



ENTERED

TAWANA C. MARSHALL, CLERK
THE DATE OF ENTRY IS
ON THE COURT'S DOCKET

The following constitutes the order of the Court.

United States Bankruptcy Judge

Signed October 6, 2005

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

In re:

VARTEC TELECOM, INC., et al.,

Debtors.

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CASE NO. 04-81694-HDH-11

**(Chapter 11)
(Jointly Administered)**

**ORDER GRANTING MOTION TO AMEND AND MODIFY ORDER
GRANTING MOTION TO INITIATE AND IMPLEMENT THE
KEY EMPLOYEE RETENTION AND SEVERANCE PROGRAM**

On September 29, 2005, the Court considered the Motion to Amend and Modify Order Granting Motion to Initiate and Implement the Key Employee Retention and Severance Program [Docket No. 1897] (the "Motion")¹ filed by the above-referenced debtors and debtors in possession (the "Debtors"). The Court finds that the relief requested in the Motion is essential to the operation of the Debtors' businesses, is in the best interest of the Debtors' estates and creditors, and is an exercise of the Debtors'

¹ Capitalized terms not defined herein shall have the meaning given to them in the Motion and **Exhibit A** attached thereto.

business judgment. The Court further finds that adequate notice has been given and no other notice needs to be given. Based on, among other things, the pleadings filed, the representations of counsel, and the agreement of the parties, the Court finds that the relief requested in the Motion should be granted. Therefore, it is

ORDERED that the Motion is **GRANTED**. It is further

ORDERED that the Severance Provision shall be deemed modified as set forth in the Motion. It is further

ORDERED that the Debtors are authorized to place the pre-funded retention and severance amounts for the Tier 1 Employee (the "Tier 1 Funds") with a third party with those funds to be paid to him in accordance with the chronological schedule provided in the Tier 1 Retention Agreement, or upon the earlier conversion of the Cases to cases under chapter 7 of the Bankruptcy Code. It is further

ORDERED that the Tier 1 Funds shall not be property of the Debtors' estates. It is further

ORDERED the severance payment to the Tier 1 Employee shall be paid upon the earlier of (i) the conversion of the Cases to cases under chapter 7 of the Bankruptcy Code and (ii) December 31, 2005, or at such other date (not to exceed March 31, 2006), if the Official Committee requests the Tier 1 Employee's continued employment (to the extent such continued employment would not constitute a constructive termination) beyond December 31, 2005. It is further

ORDERED that the Key Employee Order and Retention Agreements be deemed modified as necessary to effectuate this Order. It is further

ORDERED that, except with respect to the modification of the Severance Provision as set forth herein, nothing herein is intended to expand, retract or otherwise modify any provisions of the APA related to any employee-related expenses assumed by Comtel and the terms of the APA shall continue to govern the breadth and scope of any such assumption.

END OF ORDER

After entry, return copy to:

Richard H. London, SBT #24032678

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ATTORNEYS FOR THE DEBTORS

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