

Toby L. Gerber
State Bar No. 07813700
John N. Schwartz
State Bar No. 00797397
Ryan E. Manns
State Bar No. 24041391
Fulbright & Jaworski L.L.P
2200 Ross Ave., Ste. 2800
Dallas, Texas 75201
Telephone: (214) 855-8000
Facsimile: (214) 855-8200

William R. Greendyke
State Bar No. 08390450
Fulbright & Jaworski L.L.P.
1301 McKinney, Suite 5100
Houston, TX 77010-3095
Telephone: (713) 651-5151
Facsimile: (713) 651-5246

ATTORNEYS FOR THE RURAL
TELEPHONE FINANCE COOPERATIVE

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

IN RE:

VARTEC TELECOM, INC., et al.,

Debtors.

§
§
§
§
§

**Case No. 04-81694-SAF-11
(Chapter 11)**

**LIMITED OBJECTION OF RURAL TELEPHONE
FINANCE COOPERATIVE TO MOTION TO APPROVE RETENTION
OF CXO, L.L.C. AS OPERATIONAL CONSULTANTS FOR THE DEBTORS**

TO THE HONORABLE UNITED STATES BANKRUPTCY COURT:

Rural Telephone Finance Cooperative (“RTFC”) hereby files this limited objection to the Motion to Approve Retention of CXO, L.L.C. as Operational Consultants for the Debtors (the “Motion”) and would show the Court the following:

1. As set forth in the Motion, VarTec Telecom, Inc. and its affiliates (collectively, the “Debtors”) seek to retain CXO, L.L.C. (“CXO”) as operational consultants.

LIMITED OBJECTION OF RURAL TELEPHONE FINANCE COOPERATIVE TO MOTION TO APPROVE RETENTION OF CXO, L.L.C. AS OPERATIONAL CONSULTANTS FOR THE DEBTORS

2. RTFC objects to the following provisions of CXO's retention agreement:
 - a. Section 6 of the agreement contains an indemnification clause and requires the Debtors to maintain director and officer insurance (including a three-year "tail" policy). RTFC objects to this provision to the extent that the estates are required to pay for these expenses.
 - b. RTFC requests that it also receive copies of CXO invoices (as provided under Section 2 of the agreement).

WHEREFORE, Rural Telephone Finance Cooperative respectfully requests that this Court grant the Motion, subject to the limited objections set forth herein, and grant such other relief as is just and equitable.

Dated: September 26, 2005

Respectfully submitted,

/s/ John N. Schwartz

Toby L. Gerber
State Bar No. 07813700
John N. Schwartz
State Bar No. 00797397
Ryan E. Manns
State Bar No. 24041391
Fulbright & Jaworski L.L.P.
2200 Ross Ave., Ste. 2800
Dallas, Texas 75201
Telephone: (214) 855-8000
Facsimile: (214) 855-8200

William R. Greendyke
State Bar No. 08390450
Fulbright & Jaworski L.L.P.
1301 McKinney, Suite 5100
Houston, TX 77010-3095
Telephone: (713) 651-5151
Facsimile: (713) 651-5246

Attorneys for Rural Telephone Finance
Cooperative

CERTIFICATE OF SERVICE

This certifies that, on the 26th day of September, 2005, a true and correct copy of the foregoing was served on Bill Wallander, via facsimile at 214-999-7905.

/s/ John N. Schwartz
John N. Schwartz