



ATTORNEYS & COUNSELORS

KANE RUSSELL COLEMAN & LOGAN, P.C.

Invoice Date: 06/14/05

Invoice No.: 235767

File No.: 43670.00002.000

Michael G. Hoffman, Chief Legal Officer

VarTec Telecom, Inc.
2440 Marsh Lane
Carrollton, TX 75006

File Description: SBC

PROFESSIONAL CHARGES

Case Administration

<u>Date</u>	<u>Timekeeper</u>	<u>Description</u>	<u>Hours</u>	<u>Amount</u>
05/02/05	Michael L. Scanlon	Review pleadings received (.1).	0.10	25.00
05/02/05	Joseph M. Coleman	Examine email from M. Drennan re UniPoint due diligence request (.1).	0.10	40.00
05/03/05	Joseph M. Coleman	Examine M. Drennan's response to Unipoint's attorney's demand(.1).	0.10	40.00
05/03/05	Michael L. Scanlon	Review pleadings received (.1).	0.10	25.00
05/03/05	Theresa Garcia	Obtain docket report to Vartec/Bellsouth adversary proceedings (.2); Obtain complaint to adversary proceeding (0.1)	0.30	27.00
05/04/05	Joseph M. Coleman	Examine email from E. Pinker(.1); Examine adversary against Bell South(.1); Review matters set for hearing on May 5, 2005 to confirm that no matters set for hearing relate to SBC or to GE(.1); Follow up email regarding addendum A to proposed Commercial Agreement(.1).	0.40	160.00
05/04/05	Michael L. Scanlon	Review agenda letter (.2).	0.20	50.00

<u>Date</u>	<u>Timekeeper</u>	<u>Description</u>	<u>Hours</u>	<u>Amount</u>
05/05/05	Joseph M. Coleman	Examine matters set for hearing today and make determination that there is no reason to go as matters do not expressly impact SBC.	0.10	40.00
05/05/05	Joseph M. Coleman	Follow up regarding Commercial Agreement and Unipoint demand.	0.10	40.00
05/05/05	Joseph M. Coleman	Examine email and contracts of SBC regarding amendment to interconnect agreement.	0.20	80.00
05/06/05	Michael L. Scanlon	Review pleadings received (.1).	0.10	25.00
05/09/05	Michael L. Scanlon	Review pleadings received (.2).	0.20	50.00
05/09/05	Joseph M. Coleman	Review recent pleadings (.1).	0.10	40.00
05/11/05	Theresa Garcia	Obtain bankruptcy court docket report (.2); Obtain recent Master Service List (.3); Review docket report for notice of appearances filed (.3); Obtain notice of appearances filed (.3); Work on Supplemental Service List for Parties Requesting Notice (.3).	1.40	126.00
05/11/05	Joseph M. Coleman	Review recent filing of pleadings.	0.10	40.00
05/12/05	Michael L. Scanlon	Review pleadings received (.1).	0.10	25.00
05/12/05	Joseph M. Coleman	Review pleadings (.1).	0.10	40.00
05/13/05	Joseph M. Coleman	Examine recent pleadings.	0.10	40.00
05/13/05	Michael L. Scanlon	Review pleadings received (.1).	0.10	25.00
05/16/05	Joseph M. Coleman	Review recently filed pleadings (.1).	0.10	40.00
05/18/05	Michael L. Scanlon	Review pleadings received (.1).	0.10	25.00
05/19/05	Michael L. Scanlon	Receive pleadings received (.1).	0.10	25.00
05/20/05	Shannon Savage	Prepare LTP invoice cover letter (.3).	0.30	34.50
05/20/05	Michael L. Scanlon	Conference with Mr. Coleman concerning pending matters (.2).	0.20	50.00

<u>Date</u>	<u>Timekeeper</u>	<u>Description</u>	<u>Hours</u>	<u>Amount</u>
05/20/05	Joseph M. Coleman	Examine numerous e-mails and ECF pleadings.	0.10	40.00
05/23/05	Joseph M. Coleman	Examine recently filed pleadings (.1).	0.10	40.00
05/23/05	Joseph M. Coleman	Review voice mail from D. Bennett, attorney for SBC, and exchange emails with M. Drennan (.1).	0.10	40.00
05/23/05	Joseph M. Coleman	Telephone conference with J. Schissler regarding sale process and its impact upon SBC negotiations, together with quantification of various issues(.3); Prepare for and attend conference call with M. Drennan(.5).	0.80	320.00
05/23/05	Michael L. Scanlon	Review items set for hearing this week in the case, and prepare correspondence to Mr. Coleman regarding same (0.3); review pleadings received (0.1)	0.40	100.00
05/24/05	Theresa Garcia	Obtain bankruptcy case docket report (.2); Review docket report for notice of appearance filed (.4); Obtain master service list for filing purposes (.3).	0.90	81.00
05/24/05	Michael L. Scanlon	Review pleadings received (.1).	0.10	25.00
05/25/05	Theresa Garcia	Obtain bankruptcy case docket report (.1).	0.10	9.00
05/25/05	Joseph M. Coleman	Examine letter regarding matters set for today(.1); Exchange emails with D. Bennett and M. Drennan regarding SBC conference call(.1).	0.20	80.00

<u>Date</u>	<u>Timekeeper</u>	<u>Description</u>	<u>Hours</u>	<u>Amount</u>
05/26/05	Joseph M. Coleman	Prepare for and attend conference call with VarTec (1.9); Confer with M. Scanlon regarding same and to do items (.2); Telephone conferences with M. Drennan and J. Schissler regarding same (.4); Email Unipoint's counsel regarding response to request (.1); Telephone conference with J. Schissler regarding SBC strategy (.2).	2.80	1,120.00
05/26/05	Joseph M. Coleman	Exchange emails with M. Drennan and B. Wallander regarding Addendum A(.1); Exchange emails with D. Bennett regarding conference call(.1); Telephone conference with B. Wallander regarding Addendum A and related issues(.2); Finalize Addendum A and email to D. Bennett(.2); Telephone conference with Bennett and Schissler regarding conference call(.2); Email regarding same(.1).	1.00	400.00
05/26/05	Michael L. Scanlon	Review pleadings received (.1).	0.10	25.00
05/26/05	Joseph M. Coleman	Review recently filed pleadings (.1).	0.10	40.00
05/27/05	Joseph M. Coleman	Prepare for and attend conference call with John Schissler, Vartec Representatives and SBC Representatives concerning addendum A to Commercial Agreement, Amended Agreements, carrier stipulation, global settlement, sales process and related issues (2.2); follow up telephone calls with Mike Scanlon, John Schissler and Bill Wallander together with examination of e-mail report (.8).	3.00	1,200.00

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<u>Date</u>	<u>Timekeeper</u>	<u>Description</u>	<u>Hours</u>	<u>Amount</u>
05/31/05	Joseph M. Coleman	Review several orders entered by the Court (.1).	0.10	40.00
05/31/05	Michael L. Scanlon	Review pleadings received (.1).	0.10	25.00
Total			14.80	\$4,697.50

Asset Analysis and Recovery

<u>Date</u>	<u>Timekeeper</u>	<u>Description</u>	<u>Hours</u>	<u>Amount</u>
05/02/05	Joseph M. Coleman	Outline pros and cons of settlement with SBC (.3); Examine latest version of Addendum A to Commercial Agreement (.1); Telephone conference with J. Schissler regarding Addendum A, Transcom and setoff/settlement (.3).	0.70	280.00
05/02/05	Michael L. Scanlon	Analyze setoff issue (4.0).	4.00	1,000.00
05/03/05	Michael L. Scanlon	Obtain information related to BellSouth adversary (.1); analyze setoff issue (.3).	0.40	100.00
05/03/05	Joseph M. Coleman	Work on setoff issue.	0.20	80.00
05/04/05	Robert J. Taylor	Research issues regarding capacity.	4.00	1,000.00
05/04/05	Michael L. Scanlon	Analyze setoff issue.	2.40	600.00
05/05/05	Joseph M. Coleman	Work on setoff issues	0.50	200.00
05/06/05	Joseph M. Coleman	Work on setoff.	0.80	320.00
05/08/05	Michael L. Scanlon	Analyze setoff issue (3.2).	3.20	800.00
05/09/05	Joseph M. Coleman	Work on setoff issues (.5).	0.50	200.00
05/10/05	Michael L. Scanlon	Analyze setoff issue (1.4); telephone call to Travis Galt regarding Addendum A issue (.1).	1.50	375.00
05/10/05	Joseph M. Coleman	Work on set-off issues.	0.20	80.00

<u>Date</u>	<u>Timekeeper</u>	<u>Description</u>	<u>Hours</u>	<u>Amount</u>
05/11/05	Michael L. Scanlon	Analyze setoff issue (.9).	0.90	225.00
05/12/05	Joseph M. Coleman	Work on set off issues; Telephone conference with M. Drennan's office regarding negotiation issues.	0.60	240.00
05/12/05	Robert J. Taylor	Research and review additional cases regarding setoff by parties in representative capacity.	1.00	250.00
05/12/05	Joseph M. Coleman	Discuss setoff issue with M. Scanlon (.2).	0.20	80.00
05/12/05	Michael L. Scanlon	Analyze setoff issue (1.1).	1.10	275.00
05/13/05	Joseph M. Coleman	Work on setoff issues.	0.50	200.00
05/15/05	Michael L. Scanlon	Analyze setoff issue (3.4).	3.40	850.00
05/16/05	Michael L. Scanlon	Analyze setoff issue (4.3).	4.30	1,075.00
05/16/05	Joseph M. Coleman	Work on setoff.	0.30	120.00
05/18/05	Joseph M. Coleman	Work on set off issues (.3).	0.30	120.00
05/18/05	Michael L. Scanlon	Analyze setoff issue (3.2).	3.20	800.00
05/18/05	Kelli Vecera	Verifying subsequent history of cases cited in Analysis of Setoff Issues for good standing.	1.10	137.50
05/18/05	Theresa Garcia	Preparation and organization of notebook regarding setoff issues (1.6).	1.60	144.00
05/19/05	Michael L. Scanlon	Analyze setoff issue (3.6); analyze interconnection agreement amendments issue (.1).	3.70	925.00
05/19/05	Joseph M. Coleman	Telephone conference with M. Drennan's office regarding Setoff, Addendum A, new contracts and related issues(.1); Telephone conference with D. Bennett regarding same issues and related matters(.2).	0.30	120.00

<u>Date</u>	<u>Timekeeper</u>	<u>Description</u>	<u>Hours</u>	<u>Amount</u>
05/20/05	Joseph M. Coleman	Work on setup issues.	0.50	200.00
05/22/05	Joseph M. Coleman	Work on setup issues.	2.90	1,160.00
05/23/05	Michael L. Scanlon	Meetings with Mr. Coleman to analyze setoff issues (3.1); analyze setoff issue (.6).	3.70	925.00
05/23/05	Joseph M. Coleman	Work on set off issues (.4).	0.40	160.00
05/23/05	Joseph M. Coleman	Work on setoff issues.	2.20	880.00
05/24/05	Kelli Vecera	Research of Judge Felsenthal's opinions regarding set-off provisions.	0.40	50.00
05/25/05	Joseph M. Coleman	Work on offset issue.	0.20	80.00
05/25/05	Michael L. Scanlon	Analyze setoff issue (1.7).	1.70	425.00
05/26/05	Michael L. Scanlon	Participate in follow-up conference call with Ms. Drennan and Mr. Coleman regarding this upcoming motion to determine SBC Telcos' right to effect setoff (.2); analyze setoff issue (.3); begin preparing motion to determine SBC Telcos' right to effectuate setoff (3.9).	4.40	1,100.00
05/26/05	Joseph A. Friedman	Research setoff issues.	4.40	1,430.00
05/26/05	Theresa Garcia	Preparation and organization of setoff documentation notebooks (.5).	0.50	45.00
05/26/05	Joseph M. Coleman	Work on set off.	1.20	480.00
05/27/05	Kelli Vecera	Research of nationwide case law and statutory annotations regarding no interest retained in right to payment that is sold.	2.80	350.00
05/27/05	Joseph A. Friedman	Research setoff issues.	1.00	325.00

<u>Date</u>	<u>Timekeeper</u>	<u>Description</u>	<u>Hours</u>	<u>Amount</u>
05/27/05	Joseph M. Coleman	Work on setoff.	1.30	520.00
05/27/05	Michael L. Scanlon	Prepare motion to determine SBC's ability to effectuate setoff (4.4); transmit draft of motion to Mr. Coleman (1.1); discuss telephone conference with Mr. Coleman to discuss draft (.1).	5.60	1,400.00
05/30/05	Joseph M. Coleman	Examine memos, case law and documents relating to setoff.	2.80	1,120.00
05/31/05	Michael L. Scanlon	Continue drafting the motion to determine SBC's ability to effectuate setoff, etc. (4.0); meeting with Mr. Coleman and Mr. Friedman concerning preparation of this motion (1.0).	5.00	1,250.00
05/31/05	Joseph M. Coleman	Work on set off issues.	1.70	680.00
05/31/05	Kelli Vecera	Research of NY, IL, CA and TX caselaw.	0.40	50.00
05/31/05	Joseph A. Friedman	Analysis of issues regarding setoff.	3.00	975.00
Total			87.00	\$24,201.50

Fee/Employment Applications

<u>Date</u>	<u>Timekeeper</u>	<u>Description</u>	<u>Hours</u>	<u>Amount</u>
05/16/05	Joseph M. Coleman	Examine April time and redact as necessary; Correspondence to notice parties regarding same (.2).	0.20	80.00
05/18/05	Michael L. Scanlon	Continue drafting amended employment application for Kane Russell Coleman & Logan, P.C., and notice of hearing for same (0.4); prepare correspondence to Melissa Drennan forwarding amended application to employ Kane Russell (0.7)	1.10	275.00

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<u>Date</u>	<u>Timekeeper</u>	<u>Description</u>	<u>Hours</u>	<u>Amount</u>
05/20/05	Joseph M. Coleman	Examine Lynn Tollison's fee application	0.10	40.00
05/24/05	Michael L. Scanlon	Telephone conference with Tim Biggio concerning approval of and authorization to file amended application to employ KRCL (0.1)	0.10	25.00
05/25/05	Shannon Savage	Assist with filing of Amended Application to Employ KRCL (.2)	0.20	23.00
05/25/05	Michael L. Scanlon	Continue drafting amended application to employ Kane Russell as well as notice of hearing for same and file these items with the court (1.7)	1.70	425.00
Total			3.40	\$ 868.00

Assumption/Rejection of Leases and Contracts

<u>Date</u>	<u>Timekeeper</u>	<u>Description</u>	<u>Hours</u>	<u>Amount</u>
05/19/05	Michael L. Scanlon	Telephone calls from and to Mike Colvin regarding preparations for motion to reject contracts relating to numerous circuits (0.1); assist in preparing this motion (0.4)	0.50	125.00
05/25/05	Michael L. Scanlon	Assist in preparation of motion to reject contracts relating to service provided via multiple SBC circuits (0.5)	0.50	125.00
05/31/05	Michael L. Scanlon	Assist in preparing motion to reject contracts relating to service provided by SBC via a host of circuits (.4).	0.40	100.00
Total			1.40	\$ 350.00

Other Contested Matters (excl. assumption/rejection motions)

<u>Date</u>	<u>Timekeeper</u>	<u>Description</u>	<u>Hours</u>	<u>Amount</u>
05/05/05	Michael L. Scanlon	Analyze setoff issue (2.2)	2.20	550.00

<u>Date</u>	<u>Timekeeper</u>	<u>Description</u>	<u>Hours</u>	<u>Amount</u>
05/06/05	Michael L. Scanlon	Analyze setoff issue (.5); review two April notices received by Excel from SBC Texas and SBC Wisconsin, and perform legal research relating to bankruptcy implications (1.7); telephone calls to Pat Zacharie and Travis Galt regarding same (.1); telephone conferences with Mr. Coleman regarding same (.2); telephone conference with Travis Galt regarding proposed amendments (.4); prepare correspondence to Melissa Drennan regarding proposed amendments to interconnection agreements (.8); telephone conference with Ms. Drennan regarding same (.3).	3.80	950.00
05/09/05	Joseph M. Coleman	Confer with M. Scanlon regarding new SBC ICA amendments and telephone conference with D. Bennett's office regarding same (.2).	0.20	80.00
05/09/05	Michael L. Scanlon	Conference with Mr. Coleman regarding Wisconsin and Texas interconnection agreement amendments (relating to SBC) (.2); analyze setoff issue with Mr. Coleman (.3); analyze setoff issue (1.7).	2.20	550.00
05/12/05	Michael L. Scanlon	Review correspondence from Melissa Drennan regarding update on SBC response regarding pending Texas and Wisconsin interconnection agreements (.3).	0.30	75.00

<u>Date</u>	<u>Timekeeper</u>	<u>Description</u>	<u>Hours</u>	<u>Amount</u>
05/16/05	Michael L. Scanlon	Review and respond to correspondence from Melissa Drennan concerning status of SBC response relating to Wisconsin amendment to interconnection agreement, and telephone calls to Ms. Drennan and Travis Galt regarding same (.6).	0.60	150.00
05/17/05	Michael L. Scanlon	Analyze setoff issue (2.5).	2.50	625.00
05/17/05	Michael L. Scanlon	Telephone conference with Travis Galt regarding status of proposed Wisconsin and Texas amendments to interconnection agreements (.2).	0.20	50.00
05/23/05	Michael L. Scanlon	Continue drafting changes to proposed Addendum A, and forward redline of same to Mr. Coleman for transmittal to counsel for SBC (.7); telephone conference with Mr. Coleman and Melissa Drennan regarding pending matters (.6).	1.30	325.00
05/24/05	Joseph M. Coleman	Work on Addendum A and emails regarding conference call with SBC(1.0); Telephone conference with M. Drennan regarding various issues(.1).	1.10	440.00
05/24/05	Michael L. Scanlon	Analyze Addendum A issues (.8).	0.80	200.00
05/25/05	Michael L. Scanlon	Telephone conference with Travis Galt concerning May 27, 2005 Addendum A, and prepare correspondence to conference call participants (.3).	0.30	75.00

<u>Date</u>	<u>Timekeeper</u>	<u>Description</u>	<u>Hours</u>	<u>Amount</u>
05/26/05	Michael L. Scanlon	Prepare with Mr. Coleman for conference call with Ms. Drennan, Mr. Wallander, Mr. Schissler, Mr. D'Angelo and others concerning various pending matters (.5); participate in this conference call (1.3); prepare correspondence to Travis Galt regarding May 27, 2005 conference call with SBC representatives concerning Addendum A and pending issues (.2); prepare for conference call with SBC representatives concerning pending issues (.3); continue drafting revisions to proposed Addendum A (.4).	2.70	675.00
05/27/05	Michael L. Scanlon	Prepare for and participate in conference call with SBC representatives regarding proposed Addendum A and other pending matters (2.4); participate in follow-up conference call and conference regarding these issues (.5).	2.90	725.00
05/30/05	Michael L. Scanlon	Telephone conference with Mr. Coleman to analyze setoff issue (.5).	0.50	125.00
Total			21.60	\$5,595.00

Claims Administration and Objections

<u>Date</u>	<u>Timekeeper</u>	<u>Description</u>	<u>Hours</u>	<u>Amount</u>
05/02/05	Joseph M. Coleman	Study Transcom decision regarding Enhanced Service Provider and impact upon SBC's VoIP related claims(.6).	0.60	240.00
Total			0.60	\$ 240.00
Total Professional Charges			128.80	\$35,952.00

PROFESSIONAL CHARGES SUMMARY

<u>Timekeeper</u>	<u>Title</u>			<u>Total</u>
Joseph M. Coleman	Director	30.30	hrs at \$ 400 / hr	12,120.00
Joseph A. Friedman	Director	8.40	hrs at \$ 325 / hr	2,730.00
Michael L. Scanlon	Associate	75.10	hrs at \$ 250 / hr	18,775.00
Robert J. Taylor	Associate	5.00	hrs at \$ 250 / hr	1,250.00
Shannon Savage	Legal Assistant	.50	hrs at \$ 115 / hr	57.50
Theresa Garcia	Legal Assistant	4.80	hrs at \$ 90 / hr	432.00
Kelli Vecera	Research Asst.	4.70	hrs at \$ 125 / hr	587.50
Total Professional Charges				\$35,952.00

DISBURSEMENTS

<u>Date</u>	<u>Description</u>	<u>Amount</u>
05/31/05	Fax	12.00
05/31/05	On-Line Services	375.80
05/31/05	Telephone - Long Distance	0.60
05/31/05	Copies	322.20
	Total Disbursements	\$ 710.60

INVOICE SUMMARY

Professional Charges	\$ 35,952.00
Disbursements	\$ 710.60
CURRENT INVOICE DUE	\$ <u>36,662.60</u>

Outstanding Prior Balance

Invoice No.	Date	Original Amount	Payments	Balance
233676	04/15/05	30,357.52	24,618.02	\$ 5,739.50
234803	05/12/05	30,493.94	0.00	\$ 30,493.94

SBC

43670.00002.000

TOTAL AMOUNT DUE

\$ 72,896.04

PAYMENT SUMMARY

Balance Due Per Prior Invoice		\$	60,851.46
06/02/05 5502952	Vartec Solutions	-	24,618.02
Previous Balance Due		\$	<u>36,233.44</u>

PRIVACY NOTICE

Kane, Russell, Coleman & Logan, P.C. may acquire and collect nonpublic personal information about clients and former clients in the course of providing legal services. Such information may be obtained from the client; may be generated as a result of the services provided; or may be received from third parties involved in, or affiliated with, the services provided. Kane, Russell, Coleman & Logan, P.C. does not disclose, nor does Kane, Russell, Coleman & Logan, P.C. reserve the right to disclose, any nonpublic personal information about clients or former clients, except as permitted by law. Kane, Russell, Coleman & Logan, P.C. restricts access to nonpublic personal information to those employees who need to know that information to provide the applicable services. Kane, Russell, Coleman & Logan, P.C. maintains physical, electronic and procedural safeguards to prevent the dissemination of nonpublic personal information of clients and former clients.

KRCL

ATTORNEYS & COUNSELORS

KANE RUSSELL COLEMAN & LOGAN, P.C.

Invoice Date: 06/14/05

Invoice No.: 235767

File No.: 43670.00002.000

Michael G. Hoffman, Chief Legal Officer

VarTec Telecom, Inc.
2440 Marsh Lane
Carrollton, TX 75006

For Professional Services Rendered Through May 31, 2005:

Total Professional Charges.....	\$ 35,952.00
Disbursements	\$ 710.60
Current Invoice Due.....	\$ 36,662.60
Previous Balance Due	\$ 36,233.44
TOTAL AMOUNT DUE.....	\$ <u>72,896.04</u>

THIS INVOICE IS PAYABLE UPON RECEIPT.

PLEASE RETURN THIS PAGE WITH YOUR REMITTANCE.