

EXHIBIT E

Fee and Expense Detail

MARCH 2005

MONTHLY STATEMENT



HOULIHAN LOKEY HOWARD & ZUKIN CAPITAL

INVESTMENT BANKERS

www.hlh.com

VIA EMAIL

April 22, 2005

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

Attn: Mr. Michael Hoffman, Chief Executive Officer

Re: In re VarTec Telecom, et al ("VarTec", the "Debtors" or the "Company").

Dear Mr. Hoffman:

Pursuant to the Amended Order Establishing Procedure for Monthly and Interim Compensation and Reimbursement of Expenses for Case Professionals (the "Administrative Order") entered by the United States Bankruptcy Court for the Northern District of Texas (the "Court") on November 5, 2004, I am enclosing the Monthly Statement for Houlihan Lokey Howard & Zukin Capital ("Houlihan Lokey") for the monthly period of March 8, 2005 through April 7, 2005 (the "Monthly Compensation Period")¹, which includes an itemized list of all reimbursable out-of-pocket expenses.

As detailed in the Final Order Approving Application to Employ Houlihan Lokey Howard & Zukin Capital as Investment Bankers, Houlihan Lokey is being compensated on a flat monthly basis plus, as applicable, a Sale Fees pursuant to a formula described in the Houlihan Lokey employment application. Houlihan Lokey is not required to maintain or provide detailed time records but shall provide a narrative description of the services performed during the Monthly Compensation Period. Accordingly, a description of the services performed by Houlihan Lokey on behalf of the Debtors are attached hereto in support of this Monthly Statement and all interim and final fee applications, which will be filed with the Court pursuant to the Administrative Order.

¹ The anniversary date of the Houlihan Lokey Engagement Agreement is on the 8th day of each month.

April 22, 2005

-2-

In accordance with the Administrative Order, Houlihan Lokey is requesting the interim payment of 80% of its fees (\$40,000.00) and 100% of its out-of-pocket expenses (\$4,544.76). Pursuant to the Administrative Order, after the expiration of the fifteen (15) day objection period and receiving no objections, VarTec is authorized to promptly pay the amount requested. For your convenience, wire transfer instructions are included on the invoice.

Please call me if you have any questions (214) 220-8483.

Sincerely,

A handwritten signature in black ink that reads "Adam Dunayer". The signature is written in a cursive, flowing style.

Adam Dunayer
Director
Houlihan Lokey Howard & Zukin Capital

Enclosure(s)

cc: **Notice Parties** (see attached list)

EXHIBIT A

INVOICE



HOULIHAN LOKEY HOWARD & ZUKIN

INVESTMENT BANKING SERVICES

www.hlh.com

INVOICE: 6061

Client 34729
Case 80454

PERSONAL & CONFIDENTIAL

April 22, 2005

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

Attn: Mr. Michael Hoffman, Chief Executive Officer

Fees and Expenses incurred in connection with terms of Engagement Agreement
executed on November 18, 2004 and Final Retention Order dated December 16, 2004

PROFESSIONAL FEES:

March 2005 Monthly Fee	\$	100,000.00	
less: Transaction Fee Offset	\$	(50,000.00)	
Net Fees Due	\$	50,000.00	
less: 20% holdback	\$	(10,000.00)	
Total Fees Due			\$ 40,000.00

Out-of-Pocket Expenses:

Any expenses not yet posted by our Accounting Department will be included in a subsequent invoice.

Parking	\$	171.00	
Overtime Meals		357.55	
Meals & Entertainment		581.26	
Hotel and Taxes		1,016.96	
Airfare		1,487.15	
Travel-Miscellaneous		76.36	
Travel-Mileage		83.43	
Telephone Charges		95.99	
Cellular Telephone Charges		311.21	
Computer Information Services		363.85	
Total Out-of-Pocket Expenses:			\$ 4,544.76

TOTAL AMOUNT DUE AND PAYABLE: \$ 44,544.76

PAYMENT DUE UPON RECEIPT

Wire Transfer Instructions:

Union Bank of California
Transit & ABA #122000496
Bank Account #3030160796
Federal ID #95-4024056

EXHIBIT B
SERVICES PERFORMED

Summary Of Services Provided By Houlihan Lokey

1. Houlihan Lokey has been active so as to be able to advise and assist the Company in respect of these chapter 11 cases.

2. In aggregate, in the month of March 2005, Houlihan Lokey's work involved five separate categories, which included:

- (a) Strategic Discussions, Planning and Review;
- (b) Canada and Mexico Sale Processes;
- (c) U.S. Operations Sale Process
- (d) Financial Analysis and Operational Review; and
- (e) Correspondence, Meetings and Discussions with Parties-in-interest.

(a) **Strategic Discussions, Planning and Review.** Houlihan Lokey assisted the Company and its other advisors in the contemplation of various strategic issues and alternatives. Some of the major strategic discussions, planning and review activities, included the following: the Canada, Mexico, and U.S. operations sale processes. Houlihan Lokey professionals routinely met with Company management as well as the Company's other professionals in order to plan and discuss general tactics related to the case.

(b) **Canada and Mexico Sale Processes.** Houlihan Lokey continued in its efforts to market the stock of the Canadian operations, Excel Telecommunications (Canada) Inc. and VarTec Telecom Canada, Inc. ("Excel Canada"), which involved the following during this monthly period:

- 1) Reviewed and analyzed Excel Canada's financial condition, operations, competitive environment, business plans, historical and projected financial results;

- 2) Arranged and coordinated management presentations and on-site due diligence meetings for interested parties;
- 3) Compiled materials containing relevant documentation and information necessary for the due diligence investigations by potential acquirers; and
- 4) Assisted interested parties in completing their necessary due diligence.

In addition to the Canada sale process, Houlihan Lokey has continued its conversations with potential acquirers of the Company's Mexican assets. These activities have included discussions with several interested parties and ultimately negotiating an asset purchase agreement with a stalking horse acquirer.

(c) **U.S. Operations Sale Process.** Houlihan Lokey continued in its marketing process for the assets of the Company's U.S. Operations. To this end, Houlihan Lokey performed the following tasks during this monthly period:

- 1) Continued to contact and solicit the interest of approximately 120 potential acquirers of the U.S. assets;
- 2) Compiled materials into an online data room containing relevant documentation and information necessary for the due diligence investigations by potential acquirers;
- 3) Negotiated non-disclosure agreements with interested parties and distributed a comprehensive information memorandum on the U.S. business to provide critical Company and industry information and investment rationale to interested acquirers;
- 4) Arranged for management presentation and on-site due diligence meetings with several interested parties; and
- 5) Assisted interested parties in completing their necessary due diligence.

(d) **Financial Analysis and Operational Review.** During March 2005, Houlihan Lokey spent a significant amount of time analyzing and studying the business for the purpose of preparing due diligence material for potential acquirers and assisting these buyers in understanding VarTec's business. These activities included compiling operational and financial data that would be relevant to potential acquirers, and meeting with management personnel to understand certain key issues that are critical to the buyers' due diligence. Additionally, Houlihan Lokey continued to analyze and monitor recent operational results and near term financial projections.

(e) **Correspondence, Meeting and Preparation with Parties-In-Interest.** Houlihan Lokey expended significant time and effort (both in-person and via conference call) in correspondence and meetings with the RTFC, the RTFC's advisors, the Committee, the Committee's advisors and various other parties-in-interest in these chapter 11 cases to keep them apprised of the progress on the sales processes for the Canada, Mexico, and U.S. businesses.

NOTICE PARTIES

Michael G. Hoffman
VarTec Telecom, Inc.
2440 Marsh Lane
Carrollton, TX 75006
mhoffman@vartec.net

William L. Wallander
Vinson & Elkins L.L.P.
3700 Trammell Crow Center
2001 Ross Avenue
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bwallander@velaw.com

Toby L. Gerber
Fulbright & Jaworski L.L.P.
2200 Ross Avenue
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Stephen A. Goodwin
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200 Crescent Court, Suite 1500
Dallas, TX 75201
sgoodwin@ccsb.com

APRIL 2005
MONTHLY STATEMENT



HOULIHAN LOKEY HOWARD & ZUKIN CAPITAL

INVESTMENT BANKERS

www.hlh.com

VIA EMAIL

May 18, 2005

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

Attn: Mr. Michael Hoffman, Chief Executive Officer

Re: In re VarTec Telecom, et al ("VarTec", the "Debtors" or the "Company").

Dear Mr. Hoffman:

Pursuant to the Amended Order Establishing Procedure for Monthly and Interim Compensation and Reimbursement of Expenses for Case Professionals (the "Administrative Order") entered by the United States Bankruptcy Court for the Northern District of Texas (the "Court") on November 5, 2004, I am enclosing the Monthly Statement for Houlihan Lokey Howard & Zukin Capital ("Houlihan Lokey") for the monthly period of April 8, 2005 through May 7, 2005 (the "Monthly Compensation Period")¹, which includes an itemized list of all reimbursable out-of-pocket expenses.

As detailed in the Final Order Approving Application to Employ Houlihan Lokey Howard & Zukin Capital as Investment Bankers, Houlihan Lokey is being compensated on a flat monthly basis plus, as applicable, a Sale Fees pursuant to a formula described in the Houlihan Lokey employment application. Houlihan Lokey is not required to maintain or provide detailed time records but shall provide a narrative description of the services performed during the Monthly Compensation Period. Accordingly, a description of the services performed by Houlihan Lokey on behalf of the Debtors are attached hereto in support of this Monthly Statement and all interim and final fee applications, which will be filed with the Court pursuant to the Administrative Order.

¹ The anniversary date of the Houlihan Lokey Engagement Agreement is on the 8th day of each month.

May 18, 2005

-2-

In accordance with the Administrative Order, Houlihan Lokey is requesting the interim payment of 80% of its fees (\$40,000.00) and 100% of its out-of-pocket expenses (\$6,030.52). Pursuant to the Administrative Order, after the expiration of the fifteen (15) day objection period and receiving no objections, VarTec is authorized to promptly pay the amount requested. For your convenience, wire transfer instructions are included on the invoice.

Please call me if you have any questions (214) 220-8483.

Sincerely,

A handwritten signature in black ink that reads "Adam Dunayer". The signature is written in a cursive, flowing style.

Adam Dunayer
Director
Houlihan Lokey Howard & Zukin Capital

Enclosure(s)

cc: **Notice Parties** (see attached list)

EXHIBIT A

INVOICE



HOULIHAN LOREY HOWARD & ZUKIN
INVESTMENT BANKING SERVICES
WWW.HLH.COM

INVOICE: 6101

Client 34729
Case 80454

PERSONAL & CONFIDENTIAL

May 17, 2005

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

Attn: Mr. Michael Hoffman, Chief Executive Officer

Fees and Expenses incurred in connection with terms of Engagement Agreement
executed on November 18, 2004 and Final Retention Order dated December 16, 2004

PROFESSIONAL FEES:

April 2005 Monthly Fee	\$	100,000.00	
less: Transaction Fee Offset	\$	(50,000.00)	
Net Fees Due	\$	50,000.00	
less: 20% holdback	\$	(10,000.00)	
Total Fees Due	\$		40,000.00

Out-of-Pocket Expenses:

Any expenses not yet posted by our Accounting Department will be included in a subsequent invoice.

Parking	\$	155.73	
Overtime Meals		217.57	
Meals & Entertainment		1,865.18	
Hotel and Taxes		1,670.05	
Airfare		1,576.80	
Telephone Charges		132.73	
Cellular Telephone Charges		601.69	
Misc. - Hotel Faxes		10.77	

Total Out-of-Pocket Expenses: \$ 6,030.52

TOTAL AMOUNT DUE AND PAYABLE: \$ 46,030.52

PAYMENT DUE UPON RECEIPT

Wire Transfer Instructions:

Union Bank of California
Transit & ABA #122000496
Bank Account #3030160796
Federal ID #95-4024056

EXHIBIT B
SERVICES PERFORMED

Summary Of Services Provided By Houlihan Lokey

1. Houlihan Lokey has been active so as to be able to advise and assist the Company in respect of these chapter 11 cases.

2. In aggregate, in the month of April 2005, Houlihan Lokey's work involved five separate categories, which included:

- (a) Strategic Discussions, Planning and Review;
- (b) Canada and Mexico Sale Processes;
- (c) U.S. Operations Sale Process
- (d) Financial Analysis and Operational Review; and
- (e) Correspondence, Meetings and Discussions with Parties-in-interest.

(a) **Strategic Discussions, Planning and Review.** Houlihan Lokey assisted the Company and its other advisors in the contemplation of various strategic issues and alternatives. Some of the major strategic discussions, planning and review activities, included the following: the Canada, Mexico, and U.S. operations sale processes. Houlihan Lokey professionals routinely met with Company management as well as the Company's other professionals in order to plan and discuss general tactics related to the case.

(b) **Canada and Mexico Sale Processes.** Houlihan Lokey continued in its efforts to market the stock of the Canadian operations, Excel Telecommunications (Canada) Inc. and VarTec Telecom Canada, Inc. ("Excel Canada"), which involved the following during this monthly period:

- 1) Reviewed and analyzed Excel Canada's financial condition, operations, competitive environment, business plans, historical and projected financial results;

- 2) Arranged and coordinated management presentations and on-site due diligence meetings for interested parties;
- 3) Compiled materials containing relevant documentation and information necessary for the due diligence investigations by potential acquirers;
- 4) Assisted interested parties in completing their necessary due diligence;
- 5) Structured and negotiated a stalking horse contract with a bidder;
- 6) Solicited and evaluated two additional Stock Purchase Agreements from qualified bidders; and
- 7) Conducted an auction between the stalking horse bidder and two additional qualified bidders, which increased transaction proceeds to the Debtors from \$4.5 million to \$8.42 million.

In addition to the Canada sale process, Houlihan Lokey negotiated and closed a transaction with the stalking horse acquirer of the Company's Mexican assets, which resulted in proceeds to the Debtors of \$1.6 million.

(c) **U.S. Operations Sale Process.** Houlihan Lokey continued in its marketing process for the assets of the Company's U.S. Operations. To this end, Houlihan Lokey performed the following tasks during this monthly period:

- 1) Continued to contact and solicit interest from a number of potential acquirers of the U.S. assets;
- 2) Continued to update and compile materials and post them into the online data room for the due diligence investigations by potential acquirers;
- 3) Arranged for management presentations and on-site due diligence meetings with several interested parties; and
- 4) Assisted interested parties in completing their necessary due diligence.

(d) **Financial Analysis and Operational Review.** During April 2005, Houlihan Lokey spent a significant amount of time analyzing and studying the business for the purpose of preparing due diligence material for potential acquirers and assisting these buyers in understanding VarTec's business. These activities included compiling operational and financial data that would be relevant to potential acquirers, and meeting with management personnel to understand certain key issues that are critical to the buyers' due diligence. Additionally, Houlihan Lokey continued to analyze and monitor recent operational results and near term financial projections.

(e) **Correspondence, Meeting and Preparation with Parties-In-Interest.** Houlihan Lokey expended significant time and effort (both in-person and via conference call) in correspondence and meetings with the RTFC, the RTFC's advisors, the Committee, the Committee's advisors and various other parties-in-interest in these chapter 11 cases to keep them apprised of the progress on the sales processes for the Canada, Mexico, and U.S. businesses.

NOTICE PARTIES

Michael G. Hoffman
VarTec Telecom, Inc.
2440 Marsh Lane
Carrollton, TX 75006
mhoffman@vartec.net

William L. Wallander
Vinson & Elkins L.L.P.
3700 Trammell Crow Center
2001 Ross Avenue
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bwallander@velaw.com

Toby L. Gerber
Fulbright & Jaworski L.L.P.
2200 Ross Avenue
Suite 2800
Dallas, TX 75201
tgerber@fulbright.com

George McElreath
Office of the United States Trustee
1100 Commerce Street
Room 976
Dallas, TX 75242
ustpregion06.da.ecf@usdoj.gov

Stephen A. Goodwin
Carrington Coleman Sloman & Blumenthal
200 Crescent Court, Suite 1500
Dallas, TX 75201
sgoodwin@ccsb.com

MAY 2005

MONTHLY STATEMENT



HOULIHAN LOKEY HOWARD & ZUKIN CAPITAL

INVESTMENT BANKERS

www.hlh.com

VIA EMAIL

June 20, 2005

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

Attn: Mr. Michael Hoffman, Chief Executive Officer

Re: In re VarTec Telecom, et al ("VarTec", the "Debtors" or the "Company").

Dear Mr. Hoffman:

Pursuant to the Amended Order Establishing Procedure for Monthly and Interim Compensation and Reimbursement of Expenses for Case Professionals (the "Administrative Order") entered by the United States Bankruptcy Court for the Northern District of Texas (the "Court") on November 5, 2004, I am enclosing the Monthly Statement for Houlihan Lokey Howard & Zukin Capital ("Houlihan Lokey") for the monthly period of May 8, 2005 through June 7, 2005 (the "Monthly Compensation Period")¹, which includes an itemized list of all reimbursable out-of-pocket expenses.

As detailed in the Final Order Approving Application to Employ Houlihan Lokey Howard & Zukin Capital as Investment Bankers, Houlihan Lokey is being compensated on a flat monthly basis plus, as applicable, a Sale Fees pursuant to a formula described in the Houlihan Lokey employment application. Houlihan Lokey is not required to maintain or provide detailed time records but shall provide a narrative description of the services performed during the Monthly Compensation Period. Accordingly, a description of the services performed by Houlihan Lokey on behalf of the Debtors are attached hereto in support of this Monthly Statement and all interim and final fee applications, which will be filed with the Court pursuant to the Administrative Order.

¹ The anniversary date of the Houlihan Lokey Engagement Agreement is on the 8th day of each month.

June 20, 2005

-2-

In accordance with the Administrative Order, Houlihan Lokey is requesting the interim payment of 80% of its fees (\$40,000.00) and 100% of its out-of-pocket expenses (\$4,180.65). Pursuant to the Administrative Order, after the expiration of the fifteen (15) day objection period and receiving no objections, VarTec is authorized to promptly pay the amount requested. For your convenience, wire transfer instructions are included on the invoice.

Please call me if you have any questions (214) 220-8483.

Sincerely,

A handwritten signature in black ink that reads "Adam Dunayer". The signature is written in a cursive, flowing style.

Adam Dunayer
Director
Houlihan Lokey Howard & Zukin Capital

Enclosure(s)

cc: **Notice Parties** (see attached list)

EXHIBIT A

INVOICE



HOULIHAN, LOKKE, HOWARD & ZUKIN

INVESTMENT BANKING SERVICES

WWW.HLHZ.COM

INVOICE: 6161

Client 34729
Case 60454

PERSONAL & CONFIDENTIAL

June 10, 2005

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

Attn: Mr. Michael Hoffman, Chief Executive Officer

Fees and Expenses incurred in connection with terms of Engagement Agreement
executed on November 18, 2004 and Final Retention Order dated December 16, 2004

PROFESSIONAL FEES:

May 2005 Monthly Fee	\$	100,000.00	
less: Transaction Fee Offset	\$	(50,000.00)	
Net Fees Due	\$	50,000.00	
less: 20% holdback	\$	(10,000.00)	
Total Fees Due	\$	40,000.00	

Out-of-Pocket Expenses:

Any expenses not yet posted by our Accounting Department will be included in a subsequent invoice.

Parking	\$	11.60
Overtime Meals		278.00
Meals & Entertainment		514.68
Hotel and Taxes		583.50
Airfare		778.40
Travel-Miscellaneous		620.00
Travel-Mileage		198.20
Cellular Telephone Charges		741.40
Delivery (Fed Ex)		383.85

Total Out-of-Pocket Expenses: **\$ 4,180.65**

TOTAL AMOUNT DUE AND PAYABLE: **\$ 44,180.65**

PAYMENT DUE UPON RECEIPT

Wire Transfer Instructions:
Union Bank of California
Transit & ABA #122004388
Bank Account #3030 180706
Federal ID #95-4024000

EXHIBIT B
SERVICES PERFORMED

Summary Of Services Provided By Houlihan Lokey

1. Houlihan Lokey has been active so as to be able to advise and assist the Company in respect of these chapter 11 cases.

2. In aggregate, in the month of May 2005, Houlihan Lokey's work involved four separate categories, which included:

- (a) Strategic Discussions, Planning and Review;
- (b) U.S. Operations Sale Process;
- (c) Financial Analysis and Operational Review; and
- (d) Correspondence, Meetings and Discussions with Parties-in-interest.

(a) **Strategic Discussions, Planning and Review.** Houlihan Lokey assisted the Company and its other advisors in the contemplation of various strategic issues and alternatives. Some of the major strategic discussions, planning and review activities included the sale of the U.S. operations. Houlihan Lokey professionals routinely met with Company management as well as the Company's other professionals in order to plan and discuss general tactics related to the case.

(b) **U.S. Operations Sale Process.** Houlihan Lokey continued in its marketing process for the assets of the Company's U.S. Operations. To this end, Houlihan Lokey performed the following tasks during this monthly period:

- 1) Continued to contact and solicit interest from a number of potential acquirers of the U.S. assets;
- 2) Continued to update and compile materials and post them into the online data room for the due diligence investigations by potential acquirers;
- 3) Arranged for management presentations and on-site due diligence

meetings with several interested parties;

- 4) Assisted interested parties in completing their necessary due diligence;
and
- 5) Led and participated in negotiations with potential acquirers of the U.S. assets.

(c) **Financial Analysis and Operational Review.** During May 2005, Houlihan Lokey spent a significant amount of time analyzing and studying the business for the purpose of preparing due diligence material for potential acquirers and assisting these buyers in understanding VarTec's business. These activities included compiling operational and financial data that would be relevant to potential acquirers, and meeting with management personnel to understand certain key issues that are critical to the buyers' due diligence. Additionally, Houlihan Lokey continued to analyze and monitor recent operational results and near term financial projections.

(d) **Correspondence, Meeting and Preparation with Parties-In-Interest.** Houlihan Lokey expended significant time and effort (both in-person and via conference call) in correspondence and meetings with the RTFC, the RTFC's advisors, the Committee, the Committee's advisors and various other parties-in-interest in these chapter 11 cases to keep them apprised of the progress on the U.S. sales process.

NOTICE PARTIES

Michael G. Hoffman
VarTec Telecom, Inc.
2440 Marsh Lane
Carrollton, TX 75006
mhoffman@vartec.net

William L. Wallander
Vinson & Elkins L.L.P.
3700 Trammell Crow Center
2001 Ross Avenue
Dallas, TX 75201
bwallander@velaw.com

Toby L. Gerber
Fulbright & Jaworski L.L.P.
2200 Ross Avenue
Suite 2800
Dallas, TX 75201
tgerber@fulbright.com

George McElreath
Office of the United States Trustee
1100 Commerce Street
Room 976
Dallas, TX 75242
ustpre06.da.ecf@usdoj.gov

Stephen A. Goodwin
Carrington Coleman Sloman & Blumenthal
200 Crescent Court, Suite 1500
Dallas, TX 75201
sgoodwin@ccsb.com

CANADA TRANSACTION FEE INVOICE



HOULIHAN LOHREY HOWARD & ZERK
INDEPENDENT FINANCIAL ADVISERS
WWW.HLHZ.COM

INVOICE: 6099

Client 34729
Case 80454

PERSONAL & CONFIDENTIAL

May 11, 2005

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

Attn: Mr. Michael Hoffman, Chief Executive Officer

Fees incurred in connection with terms of Engagement Agreement
executed on November 18, 2004 and Final Retention Order dated December 16, 2004

PROFESSIONAL FEES:

Sale of Canadian Operations (80.66 million x 3.6%)	\$	288,260.00	
less: 20% holdback	\$	(59,850.00)	
			\$ 238,400.00

TOTAL AMOUNT DUE AND PAYABLE:

\$ 238,400.00

PAYMENT DUE UPON RECEIPT
Wire Transfer Instructions:
Union Bank of California
Transit & ABA #122000496
Bank Account #3030160796
Federal ID #95-4024056

EXHIBIT F

Order

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

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

**ORDER GRANTING SECOND INTERIM APPLICATION FOR ALLOWANCE
OF FEES AND REIMBURSEMENT OF EXPENSES OF HOULIHAN LOKEY
HOWARD & ZUKIN CAPITAL AS INVESTMENT BANKER
TO THE DEBTORS FOR THE PERIOD
MARCH 8, 2005 THROUGH JUNE 7, 2005**

This matter coming before the Court on the Second Interim Application for Allowance of Fees and Reimbursement of Expenses of Houlihan Lokey Howard & Zukin Capital as Investment Banker to the Debtors For The Period March 8, 2005 through June 7, 2005 (the "Application"); the Court having reviewed the Application and all pleadings relating thereto; and the Court having determined that the legal and factual bases set forth in the Application establish just cause for the relief granted herein;

THE COURT HEREBY FINDS THAT:⁽¹⁾

- A. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334.
- B. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A).
- C. The Application complies, as applicable, with the requirements of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules for the Bankruptcy Court for the Northern District

⁽¹⁾ Capitalized terms not otherwise defined herein have the meanings ascribed to them in the Application.

of Texas and the Orders of this Court.

D. Houlihan Lokey's requested final compensation for services rendered in connection with its representation of the Debtors during the Application Period is reasonable and appropriate under sections 328 and 331 of the Bankruptcy Code.

E. Houlihan Lokey's expenses incurred during the Application Period for which it seeks reimbursement were actual and necessary expenses under sections 330(a) (1)(B) and 331 of the Bankruptcy Code.

F. The continuation of Houlihan Lokey's employment pursuant to Bankruptcy Code §328 is warranted and necessary.

NOW, THEREFORE, IT IS HEREBY ORDERED THAT:

1. The Application is GRANTED.

2. Houlihan Lokey's request for an interim allowance of compensation of 100% of \$449,250.00 and reimbursement for 100% of expenses of \$14,755.93 for the Application Period is hereby approved.

3. The Debtors are hereby authorized and directed to pay Houlihan Lokey the foregoing approved fees and expenses not already paid.

4. Houlihan Lokey's employment pursuant to Bankruptcy Code §328 will continue.

Dated: _____, 2005

HONORABLE STEVEN A. FELSENTHAL
UNITED STATES CHIEF BANKRUPTCY JUDGE