

October 17, 2005

The Honorable Harlin D. Hale
Judge, United States Bankruptcy Court
1100 Commerce Street
Dallas, Texas 75242

Re: ***In re VarTec Telecom, Inc., et al.***; Case No. 04-81694-HDH-11
Agenda Letter for Hearing Scheduled for October 18, 2005 at 1:30 p.m.

Dear Judge Hale:

The purpose of this correspondence is to advise you of the status and proposed disposition of the following matters set for hearing on the Court's docket for October 18, 2005 at 1:30 p.m.:

UNCONTESTED MATTERS

1. Eighth Motion to Authorize Rejections of Assorted Executory Contracts and Personal Property Leases filed by the Debtors [Docket No. 1895]

OBJECTION DEADLINE: October 12, 2005

STATUS: No objections have been filed. The Debtors will seek to withdraw the motion with respect to the agreement with CallManage, Inc, and the Debtors intend to present an order with respect to the other agreement(s) addressed in the motion.

2. Motion to Authorize Rejection of Certain Circuit Agreements with SBC Telephone Companies filed by the Debtors [Docket No. 1902]

OBJECTION DEADLINE: October 13, 2005

STATUS: By agreement, the Debtors and SBC request a continuance of the hearing on this motion to November 1, 2005 at 1:30 p.m., and a continuance of the deadline for SBC to file an objection to any of the three pending motions to authorize rejection of certain circuit agreements with SBC telephone companies to October 28, 2005.

3. Second Motion to Authorize Rejection of Certain Circuit Agreements with SBC Telephone Companies filed by the Debtors [Docket No. 1904]

OBJECTION DEADLINE: October 13, 2005

STATUS: By agreement, the Debtors and SBC request a continuance of the hearing on this motion to November 1, 2005 at 1:30 p.m., and a continuance of the deadline for SBC to file an objection to any of the three pending motions to authorize rejection of certain circuit agreements with SBC telephone companies to October 28, 2005.

4. Motion to Approve Execution of Tarpley Lease Agreement and Rejection of Addison II Lease Agreement filed by the Debtors [Docket No. 1978]

OBJECTION DEADLINE: N/A (Expedited Hearing)

STATUS: This matter will be going forward as scheduled.

5. Motion to Approve Statement of Work for Fraud Management Services Offered by Communications Management Services, Inc. filed by the Debtors [Docket No. 1980]

OBJECTION DEADLINE: N/A (Expedited Hearing)

STATUS: This matter will be going forward as scheduled.

CONTESTED MATTERS

6. Motion of the Official Committee of Excel Independent Representatives to Extend Sunset Provision on IR Committee Appointment for Additional 90 Days [Docket No. 1780]

Objection filed by the Official Committee of Unsecured Creditors [1837]

Order on Motion of the Official Committee of Excel Independent Representatives to Extend Sunset Provision on IR Committee Appointment [Docket No. 1958]

OBJECTION DEADLINE: N/A (Continued from a Previous Hearing)

STATUS: The parties intend to present an Order which would extend the IR Committee's sunset until the hearing currently scheduled for November 22, 2005.

7. Motion for Interim and Final Orders (i) Authorizing the Debtors to Obtain Post-Petition Financing on an Interim and Final Basis Secured by Senior Priming Liens, (ii) Scheduling a Final Hearing and Establishing Notice Requirements, and (iv) Granting Related Relief (Rural Telephone Finance Cooperative) [Docket No. 1919]

Emergency Motion of Official Committee of Unsecured Creditors to Continue Expedited Hearing Regarding Debtors' Motion for Interim and Final Orders (i) Authorizing the Debtors to Obtain Post-Petition Financing on an Interim and Final Basis Secured by Senior Priming Liens, (ii) Scheduling a Final Hearing and Establishing Notice Requirements, and (iv) Granting Related Relief (Rural Telephone Finance Cooperative) [Docket No. 1963]

Objection of the Official Committee of Unsecured Creditors to the Motion for Interim and Final Orders (i) Authorizing the Debtors to Obtain Post-Petition Financing on an Interim and Final Basis Secured by Senior Priming Liens, (ii) Scheduling a Final Hearing and Establishing Notice Requirements, and (iv) Granting Related Relief (Rural Telephone Finance Cooperative) [Docket No. 1966]

Joinder in Objection filed by MCI WorldCom Communications, Inc., MCI WorldCom Network Services, Inc [Docket No. 1968]

Joinder in Objection filed by Unipoint Holdings, Inc. [Docket No. 1969]

OBJECTION DEADLINE: N/A (Expedited Hearing Requested)

STATUS: If not resolved by submission of an agreed order at or in advance of the hearing, the Debtors intend to go forward with this matter.

8. Motion to Dismiss Count Ten of Complaint and Brief in Support Thereof filed by the Rural Telephone Finance Cooperative [Adv. Proc. No. 05-3514, Docket No. 9]

Official Committee of Unsecured Creditors Response to Motion to Dismiss Count Ten of Complaint and Brief in Support Thereof filed by the Rural Telephone Finance Cooperative [Adv. Proc. No. 05-3514, Docket No. 11]

OBJECTION DEADLINE: August 29, 2005

STATUS: This matter will be going forward as scheduled.

Sincerely,

/s/ Daniel C. Stewart

Daniel C. Stewart

cc: Master Service List

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