be redeemed by lot.

(5) Ranking. The Preferred Stock shall rank senior to all other series of the Corporation's preferred stock which may be created in the future, as well as the Corporation's Common Stock, as to dividends and the distribution of assets.

(d) All shares of the Corporation's common stock, par value one cent (\$0.01) per share, and any other shares of any other class or series of common or preferred stock of the Corporation, in each case issued and outstanding immediately prior to the filing of this Amended and Restated Certificate of Incorporation, shall be cancelled upon the filing of this Amended and Restated Certificate of Incorporation and without further action by the Corporation or the holders thereof. In accordance with the Plan and the Order, the holders of such shares of capital stock shall not be entitled to any consideration therefor.

#### FIFTH.

(a) The affairs of the Corporation shall be managed and conducted by a Board of Directors. The number of Directors of the Corporation shall be as from time to time fixed by, or in the manner provided in, the Bylaws of the Corporation; provided, however, that in no event shall the number of Directors be less than three (3). In the absence of a determination of such number by the Board of Directors, the number of Directors of the Corporation shall be seven (7).

The Directors shall be elected at the annual meeting of stockholders in accordance with the provisions of the Bylaws of the Corporation, and the election of Directors need not be by written ballot except as and to the extent provided for therein. A majority of the Directors, or, if there is an even number of Directors, one-half of the Directors, shall constitute a quorum for the transaction of business and the Board of Directors shall act in all matters by majority vote, except that any vacancy on the Board of Directors, whether created by an increase in the number of directors or otherwise, may be filled by a majority of Directors then in office, even if less than a quorum, or by a sole remaining Director.

(b) Any Director, or the entire Board of Directors, may be removed from office with or without cause but only by the affirmative vote of a majority of the votes entitled to be cast by the holders of all outstanding shares of each of the Common Stock and Preferred Stock, voting as a single class. Any Director elected or appointed to fill a vacancy shall hold office until the next election at the annual meeting of stockholders, and until his or her successor has been duly elected and qualified or until his or her earlier resignation or removal.

SIXTH. The Board of Directors of the Corporation is expressly authorized to adopt, amend or repeal By-laws of the Corporation. The holders of the Common Stock and the Preferred Stock, voting as a single class, shall, to the extent such power is at the time conferred on them by applicable law, also have the power to make, alter, amend or repeal the By-laws of the Corporation by vote of a majority of the votes entitled to be cast by the holders of all outstanding shares of each of the Common Stock and the Preferred Stock, voting as a single class.

#### SEVENTH.

(a) The personal liability of the directors of the Corporation is hereby eliminated to the fullest extent permitted by Section 102(b)(7) of the DGCL, as the same may be amended or supplemented.

(b) The Corporation shall, to the full extent permitted by Section 145 of the DGCL, as amended from time to time, indemnify all persons whom it may indemnify pursuant thereto. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article SEVENTH shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement may be entitled under the Bylaws or any agreement, action of shareholders or disinterested directors or otherwise, both as to action in their official capacity and as to action in another capacity while holding such office of the Corporation, shall continue as to a person who has ceased to be a director or officer of the Corporation, and shall inure to the benefit of the heirs, executors and administrators of such a person.

(c) No amendment, modification or repeal of this Article SEVENTH shall adversely affect any right or protection of a director or officer of the Corporation under or pursuant to this Article SEVENTH that exists at the time of such amendment, modification or repeal. This Article SEVENTH may not be amended, modified or repealed except by the affirmative vote of not less than two-thirds (2/3) of the votes entitled to be cast by the holders of

all outstanding shares of each of the Common Stock and the Preferred Stock, voting as a single class.

EIGHTH. To the extent required by Section 1123(a)(6) of Title 11 of the United States Code ("Bankruptcy Code"), the Corporation shall not be authorized to issue non-voting capital stock; provided, however, that this Article EIGHTH (a) will have no further force and effect beyond that required under Section 1123 of the Bankruptcy Code, (b) will have only such force and effect, if any, for so long as such Section is in effect and applicable to the Corporation, and (c) in all events may be deemed void or eliminated in accordance with applicable law as from time to time in effect.

NINTH. The Corporation expressly elects not to be governed by Section 203 of the DGCL.

IN WITNESS WHEREOF, this Amended and Restated Certificate of Incorporation has been executed as of the \_\_\_\_th day of \_\_\_\_\_, 2002 on behalf of the Corporation by Ram Mukunda, its President and Chief Executive Officer, thereby acknowledging under penalties of perjury that the foregoing Amended and Restated Certificate of Incorporation is the act and deed of the Corporation and that the facts stated therein are true.

Startec Global Communications Corporation

By:

\_\_\_\_\_  
Ram Mukunda, President and Chief Executive  
Officer

# **EXHIBIT D**

## **Terms of Senior Executive Employment Agreements**

Employer:	<ul style="list-style-type: none"> <li>Startec Global Operating Company ("Company").</li> </ul>
Executive:	<ul style="list-style-type: none"> <li>Ram Mukunda ("Employee").</li> </ul>
Position:	<ul style="list-style-type: none"> <li>President, Chief Executive Officer and Treasurer.</li> </ul>
Term:	<ul style="list-style-type: none"> <li>3 years with annual automatic extensions (90 days written notice of non-renewal by either party).</li> </ul>
Duties:	<ul style="list-style-type: none"> <li>Serve as principal executive officer of Company and perform duties and have powers and authority as determined by Board of Directors.</li> </ul>
Base Salary:	<ul style="list-style-type: none"> <li>\$375,000 annually, payable during Term consistent with Company's normal payroll periods.</li> </ul>
Incentives:	<ul style="list-style-type: none"> <li>Up to \$250,000 annually contingent upon Company meeting or exceeding business performance targets.</li> <li>Participation in Startec Global Communications Corporation's employee incentive stock option plan.</li> </ul>
Other Provisions:	<ul style="list-style-type: none"> <li>In the event that Company terminates Employee for cause or Employee terminates his employment with Company without good reason, Employee shall pay liquidated damages equal to the product of (y) \$1,000,000 and (z) a fraction, the numerator of which is the number of days remaining during such two-year period and the denominator of which is 730, if such termination occurs before the second anniversary.</li> </ul>



Employer:	<ul style="list-style-type: none"> <li>Startec Global Operating Company ("Company").</li> </ul>
Executive:	<ul style="list-style-type: none"> <li>Prabhav Maniyar ("Employee").</li> </ul>
Position:	<ul style="list-style-type: none"> <li>Chief Financial Officer.</li> </ul>
Term:	<ul style="list-style-type: none"> <li>3 years with annual automatic extensions (90 days written notice of non-renewal by either party).</li> </ul>
Duties:	<ul style="list-style-type: none"> <li>Serve as executive officer of Company and perform duties and have powers and authority as determined by Board of Directors.</li> </ul>
Base Salary:	<ul style="list-style-type: none"> <li>\$275,000 annually, payable during Term consistent with Company's normal payroll periods.</li> </ul>
Incentives:	<ul style="list-style-type: none"> <li>Up to \$125,000 annually contingent upon Company meeting or exceeding business performance targets.</li> <li>Participation in Startec Global Communications Corporation's employee incentive stock option plan.</li> </ul>

# EXHIBIT E

## Schedule of Assumed Contracts

CONTRACT/LEASE TO BE ASSUMED	CURE AMOUNT
The Garland Center 1200 West Seventh Street Sublease between Startec Global Communications Corporation and Wells Fargo Bank, N.A., dated September 1, 1998.	\$0.00
PSINET Transaction Solutions Card*Tel Service Agreement between PSINET Transaction Solutions ("TNSI") and Startec Global Operating Company, dated January 19, 2001.	\$0.00
Service Agreement between Startec Global Communications Corporation and L&E Meridian, dated April 1, 2000.	\$0.00
International Telecommunications Service Agreement between Companhia Santomense de Telecomunicacoes, S.A. and Startec Incorporated (now known as Startec Global Operating Company), dated November 15, 1993	\$0.00
International Telecommunications Services Carrier Operating Agreement between Startec Global Communications Corporation and Marconi Portugal, dated January 21, 1998.	\$0.00
Master Service Agreement between Broadwing Communications Services Inc. d/b/a/ IXC Communications Services, Inc. and Startec Global Communications Corporation, dated June 14, 1999, as amended by Amendment Nos. 1, 2, 3 and 4 to the Master Service Agreement.	\$0.00
Reciprocal Carrier Service Agreement between Startec Global Operating Company and Telstra Inc., dated March 28, 2000.	\$0.00
Reciprocal Carrier Services Agreement between Startec Global Operating Company and Asia Access Telecom Inc., dated June 28, 2000.	\$0.00
Reciprocal Carrier Services Agreement between Startec Global Operating Company and Radiant Telecom, Inc., dated January 28, 2000, and Consent to Transfer and Assignment of Carrier Service Contract, dated August 17, 2001.	\$0.00
Reciprocal Agreement between Startec Global Operating Company and Telecom New Zealand, dated May 7, 2001, as amended by Amendment No. 1, dated January 16, 2002 and Amendment No. 2, dated March 21, 2002, and Letter Agreement between Startec Operating Company and Telecom New Zealand, dated May 7, 2001.	\$0.00
Reciprocal Telecommunications Services Agreement between Startec Global Communications Corporation and Telecom New Zealand UK Limited, dated January 27, 2000.	\$0.00

Confidential International Services Agreement between Startec Global Operating Company and Sancroft Investment Limited, dated July 6, 2001.	\$0.00
Carrier Services Agreement between Startec, Inc. (now known as Startec Global Operating Company), and ACC Long Distance Corp., dated September 26, 1996.	\$0.00
Carrier Service Agreement for International Terminating Traffic between Startec Global Operating Company and Qwest Communications Corporation, dated August 19, 1999.	\$0.00
Carrier Service Agreement between Startec Global Operating Company and Sprint Communications Company L.P., dated August 13, 1999.	\$0.00
International Call Termination Agreement between Startec Global Operating Company and AT&T Corp., dated August 2, 1999.	\$0.00
Carrier Services Agreement between Startec, Inc. (now known as Startec Global Operating Company), and MFS International, Inc., dated July 3, 1996, as amended by Amendment to Carrier Services Agreement between Startec and Worldcom, Inc., successor-in-interest to MFS International, Inc., dated April 7, 1997.	\$0.00
Message Signaling Service Agreement between Startec Global Operating Company and SNET Diversified Group, Inc., dated August 16, 1999.	\$0.00
Agreement between Startec Operating Company and Time Warner Telecom, dated September 14, 1999.	\$0.00
Service Order Agreement between Startec Global Communications Corporation and VoiceLog LLC, dated January 16, 1999	\$0.00

CONTRACT/LEASE TO BE ASSUMED	CURE AMOUNT
<b>Carrier access business relationships with the following companies:</b>	
New York Access Billing (CLEC)	\$0.00
MCI Worldcom, Inc. (CLEC)	\$0.00
AT&T Corporation (CLEC)	\$0.00
MPower Communications Corp. (CLEC)	\$0.00
McLeodUSA Incorporated (CLEC)	\$0.00
Sage Telecom, Inc. (CLEC)	\$0.00
XO Communications, Inc. (CLEC)	\$0.00

# **EXHIBIT F**

## **Initial Board of Reorganized Holdings**

Ram Mukunda	Chairman, Member
Prabhav Maniyar	Member
Scott Binder (Allied)	Member
Allied Nominee (TBD)	Member
Allied Nominee (TBD)	Member
Allied Nominee (TBD)	Member
NTFC Nominee (TBD)	Member