



The following constitutes the order of the Court.

Hamlin DeWayne Hale
United States Bankruptcy Judge

Signed September 7, 2005

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

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

**JOINT STIPULATION AND ORDER DEFERRING PROSECUTION OF SETOFF
LITIGATION (INVOLVING THE DEBTORS AND SBC TELCOS)**

[RELATES TO DOCKET NO. 1387]

On August 23, 2005, this Court entered the Stipulation and Order for Assumption and Assignment of Executory Contracts, and Related Cure, Among (I) the Debtors, (II) the SBC Telcos, (III) Comtel Telecom Assets, LP, and (IV) the RTFC [Docket No. 1784] (the "SBC Stipulation and Order"). Under the SBC Stipulation and Order, within ten business days after August 23, 2005, the parties to the stipulation "shall file with the Court a joint stipulation in which they agree to defer prosecution of the Setoff Litigation pending the Final Closing Date." SBC Stipulation and Order at ¶ 16.

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On June 14, 2005, the Debtors filed their Motion to Determine SBC Telcos' Ability to Effectuate Setoff, and to Compel Return of Funds Not Subject to Setoff [Docket No. 1387](the "Setoff Motion"). On July 11, 2005, the SBC Telcos filed their Response to the Setoff Motion.

At hearings on July 22, 2005 and July 25, 2005, the Court was advised that the Debtors and the SBC Telcos intended to move to convert the Setoff Motion to an adversary proceeding (the "Setoff Litigation").

In accordance with the SBC Stipulation and Order, the undersigned parties agree, and the Court **ORDERS** that prosecution of the Setoff Litigation shall be deferred pending the "Final Closing Date" specified under the asset purchase agreement that has been approved in these bankruptcy cases.

The Court **FURTHER ORDERS** that should the Final Closing Date not occur, the parties to this joint stipulation shall notify the Clerk of the Bankruptcy Court that the Setoff Litigation is to be converted to an adversary proceeding, and the parties shall thereafter promptly present to the Court a proposed scheduling order for the Setoff Litigation.

STIPULATED AND AGREED BY:

**SOUTHWESTERN BELL TELEPHONE, L.P.,
PACIFIC BELL TELEPHONE COMPANY, THE
SOUTHERN NEW ENGLAND TELEPHONE
COMPANY, ILLINOIS BELL TELEPHONE
COMPANY, INDIANA BELL TELEPHONE
COMPANY INCORPORATED, MICHIGAN BELL
TELEPHONE COMPANY, THE OHIO BELL
TELEPHONE COMPANY, WISCONSIN BELL, INC.,
NEVADA BELL TELEPHONE COMPANY AND
THE WOODBURY TELEPHONE COMPANY**

/s/David M. Bennett

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ATTORNEYS FOR THE SBC TELCOS

**VARTEC TELECOM, INC., EXCEL COMMUNICATIONS
MARKETING, INC., EXCEL MANAGEMENT SERVICE, INC.,
EXCEL PRODUCTS, INC., EXCEL TELECOMMUNICATIONS,
INC., EXCEL TELECOMMUNICATIONS OF VIRGINIA, INC.,
EXCEL TELESERVICES, INC., EXCELCOM, INC., TELCO
TELECOMMUNICATIONS GROUP, INC., TELCO NETWORK
SERVICES, INC., VARTEC BUSINESS TRUST, VARTEC
PROPERTIES, INC., VARTEC RESOURCE SERVICES, INC.,
VARTEC SOLUTIONS, INC., VARTEC TELECOM HOLDING
COMPANY, VARTEC TELECOM INTERNATIONAL
HOLDING COMPANY AND VARTEC TELECOM OF
VIRGINIA, INC.**

/s/Michael L. Scanlon

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SPECIAL COUNSEL FOR THE DEBTORS

End of Order