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ATTORNEYS FOR THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS

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

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

**OFFICIAL COMMITTEE OF UNSECURED CREDITORS'
LIMITED OBJECTION TO DEBTORS' MOTION TO APPROVE
SETTLEMENT OF CLAIMS OF EXCEL'S INDEPENDENT
REPRESENTATIVES AND PROCEDURES RELATING THERETO
(In Response to Docket #2070)**

TO THE HONORABLE COURT:

The Official Committee of Unsecured Creditors (the "Committee") of the above-referenced debtors and debtors in possession (collectively, the "Debtors") files this Limited Objection to Debtors' Motion to Approve Settlement of Claims of Excel's Independent Representatives and Procedures Relating Thereto, and respectfully states as follows:

1. Under the proposed final Excel Independent Representative ("IR") settlement (the "Settlement"), the deadline for IRs to opt-out of the Settlement (the "Opt-Out Deadline") will occur on January 11, 2006—subsequent to the entry of the order approving the Settlement. While the Debtors estimate the number of IRs who will choose not to be part of the Settlement

(“opt-out”) will be relatively low, it remains unknown how many IRs will ultimately opt-out of the Settlement.

2. The parties negotiating the Settlement operated under certain assumptions. For one, the parties contemplated that only a small number of IRs will opt-out of the Settlement. Also, the parties assumed that they would be able to settle with substantially all of the IRs, i.e., those IRs not opting out, with certainty while keeping the total payments for IR claims under a set amount of money--\$2,800,000.00.

3. The Debtors have recently revised their estimates of the total dollar amount of the IR claims upward. It is now evident that, when the proposed payments under the Settlement with the settling IRs are added to the potential liabilities to the remaining, non-settling/opt-out IRs, the total dollar amount paid to satisfy the claims of all the IRs may significantly exceed the \$2,800,000.00 presumed maximum. Even if the \$2,800,000.00 is recast as a ‘hard cap,’ this merely reduces the pro rata distributions to the most junior IR classes, increasing the likelihood of opt outs.

4. Any order approving the Settlement needs to contain language reserving the Court jurisdiction to vacate or reform the Settlement in the event that: (a) the number of remaining/opt-out IR claims is excessive, (b) the amount of priority or administrative claims to be paid outside of the Settlement is excessive, or (c) the total dollar amount of general unsecured claims of the remaining/opt-out IRs is excessive. In the alternative, the Court should merely approve the Settlement on an interim basis, until some reasonable time after the Debtors have reported how many IRs have opted out of the Settlement, the amount of priority or administrative claims to be paid outside of the Settlement, and the total dollar amount of general unsecured claims of the remaining/opt-out IRs.

WHEREFORE, the Committee respectfully requests that the Court not sign any order approving the Settlement unless such order contains language reserving this Court jurisdiction to vacate or reform the Settlement in the event that: (a) the number of remaining or ‘opt-out’ IR claims is excessive, (b) the amount of priority or administrative claims to be paid outside of the Settlement is excessive, or (c) the total dollar amount of general unsecured claims of remaining or ‘opt-out’ IRs is excessive. In the alternative, the Committee respectfully requests that the Court approve the Settlement on an interim basis, until ten (10) business days after the Debtors have reported: (1) how many IRs have opted out of the Settlement; (2) the amount of priority or administrative claims to be paid outside of the Settlement; and (3) the total dollar amount of general unsecured claims of the remaining/opt-out IRs, reserving final approval of the Settlement and the rights of interested parties to object until ten (10) business days after the Debtors have reported the above-mentioned items.

Dated: December 19, 2005.

Respectfully submitted,

/s/ J. Michael Sutherland
Stephen A. Goodwin
Texas Bar No. 08186500
Peter Tierney
Texas Bar No. 20023000
J. Michael Sutherland
Texas Bar No. 19524200
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*Attorneys for the Official Committee of
Unsecured Creditors*

CERTIFICATE OF SERVICE

The undersigned does hereby certify that, on December 19, 2005, a true and correct copy of the foregoing has been served via ECF-electronic mail on the parties receiving electronic notice in these cases and to all parties on the Official Service List (as of November 22, 2005), via U.S. Regular Mail, postage prepaid, on this 19th day of December 2005.

/s/ David G. Gamble
David G. Gamble

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