

Vinson&Elkins

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July 22, 2005

The Honorable Harlin D. Hale
United States Bankruptcy Court
1100 Commerce Street
Dallas, Texas 75242

Re: *In re VarTec Telecom, Inc., et al.*; Case No. 04-81694-SAF-11
Agenda Letter for Hearing Scheduled for July 25, 2005 at 10:00 a.m.

Dear Judge Hale:

The purpose of this correspondence is to advise you of the status and proposed disposition of the following matters set for hearing on the Court's docket for July 25, 2005 at 10:00 a.m.:

UNCONTESTED MATTERS

1. Motion to Assume Master Lease Agreement Between VarTec Telecom, Inc. and General Electric Capital Corporation filed by the Debtors [Docket No. 1442]

OBJECTION DEADLINE: July 18, 2005

STATUS: This matter will be going forward as scheduled.

CONTESTED MATTERS

2. Motion to Determine SBC's Ability to Effectuate Setoff, and to Compel Return of Funds Not Subject to Setoff filed by the Debtors [Docket No. 1387]

Response of the SBC Telcos to Debtors' Motion to Determine SBC's Ability to Effectuate Setoff, and to Compel Return of Funds Not Subject to Setoff [Docket No. 1484]

OBJECTION DEADLINE: July 11, 2005

STATUS: The parties anticipate presenting a scheduling order and request that the matter be continued to August 18, 2005 at 2:30 p.m. for a status conference if necessary.

3. Motion to Reject Circuit Agreements filed by the Debtors [Docket No. 1395]

Limited Objection of Wiltel Communications, L.L.C. f/k/a Williams Communications, L.L.C. to Motion to Authorize Rejections of Circuit Agreements [Docket No. 1468]

MCI's Objection to Debtors' Motion to Authorize Rejections of Circuit Agreements [Docket No. 1478]

BellSouth Telecommunications, Inc.'s Objection to Motion to Authorize Rejections of Circuit Agreements [Docket No. 1523]

Broadwing Communications, L.L.C. Joinder in Objection to the Debtors' Motion to Authorize Rejections of Circuit Agreements [Docket No. 1570]

Sprint Spectrum L.P.'s Objection to the Debtors' Motion to Reject Circuit Agreements [Docket No. 1588]

OBJECTION DEADLINE: July 11, 2005 (except as to those parties to whom extensions were granted)

STATUS: This matter will be going forward as scheduled.

4. Amended Expedited Motion for 2004 Examination of Former Directors and Officers of the Debtors, filed by the Official Committee of the Unsecured Creditors [Docket No. 1522]

Objection to Amended Expedited Motion for 2004 Examination of Former Directors and Officers of the Debtors, filed by Ronald Hughes and Connie Mitchell [Docket No. 1589]

OBJECTION DEADLINE: N/A (expedited motion)

STATUS: This matter will be going forward as scheduled.

Sincerely,

/s/ Daniel C. Stewart

Daniel C. Stewart

cc: Master Service List