

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
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APRIL 2004

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.

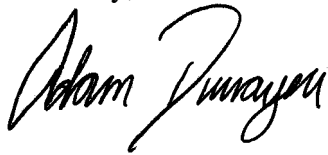
May 18, 2005

-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 LOKEY HOWARD & ZUKIN

INVESTMENT BANKING SERVICES

www.hlhs.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		1,665.18	
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 staking 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
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mhoffman@vartec.net

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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.

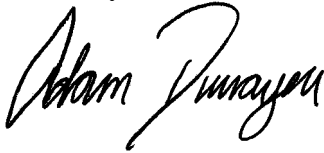
June 20, 2005

-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 LOKEY HOWARD & ZUCKIN

INVESTMENT BANKING SERVICES

www.hlh.com

INVOICE: 6161

Client 34729

Case 80454

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	\$	11.69	
Overtime Meals		279.00	
Meals & Entertainment		514.68	
Hotel and Taxes		563.50	
Airfare		778.40	
Travel-Miscellaneous		623.98	
Travel-Mileage		199.26	
Cellular Telephone Charges		741.49	
Delivery (Fed Ex)		383.65	

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 #12200496
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 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

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JUNE 2004

MONTHLY STATEMENT