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ATTORNEYS FOR THE DEBTORS

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

IN RE:	§	
	§	CASE NO. 04-81694-HDH-11
VARTEC TELECOM, INC., et al.,	§	
	§	(Chapter 11)
DEBTORS.	§	(Jointly Administered)

**SUMMARY SHEET FOR THIRD INTERIM APPLICATION
OF VINSON & ELKINS L.L.P. FOR ALLOWANCE OF FEES
AND EXPENSES AS COUNSEL FOR THE DEBTORS
FOR THE PERIOD JULY 1, 2005 THROUGH OCTOBER 31, 2005**

Aggregate Fees Requested and Awarded in Two Prior Interim Applications:	\$4,821,471.00
Aggregate Expenses Requested and Awarded in Two Prior Interim Applications:	\$142,454.21
Fees Requested in this Application (Estate): ¹	\$1,525,060.50
Total Hours Billed (Estate):	3,799.10
Average Hourly Rate (Estate):	\$401.43
Expenses Requested in This Application (Estate):	\$50,762.25
Retainer Held as of October 31, 2005 (Estate):	\$458,760.19
Fees Requested in this Application (Operations):	\$255,354.00
Total Hours Billed (Operations):	602.50
Average Hourly Rate (Operations):	\$423.82
Expenses Requested in This Application (Operations):	\$13.58
Retainer Held as of October 31, 2005 (Operations):	\$12,800.00

¹ For a discussion of the distinction between Estate and Operations expenses, see paragraphs 9 and 10 of the application which follows.

Summary of Time Billed by Attorney:

See Exhibits

C-1

and C-2 below

Summary of Expenses Billed by Type:

See Exhibit D

below

Voluntary Fee Reductions for this Period²

\$18,996.00

Cost of Copies per Page

\$0.15

Cost of Faxes per Page

\$0.25

² Of these Voluntary Fee Reductions, \$3,127.00 in reductions occurred prior to the issuance of invoices and \$15,869.00 in reductions occurred following the issuance of invoices as reflected in the tables beginning on page 5 of the Third Application. The totals in the Summary Sheet and the Third Application reflect fees requested and paid as adjusted, not as originally invoiced.

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IN RE:	§	
	§	
VARTEC TELECOM, INC., et al.,	§	CASE NO. 04-81694-HDH-11
	§	
DEBTORS.	§	(Chapter 11)
	§	(Jointly Administered)
	§	
	§	Hearing set for December 29, 2005 at
	§	9:00 a.m.

**THIRD INTERIM APPLICATION OF VINSON & ELKINS L.L.P.
FOR ALLOWANCE OF FEES AND EXPENSES AS COUNSEL FOR THE
DEBTORS FOR THE PERIOD JULY 1, 2005 THROUGH OCTOBER 31, 2005**

A HEARING WILL BE CONDUCTED ON THIS MATTER ON DECEMBER 29, 2005, AT 9:00 A.M. IN THE COURTROOM OF THE HONORABLE HARLIN D. HALE, 1100 COMMERCE STREET, 14TH FLOOR, DALLAS, TEXAS. IF YOU OBJECT TO THE RELIEF REQUESTED, YOU MUST RESPOND IN WRITING, SPECIFICALLY ANSWERING EACH PARAGRAPH OF THIS PLEADING. UNLESS OTHERWISE DIRECTED BY THE COURT, YOU MUST FILE YOUR RESPONSE WITH THE CLERK OF THE BANKRUPTCY COURT WITHIN TWENTY (20) DAYS FROM THE DATE YOU WERE SERVED WITH THIS PLEADING. YOU MUST SERVE A COPY OF YOUR RESPONSE ON THE PERSON WHO SENT YOU THE NOTICE; OTHERWISE, THE COURT MAY TREAT THE PLEADING AS UNOPPOSED AND GRANT THE RELIEF REQUESTED.

TO THE HONORABLE HARLIN D. HALE, UNITED STATES BANKRUPTCY JUDGE:

VINSON & ELKINS L.L.P. (“V&E”), counsel for the above-referenced debtors and debtors in possession (collectively, the “Debtors”)¹ files its Third Interim Application for Allowance of Fees and Expenses as Counsel for the Debtors for the Period July 1, 2005 through October 31, 2005 (the “Third Application”), and in support thereof would show as follows:

STATEMENT OF JURISDICTION

1. This Court has jurisdiction to hear this Application pursuant to the provisions of 28 U.S.C. §§ 1334 and 157. This proceeding involves the administration of the estates; and thus, it is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A).

STATEMENT OF FACTS

2. On November 1, 2004 (the “Petition Date”), the Debtors each filed a voluntary petition for relief (collectively, the “Cases”) under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”).

3. On November 2, 2004 (the “Employment Date”), this Court entered its Order [Docket No. 46] approving the employment of V&E, on an interim basis, effective as of the Petition Date. By its Order [Docket No. 264] entered on November 22, 2004, the Court approved the employment of V&E on a final basis.

4. Since the Petition Date, V&E has rendered professional services and incurred expenses as counsel to the Debtors.

¹ The Debtors include 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 Communications 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.

5. On November 5, 2004, the Court entered its Amended Order Establishing Procedure for Monthly and Interim Compensation and Reimbursement of Expenses for Case Professionals [Docket No. 118] (the “Fee Procedures Order”) by which the Court established procedures for the compensation of fees and the reimbursement of expenses of case professionals, including V&E.

6. On April 14, 2005, the Court entered its Order Approving Application of Vinson & Elkins L.L.P. for Allowance of Fees and Expenses as Counsel for the Debtors for the Period November 1, 2004 through February 28, 2005 [Docket No. 1217] pursuant to which the Court approved and allowed V&E’s interim compensation of fees in the amount of \$2,262,941.50 and reimbursement of expenses in the amount of \$81,975.57 for the period November 1, 2004 through February 28, 2005 (the “First Period”).

7. On August 24, 2005, the Court entered its Order Approving Second Interim Application of Vinson & Elkins L.L.P. for Allowance of Fees and Expenses as Counsel for the Debtors for the Period March 1, 2005 through June 30, 2005 [Docket No. 1795] pursuant to which the Court approved and allowed V&E’s interim compensation of fees in the amount of \$2,558,529.50 and reimbursement of expenses in the amount of \$60,478.64 for the period March 1, 2005 through June 30, 2005 (the “Second Period”).

8. As explained in more detail immediately below, V&E’s total fees and expenses requested to be approved and paid pursuant to this Third Application (for the period July 1, 2005 through October 31, 2005) are fees of \$1,780,414.50 (as adjusted) and expenses of \$50,775.83.

9. Pursuant to the Asset Purchase Agreement dated July 25, 2005 (the “Comtel APA”) by and among the Debtors and Comtel Investments LLC (together with its assigns, “Comtel”) and the associated Management Services Agreement dated September 19, 2005 (the “Comtel MSA”) by and between VarTec Telecom, Inc. and Comtel, Comtel agreed that certain professional fees associated with the ongoing operation of the Debtors’ businesses prior to regulatory approval and final closing would be paid out of the “Funding Account” utilized as the businesses’ operating account. By its Order (A) Approving the Sale Free and Clear of All Liens, Claims, Rights, Interests and Encumbrances to Comtel Investments LLC and (B) Granting Related Relief (Substantially All of the Debtors’ Remaining Assets) [Docket No. 1663] (the “Comtel Sale Order”), the Court approved the Comtel APA and the Comtel MSA.

10. As a consequence of the agreement to pay those professional fees associated with the operation of the Debtors’ businesses from the operations’ Funding Account, the Debtors’ monthly fee statements, beginning August 1, 2005, are divided into two categories: (i) “Estate” fee statements, which are associated with fees and expenses that are not incurred in the operation of the Debtors’ business; and (ii) “Operations” fee statements, which are associated with fees and expenses that are incurred in the operation of the Debtors’ business. Under the Comtel APA and Comtel MSA, the “Operations” fee statements subject to the requirements of the Monthly Fee Procedures Order, continue to be paid from the operating funds of the Debtors maintained in the Funding Account. The “Estate” fees and expenses are paid by the Debtors with funds advanced under the RTFC Administrative Debtor in Possession

Credit Agreement approved by the Court by final Order [Docket No. 2047] entered on November 7, 2005.

11. The table which follows summarizes the “Estate” fee statements of V&E for the period July 1, 2005 through October 31, 2005 (the “Third Period”). The following table also summarizes the payments made to V&E thereon in accordance with the Monthly Fee Procedures Order.

Period Covered	Total Fees for Period as Invoiced	Fees Paid (80% of Total Fees)	Balance of Fees Owed (20% of Total Fees)	Total Expenses Paid (100% of Total Expenses)
July 1-15, 2005	\$222,998.50	\$178,398.80	\$44,599.70	\$8,722.86
July 16-31, 2005	455,722.00	364,577.60	91,144.40	11,061.41
August 1-15, 2005	113,410.50	90,728.40	22,682.10	9,873.21
August 16-30, 2005	188,116.00 ²	142,968.80	35,742.20	8,442.81
Sept. 1-15, 2005	131,035.00	104,828.00	26,207.00	5,027.93
Sept. 16-30, 2005	140,463.00	112,370.40	28,092.60	1,790.83
October 1-15, 2005	139,565.50	111,652.40	27,913.10	2,925.99
October 16-31, 2005	143,155.00	114,524.00	28,631.00	2,917.21
Total	\$1,534,465.50	\$1,220,048.40	\$305,012.10	\$50,762.25

12. The table which follows summarizes the “Operations” fee statements of V&E for the Third Period. The following table also summarizes the payments made to V&E thereon in accordance with the Monthly Fee Procedures Order.

Period Covered	Total Fees for Period as Invoiced	Fees Paid (80% of Total Fees)	Balance of Fees Owed (20% of Total Fees)	Total Expenses Paid (100% of Total Expenses)
August 1-15, 2005	\$104,261.50 ³	\$81,737.20	\$20,434.30	\$0.00
August 16-30, 2005	66,200.00	52,960.00	13,240.00	0.00
Sept. 1-15, 2005	41,690.00 ⁴	29,852.80	7,463.20	0.00

² The invoiced fees later were adjusted to \$178,711.00 (\$9,405.00 deduction).

³ The invoiced fees later were adjusted to \$102,171.50 (\$2,090.00 deduction).

⁴ The invoiced fees later were adjusted to \$37,316.00 (\$4,374.00 deduction).

Period Covered	Total Fees for Period as Invoiced	Fees Paid (80% of Total Fees)	Balance of Fees Owed (20% of Total Fees)	Total Expenses Paid (100% of Total Expenses)
Sept.16-30, 2005	20,504.50	16,403.60	4,100.90	0.00
October 1-15, 2005	13,473.00	10,778.40	2,694.60	0.00
October 16-31, 2005	15,689.00	12,551.20	3,137.80	13.58
Total	\$261,818.00	\$204,283.20	\$51,070.80	\$13.58

13. In accordance with the Fee Procedures Order, copies of each of these statements have been furnished on a regular basis to the Debtors, counsel for the Official Committee of Unsecured Creditors (the "Official Committee"), counsel for the Rural Telephone Finance Cooperative ("RTFC"), and the United States Trustee.

14. By this Third Application, V&E seeks compensation for services and reimbursement of expenses incurred in its representation of the Debtors during the Third Period.

15. During the Third Period, V&E expended 3,799.10 hours (as adjusted) representing the Debtors with respect to Estate matters and 602.50 hours (as adjusted) representing the Debtors with respect to Operations matters. V&E's fees total \$1,525,060.50 (as adjusted) with respect to Estate matters and \$255,354.00 (as adjusted) with respect to Operations matters at its standard rates, and its expenses total \$50,762.25 and \$13.58, respectively.

16. Funds are available to pay the fees requested herein. V&E maintains a retainer in the amount of \$458,760.19 with respect to Estate matters and \$12,800.00 with respect to Operations matters.⁵

Progress during the Third Period⁶

Introduction

17. The Debtors and their senior management team, with the assistance of V&E and other case professionals, have made significant progress during the Third Period with respect to, among other things, (i) negotiating, documenting, and closing and otherwise preparing for various asset sales, including the sale of substantially all of the Debtors' operating assets (the "Core Assets"); (ii) obtaining debtor in possession financing for non-business expenses of the Debtors' estates; (iii) responding to the Official Committee's request for due diligence material and discovery; (iv) litigating and negotiating with Aerotel, Ltd. concerning certain claims asserted by it against the Debtors' estates; (v) negotiating a comprehensive compromise and settlement of claims asserted by former independent representatives (collectively, the "IRs") of Excel

⁵ From the proceeds of the first closing of the sale of the Core Assets (as defined below), certain amounts were paid to V&E on account of services that it had rendered to that date. All of such funds were deposited directly into V&E's retainer account and later utilized to pay a portion of the 80% of fees and 100% of expenses as provided in the Fee Procedures Order as the statements for those time periods became ripe for payment. There now remains from such amounts the sums of \$85,398.19 and \$12,800.00, which represent the holdback amounts attributable to the applicable statements. Upon the Court's approval of the unpaid portion of its fees for the Third Period, V&E intends to credit the unpaid portion of the estate fees by \$85,398.19 and the unpaid portion of the Operations fees by \$12,800.00 so that the retainer balance is reduced to the amount which existed therein as of the day before the first closing.

⁶ For a discussion of progress made during the First Period and the Second Period, reference should be made to the Application of Vinson & Elkins L.L.P. for Allowance of Fees and Expenses as Counsel for the Debtors for the Period November 1, 2004 through February 28, 2005 [Docket No. 1155] and the Second Interim Application for Allowance of Fees and Expenses as Counsel for the Debtors for the Period March 1, 2005 through June 30, 2005 [Docket No. 1639].

Telecommunications, Inc. and/or Excel Communications Marketing, Inc. (collectively, “Excel”); and (vi) settling claims asserted by and against certain Teleglobe entities.

The Asset Sales

18. Since the beginning of the Third Period, the Debtors have conducted a number of sales to dispose of assets, including the Core Assets, real property located in DeSoto, Texas (the “DeSoto Property”), and aged accounts receivable. Through the diligence of the Debtors and their professionals, those sales have rendered exceptional results and generated proceeds of more than \$83,000,000, of which over half has been realized.⁷

19. Over several months, the Debtors explored the possibility of selling the Core Assets. After identifying and negotiating with several stalking horse candidates, the Debtors, with the assistance of V&E, finalized an asset purchase agreement with Leucadia National Corporation (“Leucadia”) under which Leucadia agreed to, among other things, pay \$61,500,000 for the Core Assets (subject to a working capital adjustment) and assume certain liabilities.

20. Prior to the expiration of the bid deadline, Comtel submitted a qualified bid for the Core Assets, and on July 25, 2005, the Debtors held an auction of the Core Assets, at which Comtel was identified as the successful bidder with a bid of \$82,100,000, or approximately **33%** in excess of Leucadia’s stalking horse bid. The hearing to approve the sale of the Core Assets was contested by fourteen parties, including the Official Committee and several of the Debtors’ telecommunication service

⁷ This amount does not include proceeds of greater than \$40,000,000 realized from sales occurring during the First Period and the Second Period.

providers, and V&E diligently prepare for an evidentiary hearing on the sale of the Core Assets, including expeditiously drafting a thirty-four page response to the filed objections. After the day-long hearing, the Court entered an Order [Docket No. 1663] in which it approved the sale of the Core Assets to Comtel. The approval of the sale of the Core Assets was a significant step in the Debtors' Cases and enabled it to maximize value and keep the business operating as a going concern.

21. As a consequence of the various regulatory requirements and to maximize the value of the Core Assets, the Comtel APA generally provides for closing in three steps on the following dates: (i) Early Funding Date (escrow funded); (ii) Closing Date (escrow amount paid to the Debtors); and (iii) Final Closing Date (date upon which the balance of the purchase price paid to the Debtors). On August 1, 2005 (the Early Funding Date), one-half of the purchase price for the Core Assets was placed in an escrow account and the final closing documents were executed and placed in escrow pending the Final Closing Date. On August 19, 2005 (after the expiration of the statutory waiting period under the HSR Act), \$40,050,000 was paid to VarTec Telecom, Inc. and the Transferred Assets (as defined in the Comtel APA) were transferred to Comtel. After obtaining FCC approval on September 19, 2005, the parties executed the Comtel MSA under which Comtel agreed to, among other things, manage the Debtors' business (subject to the ultimate authority of the Debtors) pending the final closing of the sale of the Core Assets after the receipt of regulatory approvals. Upon receipt of requisite regulatory approvals of the various public utility commissions (the Final Closing Date), the balance of the purchase price for the Core Assets will be paid to VarTec Telecom, Inc. and the balance of the Core Assets will be transferred to Comtel. Given

the structure of the sale transaction, the Debtors and V&E remain actively involved in the issues relating to the operations of the Debtors' business and address, among other things, carrier, contract, and employee issues on a daily basis.

22. After a proposed sale of the DeSoto Property failed to close, the Debtors filed their Second Motion for Approval of the Sale of Real Property in DeSoto, Texas, Free and Clear of Liens, Claims, Interests, Encumbrances, and Taxes, and Waiving the Automatic Stay Imposed Under Federal Rule of Bankruptcy Procedures 6004(g) [Docket No. 1499] in which they sought authority to establish certain sale procedures and to sell the DeSoto Property. The Court approved those sale procedures, and after an auction in which nine bidders participated, Don Volk was identified as the successful bidder with a bid of \$235,000.00 (the starting bid was \$10,000.00). On September 9, 2005, the Court approved the sale of the DeSoto Property to Mr. Volk, and that sale has closed and funded.

23. On September 2, 2005, the Debtors filed their Motion to Approve Sale of Aged Accounts Receivable Free and Clear of Liens, Claims, Interests, and Encumbrances [Docket No. 1831] in which they requested approval of the sale of certain customer accounts receivable with a face value of approximately \$43,000,000 that first became due and payable more than 180 days prior. The Debtors did not expect any significant recovery on those accounts receivable, and they lacked the personnel to proceed with acts to collect those accounts receivable. In their motion, the Debtors proposed to sell the Aged Accounts Receivable to Genesis Financial Solutions, Inc. for approximately \$1,450,000. After the Debtors obtained the support of the RTFC and Official Committee, the Court entered its Order Approving Sale of Aged Accounts

Receivable Free and Clear of Liens, Claims, Interests, and Encumbrances [Docket No. 1933] in which it approved the sale of the Aged Accounts Receivable.

Estate Debtor in Possession Financing

24. Under the Comtel APA, pending the final closing, the cash generated by the Debtors' businesses will remain in the "Funding Account" and will be used to pay only Business Expenses (as defined in the Comtel APA). As a consequence, absent obtaining financing or liquidating certain non-Core Assets, the Debtors would not have a means to satisfy non-business expenses, including the costs associated with the administration of the Debtors' Cases. To satisfy non-business expenses, the Debtors, with the counsel of V&E, negotiated a new debtor in possession financing facility with the RTFC (the "Estate DIP Financing Facility"). Under the Estate DIP Financing Facility, the RTFC agreed to fund the Debtors' payment of certain non-business expenses as set forth in a budget agreed upon by the parties.

25. On September 29, 2005, the Debtors filed their 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 (iii) Granting Related Relief (Rural Telephone Finance Cooperative) [Docket No. 1919] (the "Estate DIP Financing Motion") in which they requested approval of the Estate DIP Financing Facility. After the Debtors and the RTFC addressed concerns raised by the Official Committee and other carriers, the Court entered its interim Order [Docket No. 2003] approving the Estate DIP Financing Facility. After the entry of the interim Order, the Debtors and the RTFC executed an Administrative Debtor in Possession Credit Agreement dated October 19, 2005 under which the RTFC agreed to fund expenses in the aggregate of \$9,181,370 (or such

greater amount agreed to by the parties). On November 7, 2005, the Court entered its final Order [Docket No. 2047] approving the Estate DIP Financing Facility.

26. The obtaining of the Estate DIP Financing Facility was an important step to provide the Debtors stability while they seek to, among other things, smoothly transition their operations to Comtel and formulate a plan of liquidation.

Official Committee Discovery and Due Diligence

27. To accommodate the Official Committee's requests for substantial information concerning the Debtors' historical and prospective transactions and operations, the Debtors have, among other things, made a series of presentations to the Official Committee and their counsel, participated in a number of informal interview sessions, attended a number of Bankruptcy Rule 2004 examinations, and produced volumes of documents. As a result of the Debtors' and V&E's cooperation in the Official Committee's due diligence and discovery processes, the Official Committee has been provided the information that it has needed to, among other things, (i) formulate positions on issues involving debtor in possession financing, litigation with the Debtors' carriers, and proposed settlements; (ii) meaningfully participate in the sale of the Core Assets; and (iii) evaluate potential claims and causes of action (including those against the RTFC) that could be asserted on behalf of the Debtors' estates.

Aerotel Litigation

28. On February 24, 2005, Aerotel filed a proof of claim for prepetition amounts (each, a "Proof of Prepetition Claim") in each of the Cases. The Proofs of Prepetition Claim are identical except for the listed Debtor and case number. In each, Aerotel asserts that the Debtors are jointly and severally liable to Aerotel for the unsubstantiated amount of \$141 million, plus "enhanced damages," due to the Debtors'

alleged infringement of a patent owned by Aerotel. In addition to the Proofs of Prepetition Claim, on May 10, 2005, Aerotel filed a proof of claim for administrative expense in each of the Cases (each, a “Proof of Administrative Claim,” together with the Proofs of Prepetition Claim, the “Proofs of Claim”). Like the Proofs of Prepetition Claims, the Proofs of Administrative Claims are identical except for the listed Debtor and case number. In each Proof of Administrative Claim, Aerotel asserts a claim for an undetermined amount, based on the alleged postpetition continuation of the patent infringement.

29. On August 26, 2005, the Debtors filed their Objection to Proofs of Claim Filed by Aerotel, Ltd. [Docket No. 1806] in which they objected to the Proofs of Claim. Soon thereafter, Aerotel filed its Motion for Order Withdrawing the Reference of Its Patent Infringement Claims and Supporting Memorandum of Law [Docket No. 1860].

30. The Debtors are attempting to negotiate an agreeable resolution of Aerotel’s claims. As a result, the Debtors and Aerotel filed a Stipulation and Order regarding the proceedings related to the claims of Aerotel, Ltd., which the Court entered on October 5, 2005. Under that stipulation, the Debtors and Aerotel agree to toll their litigation while the Debtors informally produce documents to Aerotel and the parties work together to resolve or narrow their disputed issues. V&E has expended and intends to continue to expend significant time and effort to produce the documents requested by Aerotel and negotiate an agreeable resolution of the claims asserted by it.

The Global IR Settlement

31. After the rejection of their agreements with their former independent representatives, the Debtors and V&E expended considerable time and effort to negotiate a global settlement of all claims asserted by IRs. Those settlement

negotiations have involved the participation of the Debtors, the Official Committee of Excel Independent Representatives (the “IR Committee”), the RTFC, and the Official Committee. The negotiations, which have taken place over several months, have raised a number of complex legal and business issues, the consequences of which would have a significant impact on the Cases. Through the diligence of the various parties, a settlement agreement by and among the Debtors, the IR Committee, and the RTFC, which will resolve the claims asserted by over 124,000 IRs, has been finalized, and on November 17, 2005, the Debtors filed their Motion to Approve Settlement of Claims of Excel’s Independent Representatives and Procedures relating Thereto [Docket No. 2070] (the “Settlement Motion”). The Court has approved certain notice and service procedures relating to the Settlement Motion, and it has set December 19, 2005 at 1:30 p.m. as the date of the hearing on the Settlement Motion.

The Teleglobe Settlement

32. In April of 2002, VarTec Telecom, Inc. and VarTec Telecom Holding Company acquired from Teleglobe Telecom Corporation, Teleglobe Holdings (U.S.) Corporation, and Teleglobe Inc. (collectively, the “Teleglobe Entities”) certain entities that, as of the Petition Date, were associated with the Debtors’ Excel line of business.⁸ That transaction gave rise to a number of disputes in various venues including the Bankruptcy Court for the District of Delaware, the International Centre for Dispute Resolution, the Ontario Superior Court of Justice, and this Bankruptcy Court in which the parties asserted a number of claims and causes of action. Among other things, the Teleglobe Entities asserted claims on account of (i) principal and interest in the amount

⁸ The Teleglobe Entities subsequently commenced insolvency proceedings in Canada and/or Delaware.

of more than \$270,000,000 that allegedly was due and owing to them under promissory notes and (ii) funds held in a “Tax Refund Account.” The claims of certain of the Debtors against the Teleglobe Entities were in excess of \$185,000,000.

33. After years of negotiation and numerous hours of effort by V&E and the Debtors’ special counsel, Hughes & Luce, the Debtors and the Teleglobe Entities finalized a settlement agreement under which the parties resolved and settled their claims against one another. Under that settlement agreement, the Debtors agreed to allow the Teleglobe Entities’ general unsecured claims in the aggregate amount of \$185,000,000 and to pay the Teleglobe Entities \$300,000 from the Tax Refund Account. The Teleglobe Entities agreed to, among other things, relinquish any claim to the remaining funds in the Tax Refund Account (in the approximate amount of \$6,600,000).

34. After a hearing on September 29, 2005, this Bankruptcy Court entered its Order Approving Compromise and Settlement with Teleglobe Entities [Docket No. 1929].⁹ The settlement agreement with the Teleglobe Entities represents the culmination of years of litigation and resolves the claims of the Debtors’ largest general unsecured creditor on favorable terms. Further, the settlement with Teleglobe removes a significant drain on the Debtors’ human and financial resources. The finalizing of the settlement agreement with the Teleglobe Entities (after years of negotiation) evidences V&E’s determination and diligence.

⁹ The Delaware Bankruptcy Court also approved the settlement (such approval was not necessary with respect to the Canadian insolvency proceeding).

Description of Services by Billing Category

35. Throughout the Third Period, V&E has been actively involved as counsel for the Debtors and has been called upon to provide advice and to act on various matters. V&E's services have been separated into twenty-one billing categories as listed in **Exhibit A**, including, but not limited to, the following:¹⁰

Task Code	Description
General Case Administration, including U.S. Trustee Matters and General Creditor Inquiries	This category consists of time spent (i) addressing numerous creditor inquiries; (ii) attending to service issues and coordinating service of pleadings; (iii) preparing and filing certain pleadings; (iv) performing various case administration services, including maintaining the master service list and consolidated creditor matrix and coordinating with chambers concerning pre-set hearing dates and other administrative matters; and (v) addressing day-to-day inquiries from the Debtors' personnel. The total amount of fees allocated to this category is \$68,570.00, of which \$60,793.00 is attributable to estate matters and \$7,777.00 is attributable to operations matters.
RTFC DIP and All Related Matters	This category consists of time spent (i) conferencing with the RTFC concerning debtor in possession financing and proposed asset dispositions; and (ii) negotiating with the RTFC concerning, and obtaining court approval of, the estate debtor in possession financing facility. The total amount of fees allocated to this category is \$136,219.50, of which \$128,206.50 is attributable to estate matters and \$8,013.00 is attributable to operations matters.
Meetings and Telephone Conferences with Management and Company Personnel	This category consists of time spent (i) participating in weekly "professionals meetings" with company personnel and the Debtors' case professionals; and (ii) conferencing with company management regarding various issues and tasks. The total amount of fees allocated to this category is \$70,605.50, of which \$54,958.50 is attributable to estate matters and \$15,647.00 is attributable to operations matters.

¹⁰ The fees referenced in the "Description" column are pre-adjustment.

Task Code	Description
Excel and IR Matters	This category consists of time spent (i) formulating and negotiating a global settlement of claims asserted by IRs; (ii) evaluating means to implement the global settlement and analyzing issues relating to the service and notice of the same; and (iii) preparing and revising the settlement agreements, and other documents related to approval and noticing of the settlement. The total amount of fees allocated to this category is \$225,416.50, all of which is attributable to estate matters.
Professionals' Employment and Compensation Matters	This category consists of time spent (i) preparing pleadings related to the retention of various professionals; (ii) reviewing monthly fee statements of various professionals; (iii) preparing and filing interim fee applications of V&E and other Debtor professionals; and (iv) reviewing interim fee applications filed by other professionals. The total amount of fees allocated to this category is \$36,373.50, of which \$32,223.50 is attributable to estate matters and \$4,150.00 is attributable to operations matters.
Asset Dispositions: Sales, Leases, Abandonment and Related Transaction Work	This category consists of time spent (i) negotiating, seeking court approval of, and closing, the various sales of assets, including the DeSoto real property, Addison II personal property, Reno personal property, and Aged Accounts Receivable; (ii) negotiating with bidders of the Core Assets; (iii) preparing extensive documentation and pleadings relating to the sale of the Core Assets; and (iv) effectuating the early funding and first closing of the sale of the Core Assets and execution of the Comtel APA and Comtel MSA. The total amount of fees allocated to this category is \$537,949.00, of which \$405,452.50 is attributable to estate matters and \$132,496.50 is attributable to operations matters.
Business Operations, including Review of Operating Reports	This category consists of time spent (i) negotiating settlements with various parties, including the Universal Service Administrative Company and Comdisco, Inc.; (ii) preparing pleadings related to those settlements; (iii) negotiating and seeking court approval of new agreements with various parties, including Aegis Communications Group, Brightstar US, Inc., Fiserve Solutions, Inc. (d/b/a Personix), and OneContact, Inc.; and (iv) reviewing monthly operating reports. The total amount of fees allocated to this category is \$53,654.00, of

Task Code	Description
	which \$21,312.50 is attributable to estate matters and \$32,341.50 is attributable to operations matters.
Claims Analysis/Objections	This category consists of time spent (i) reviewing and analyzing claims and commencing the claims objection process; (ii) filing and litigating omnibus objections to certain claims; and (iii) litigating claims filed by Aerotel. The total amount of fees allocated to this category is \$151,571.50, of which \$151,158.50 is attributable to estate matters and \$413.00 is attributable to operations matters.
Plan / Disclosure Statement Matters	This category consists of time spent (i) drafting a plan and disclosure statement and discussing the same with the Official Committee; and (ii) preparing motions for extension of exclusivity periods. The total amount of fees allocated to this category is \$53,057.50, all of which is attributable to estate matters.
Creditors Committee Matters	This category consists of time spent (i) preparing for and attending the Official Committee's examinations of the Debtors' current and former directors and officers; and (ii) reviewing, compiling and preparing the Debtors' documents and records for production to the Official Committee and RTFC. The total amount of fees allocated to this category is \$172,618.00, of which \$172,240.00 is attributable to estate matters and \$378.00 is attributable to operations matters.
Teleglobe	This category consists of time spent negotiating a settlement with the Teleglobe Entities and finalizing and obtaining court approval of a settlement agreement which resolved and settled mutual claims of the parties. The total amount of fees allocated to this category is \$31,889.00, all of which is attributable to estate matters.
Carriers	This category consists of time spent (i) negotiating and seeking court approval of stipulations involving, among other things, the assumption and assignment of agreements with certain carriers, including BellSouth, the SBC Telcos, Verizon, and McLeod USA Telecommunications, Inc.; (ii) negotiating and seeking court approval of a new billing and collection agreement with BellSouth; and (iii) attending to other carrier-specific issues. The total amount of fees allocated to this

Task Code	Description
	category is \$146,448.50, of which \$91,619.00 is attributable to estate matters and \$54,829.50 is attributable to operations matters.
Miscellaneous Court Hearings and Preparation	This category consists of time spent (i) preparing and filing pleadings relating to hearings, including witness and exhibits lists, agenda letters, and proposed orders; and (ii) preparing for and participating in hearings. The total amount of fees allocated to this category is \$81,645.00, of which \$78,468.60 is attributable to estate matters and \$3,176.50 is attributable to operations matters.

Hourly Fee/Expense Summary

36. V&E seeks compensation for the services rendered during the Third Period and reimbursement of the expenses incurred in performing such services. During the Third Period, V&E has expended 3,799.10 hours (as adjusted) performing legal services on behalf of the Debtors with respect to Estate matters and 602.50 hours (as adjusted) performing legal services on behalf of the Debtors with respect to Operations matters. At V&E's standard rates, its fees total \$1,525,060.50 (as adjusted) with respect to Estate matters and \$255,354.00 (as adjusted) with respect to Operations matters.

37. The legal services rendered by V&E to the Debtors fall within the twenty-one categories listed on **Exhibit A**, and such legal services are detailed in **Exhibits B-1** and **B-2**, which exhibits set forth in detail the description of the legal services rendered by V&E, the dates on which V&E's attorneys and paralegals rendered such legal services, the identity of those attorneys and/or paralegals, the time spent by each such attorney and/or paralegal, and the itemized expenses incurred and a summary of expenses by major category.

38. V&E has neither shared nor agreed to share its compensation for services rendered in or in connection with these Cases with any other person.

STANDARDS FOR ALLOWANCE OF FEES AND EXPENSES

39. The award of interim compensation to professionals is specifically authorized under Bankruptcy Code § 331, which provides:

A trustee, an examiner, a debtor's attorney, or any professional person employed under section 327 or 1103 of this title may apply to the court not more than once every 120 days after an order for relief in a case under this title, or more often if the court permits, for such compensation for services rendered before the date of such an application or reimbursement for expenses incurred before such date as is provided under section 330 of this title. After notice and a hearing, the court may allow and disburse to such applicant such compensation for reimbursement.

11 U.S.C. § 331.

40. Bankruptcy Code § 330 authorizes the court to award professional persons employed pursuant to Bankruptcy Code § 1103 reasonable compensation for the actual and necessary services rendered by such professional persons and any paraprofessional person employed by such persons. 11 U.S.C. § 330. Furthermore, the court may also award reimbursement for actual and necessary expenses incurred by such professional persons. *Id.*

41. As more fully stated below, V&E submits that the elements governing awards of compensation pursuant to Bankruptcy Code §§ 330 and 331 justify the allowance of the fees and expenses incurred in its representation of the Debtors during the Third Period.

42. In 1974, the Fifth Circuit established a set of guidelines for use by lower courts when ruling on attorneys' fee requests. *See Johnson v. Georgia Highway*

Express, Inc., 488 F.2d 714, 717-19 (5th Cir. 1974). The *Johnson* court found the following factors necessary to consider:

- (a) the time and labor required;
- (b) the novelty and difficulty of the questions presented;
- (c) the skill requisite to perform the legal services properly;
- (d) the preclusion of other employment due to the acceptance of the case;
- (e) the customary fee;
- (f) whether the fee is fixed or contingent;
- (g) time limitations imposed by the client with the circumstances of the case;
- (h) the amount involved and the results obtained;
- (i) the experience, reputation and ability of the attorney;
- (j) the undesirability of the case;
- (k) the nature and length of the professional relationship with the client; and
- (l) awards in similar cases.

Id. at 717-19.

43. In *In re First Colonial Corp. of America*, 544 F.2d 1291, 1298-99 (5th Cir. 1977), *cert. denied*, 431 U.S. 904 (1977), the Fifth Circuit applied the *Johnson* factors to the analysis of fee awards in bankruptcy cases.

44. Under an analysis utilizing the *Johnson* factors and the standards customarily applied to fee awards under Bankruptcy Code §§ 330 and 331, V&E believes that its request for compensation and reimbursement of expenses is reasonable and proper, and that such request should be allowed in the amount requested.

DETAILED APPLICATION OF THE JOHNSON FACTORS

The Time and Labor Required

45. As stated above, V&E has expended 3,799.10 hours (as adjusted) with respect to Estate matters and 602.50 hours (as adjusted) with respect to Operations matters in the representation of the Debtors during the Third Period. The average billable rate for the fees requested is \$401.43 per hour (as adjusted) with respect to Estate matters and \$423.82 per hour (as adjusted) with respect to Operations matters. All of the time spent was necessary and appropriate for the representation of the Debtors in these Cases. V&E's representation of the Debtors has required it to balance the need to provide quality services with the need to act quickly and to represent the Debtors in an efficient and timely manner.

Novelty and Difficulty of Questions Presented

46. Many of the issues presented in these Cases are complex, and V&E has accomplished the various tasks expeditiously and effectively. The settlements involving the IRs, the various asset sales, and the settlement with the Teleglobe Entities involved a number of sophisticated legal issues. The proposed global settlement of claims of IRs involve the implementation of (a) procedures for, among other things, (i) serving more than 124,000 IRs and (ii) opting out of the proposed settlement; (b) the payment of distributions to IRs that do not opt out of the proposed settlement; and (c) the granting of releases. The proposed sale of the Core Assets involved a number of complex issues relating to, among other things, the size of the transaction, various employment matters, and compliance with government regulations. Each of these matters involved the input of a number of parties, including the RTFC, Official Committee, and IR Committee.

Skill Requisite to Perform Services Properly

47. The experience and expertise of V&E's attorneys and legal assistants have facilitated and expedited the results achieved in these Cases.

48. Corporate bankruptcy reorganization is a specialized practice within the legal profession and the number of professionals offering such services is limited. Furthermore, the practice of bankruptcy law requires an attorney to possess the skill sets of a litigator and of a transactional attorney. The V&E attorneys and legal assistants specialize in bankruptcy law and possess the skills necessary to offer proficient and effective legal services.

49. Further, the services necessary in these Cases compelled the participation of a number of highly skilled attorneys specializing in various areas of the law, including banking, corporate transactions, commercial litigation, tax, and government regulation.

Preclusion of Other Employment

50. V&E's representation of the Debtors precluded it from providing comparable services to clients at its ordinary and customary rate during the substantial time committed to these Cases.

Customary Fee

51. The hourly rates charged for the services performed are the hourly rates regularly charged by V&E in other cases and representations and are comparable to the usual and customary charges of other professionals, legal assistants and paraprofessionals with similar degrees of skill and expertise.

Whether the Fee is Fixed or Contingent

52. The fees requested in this Third Application represent V&E's fixed hourly rates for the attorneys and paraprofessionals in this firm. As is true for counsel in every bankruptcy case, V&E's compensation is contingent upon the Court's approval of this Third Application.

Time Limitations

53. To expedite the resolution of the matters presented in these Cases, V&E has been required to provide capable legal representation within the time limitations imposed by the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, the Federal Rules of Civil Procedure, counsel for various parties in interest, and this Court. The Cases have moved rapidly, with over 2,000 docket entries in total, and V&E has pushed the progress of the Cases to enable the Debtors to emerge from chapter 11 as expeditiously as possible.

Amounts Involved and Results Obtained

54. The Debtors' schedules reveal secured claims of \$209,595,544.80, unsecured priority claims of \$36,391,661.18 and general unsecured claims of \$346,592,342.82. In 2004, the Debtors and their non-debtor affiliates generated revenue of approximately of \$800,000,000. The Debtors have held a number of highly successful auctions of assets during the Cases, which have generated proceeds in excess of \$120,000,000, and they have reduced overhead significantly.

Experience, Reputation, and Ability of Counsel

55. Each of V&E's attorneys who performed services for these estates possess a reputation for skill, quality, integrity and ability. V&E's attorneys have represented, and are sought after to represent, debtors, secured creditors, bidders of

estate assets, trustees, creditors and official committees, among others, in some of the largest and most sophisticated bankruptcy cases in the country.

Undesirability of the Case

56. Aside from the requirement that V&E commit firm resources to the Debtors without certainty as to compensation or reimbursement, there are no undesirable consequences of V&E's representation of the Debtors.

Nature and Length of the Professional Relationship

57. Prior to April 2004, V&E had no relationship with the Debtors.

Awards in Similar Cases

58. The fees and expenses for which V&E seeks compensation and reimbursement are not excessive but are commensurate with the compensation sought and awarded in similar cases in the Northern District for similar services rendered and results obtained. As more fully described in **Exhibits B-1, B-2, C-1, and C-2**, the fee requested by V&E is in the amount of \$1,525,060.50 (as adjusted) with respect to Estate matters and \$255,354.00 (as adjusted) with respect to Operations matters. After taking into consideration the time and labor expended, the nature and extent of the representation, and the complexity of this proceeding, V&E believes the allowance requested herein is reasonable.

59. The expenses detailed in **Exhibits B-1, B-2, and D** represent the amounts incurred by V&E during the Third Period in its representation of the Debtors. This amount is \$50,762.25 with respect to Estate matters and \$13.58 with respect to Operations matters and includes expenses such as filing fees, reproduction costs, telecopy charges, messenger charges, Westlaw, PACER, and other electronic

research, transcript duplication, postage and mailing costs. All of these expenses were necessarily incurred in the representation of the Debtors.

CONCLUSION

60. After analyzing the *Johnson* factors in their totality, V&E's Third Application should be granted. Therefore, V&E requests that the Court allow and order the payment at this time of the following: (a) interim compensation for the Third Period in the aggregate amount of \$1,780,414.50, or \$1,525,060.50 with respect to Estate matters and \$255,354.00 with respect to Operations matters; and (b) reimbursement of necessary out-of-pocket expenses incurred by V&E during the Third Period in the aggregate amount of \$50,775.83, or \$50,762.25 with respect to Estate matters and \$13.58 with respect to Operations matters.

PRAYER

V&E respectfully requests that this Court grant it interim compensation in the aggregate amount of \$1,780,414.50 in fees (including the holdback in the amount of \$356,082.90¹¹ that has not been paid) and \$50,775.83 in expenses, and such other and further relief as this Court deems just and proper.

¹¹ Of that holdback, \$305,012.10 is attributable to Estate matters (which should be paid by the Debtors) and \$51,070.80 is attributable to Operations matters (which should be paid by Comtel).

Dated: December 2, 2005

Respectfully submitted,

VINSON & ELKINS L.L.P.

Trammell Crow Center
2001 Ross Avenue, Suite 3700
Dallas, Texas 75201
Tel: 214.661.7299
Fax: 214.220.7716

By: /s/ Daniel C. Stewart

Daniel C. Stewart, SBT #19206500
William L. Wallander, SBT #20780750
Richard H. London, SBT #24032678

ATTORNEYS FOR THE DEBTORS

CERTIFICATE OF SERVICE

This is to certify that on December 2, 2005, a copy of the foregoing document was served by the Electronic Case Filing System for the United States Bankruptcy Court for the Northern District of Texas. A separate certificate of service shall be filed with respect to those parties on the Clerk's list who do not receive electronic e-mail service.

/s/ Richard H. London

One of Counsel

CERTIFICATE OF COUNSEL

I hereby certify that I have read this Application; to the best of my knowledge, information, and belief, formed after reasonable inquiry, the compensation and expense reimbursement sought is in conformity with these guidelines, except as specifically noted in the application; and the compensation and expense reimbursement requested are billed at rates, in accordance with practices, no less favorable than those customarily employed by V&E and generally accepted by V&E's clients.

/s/ Daniel C. Stewart

One of Counsel

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EXHIBIT A

BILLING CODES FOR TIME

1. First Day Pleadings and Related Hearings
2. General Case Administration, including U.S. Trustee Matters and General Creditor Inquiries
3. RTFC DIP and All Related Matters
4. Meetings and Telephonic Conferences with Management and Company Personnel
5. Excel and IR Matters
6. Litigation
7. Europe
8. Canada
9. Professionals' Employment and Compensation Matters
10. Asset Dispositions: Sales, Leases, Abandonment and Related Transaction Work
11. Business Operations, including Review of Operating Reports
12. Employee Benefits / Retention Matters
13. Claims Analysis / Objections
14. Plan / Disclosure Statement Matters
15. General Corporate Matters
16. Schedules and Statements of Financial Affairs
17. Teleglobe
18. Creditors Committee Matters
19. Carriers
20. Substantive Consolidation
21. Miscellaneous Court Hearings and Preparation

EXHIBIT B-1

Estate Fee Statements for July 2005 through October 2005

BECAUSE EXHIBIT B-1 IS VOLUMINOUS, IT HAS NOT BEEN INCLUDED IN THE DOCUMENTS FILED WITH THE COURT. EXHIBIT B-1 HAS BEEN SERVED UPON THE RTFC, OFFICIAL COMMITTEE OF UNSECURED CREDITORS, AND THE UNITED STATES TRUSTEE AND IS AVAILABLE UPON REQUEST FROM V&E.

EXHIBIT B-2

Operations Fee Statements for July 2005 through October 2005

BECAUSE EXHIBIT B-2 IS VOLUMINOUS, IT HAS NOT BEEN INCLUDED IN THE DOCUMENTS FILED WITH THE COURT. EXHIBIT B-2 HAS BEEN SERVED UPON THE RTFC, OFFICIAL COMMITTEE OF UNSECURED CREDITORS, AND THE UNITED STATES TRUSTEE AND IS AVAILABLE UPON REQUEST FROM V&E.

EXHIBIT C-1**ESTATE FEES INCURRED DURING THE PERIOD
JULY 1, 2005 THROUGH OCTOBER 31, 2005**

<u>INITIALS</u>	<u>ATTORNEY</u>	<u>RATE</u>	<u>HOURS</u>	<u>FEES AT STANDARD RATE</u>
PARTNERS:				
DCS	Daniel C. Stewart	\$590.00	429.40	\$253,346.00
DCS	Daniel C. Stewart	0.00	4.70	0.00
JJL	James J. Lee	540.00	618.20	333,828.00
JMAR	James A. Markus	540.00	86.80	46,872.00
WLWA	William L. Wallander	540.00	300.20	162,108.00
JDP	James. D. Penny	625.00	2.30	1,437.50
HMRI	Henry M. Rivera	600.00	49.20	29,520.00
JACH	Jeffrey A. Chapman	550.00	10.20	5,610.00
MEAR	Mark Early	525.00	2.10	1,102.50
NWI	Neil W. Imus	520.00	.80	416.00
DHB	David H. Brown	500.00	.50	250.00
CAL	Cathy A. Lewis	500.00	13.50	6,750.00
REP	R. E. Price (Of Counsel)	450.00	26.90	12,105.00
DWT	David W. Tomek (Of Counsel)	425.00	1.80	765.00
ASSOCIATES:				
DSPE	David S. Peck	475.00	3.50	1,662.50
SMT	Shane M. Tucker	425.00	.10	42.50
DKM	Duston K. McFaul	400.00	67.50	27,000.00
DLBA	David L. Babin	360.00	160.60	57,816.00
BEMI	Bruce E. Miller	360.00	.30	108.00
CSLA	Courtney S. Lauer	345.00	311.40	107,433.00
RHLO	Richard H. London	325.00	572.20	185,965.00
ABW	Abigail B. Willie	325.00	215.70	70,102.50
MC	Michaela Crocker	310.00	28.00	8,680.00
PTWA	Phillip T. Way	305.00	15.20	4,636.00
HJW	Holly J. Warrington	275.00	581.30	159,857.50
JEMU	James E. Mutrie	260.00	.50	130.00
AWSY	Allen W. Yee	245.00	2.30	563.50
RNB	Richard N. Berberian	220.00	30.90	6,798.00
PARAPROFESSIONALS:				
KTRU	Kathryn Truett	215.00	1.40	301.00
KWKL	Katherine W. Klein	195.00	5.70	1,111.50
JHCO	Julie H. Cooper	185.00	7.60	1,406.00
RAHU	Richard A. Hudspeth	185.00	1.50	277.50
RDOZ	Rachana Oza	185.00	5.00	925.00
PALE	Pamela A. Lewis	165.00	276.00	45,540.00

TOTAL HOURS		3,833.30	
TOTAL FEES			\$1,534,465.50
LESS ADJUSTMENTS		34.20	\$9,405.00
TOTAL FEES REQUESTED			\$1,525,060.50
TOTAL EXPENSES REQUESTED			\$50,762.25
TOTAL FEES AND EXPENSES REQUESTED			\$1,575,822.75
FEES (80%) AND EXPENSES (100%) PAID TO DATE			\$1,270,810.65
NET FEES REQUESTED TO BE PAID			\$305,012.10¹

¹ Of this amount, \$85,398.19 will be paid from V&E's retainer account.

EXHIBIT C-2**OPERATIONS FEES INCURRED DURING THE PERIOD
JULY 1, 2005 THROUGH OCTOBER 31, 2005**

<u>INITIALS</u>	<u>ATTORNEY</u>	<u>RATE</u>	<u>HOURS</u>	<u>FEES AT STANDARD RATE</u>
PARTNERS:				
DCS	Daniel C. Stewart	\$590.00	94.50	\$55,755.00
DCS	Daniel C. Stewart	0.00	.60	0.00
JJL	James J. Lee	540.00	30.60	16,524.00
JMAR	James A. Markus	540.00	12.00	6,480.00
WLWA	William L. Wallander	540.00	137.00	73,980.00
HMRI	Henry M. Rivera	600.00	3.50	2,100.00
JACH	Jeffrey A. Chapman	550.00	3.60	1,980.00
CAL	Cathy A. Lewis	500.00	3.30	1,650.00
REP	R. E. Price (Of Counsel)	450.00	.30	135.00
DWT	David W. Tomek (Of Counsel)	425.00	4.00	1,700.00
ASSOCIATES:				
DSPE	David S. Peck	475.00	.50	237.50
DKM	Duston K. McFaul	400.00	.20	80.00
DLBA	David L. Babin	360.00	96.90	34,884.00
EWR	Erec R. Winandy	350.00	.20	70.00
CSLA	Courtney S. Lauer	345.00	2.50	862.50
RHLO	Richard H. London	325.00	85.80	27,885.00
ABW	Abigail B. Willie	325.00	2.20	715.00
MC	Michaela Crocker	310.00	2.00	620.00
HJW	Holly J. Warrington	275.00	119.50	32,862.50
PARAPROFESSIONALS:				
KTRU	Kathryn Truett	215.00	2.70	580.50
KWKL	Katherine W. Klein	195.00	2.00	390.00
PALE	Pamela A. Lewis	165.00	13.00	2,145.00
PROJECT ASSISTANTS:				
MLRI	Morgan L. Richards	65.00	2.80	182.00
TOTAL HOURS			619.70	
TOTAL FEES				\$261,818.00
LESS ADJUSTMENTS			17.20	\$6,464.00
TOTAL FEES REQUESTED				\$255,354.00
TOTAL EXPENSES REQUESTED				\$13.58
TOTAL FEES AND EXPENSES REQUESTED				\$255,367.58
FEES (80%) AND EXPENSES (100%) PAID TO DATE				\$204,296.78
NET FEES REQUESTED TO BE PAID				\$51,070.80¹

¹ Of this amount, \$12,800.00 will be paid from V&E's retainer account.

EXHIBIT D

EXPENSES INCURRED DURING THE PERIOD
JULY 1, 2005 THROUGH OCTOBER 31, 2005

<u>Type of Expense</u>	<u>Total Charges</u>
Business Meals	\$2,350.31
Computer Legal Research	4,181.50
Courier Services ²	1,507.15
Filing Fees	173.00
Miscellaneous	2,818.75
Outside Professional Services (Court reporter fees for hearing transcripts and depositions, PACER service, UCC searches)	13,182.61
Overtime	1,328.75
Photocopy	20,096.91
Postage	269.38
Telefax	55.75
Travel	3,750.33
Electronic Data Services	1,061.39
TOTAL EXPENSES	\$50,775.83

² Of this expense amount, \$13.58 was incurred in connection with operations matters.