

Monthly Operating Report

CASE NAME: VarTec Telecom, Inc.
CASE NUMBER: 04-81694-HDH-11
JUDGE: Harlin D. Hale

ACCRUAL BASIS

rwd, 2/04

UNITED STATES BANKRUPTCY COURT

NORTHERN DISTRICT OF TEXAS

DIVISION 6

MONTHLY OPERATING REPORT

MONTH ENDING: November 30, 2005

IN ACCORDANCE WITH TITLE 28, SECTION 1746, OF THE UNITED STATES CODE, I DECLARE UNDER PENALTY OF PERJURY THAT I HAVE EXAMINED THE FOLLOWING MONTHLY OPERATING REPORT (ACCRUAL BASIS-1 THROUGH ACCRUAL BASIS-7) AND THE ACCOMPANYING ATTACHMENTS AND, TO THE BEST OF MY KNOWLEDGE, THESE DOCUMENTS ARE TRUE, CORRECT AND COMPLETE. DECLARATION OF THE PREPARER (OTHER THAN RESPONSIBLE PARTY): IS BASED ON ALL INFORMATION OF WHICH PREPARER HAS ANY KNOWLEDGE.

RESPONSIBLE PARTY:

/s/ John D. Schissler
ORIGINAL SIGNATURE OF RESPONSIBLE PARTY

CFO
TITLE

John D. Schissler
PRINTED NAME OF RESPONSIBLE PARTY

December 20, 2005
DATE

PREPARER:

/s/ Neil P. Keeter
ORIGINAL SIGNATURE OF PREPARER

Senior Director
TITLE

Neil P. Keeter
PRINTED NAME OF PREPARER

December 20, 2005
DATE

Please note that the information contained herein is unaudited and as such, does not reflect any audit adjustments that may be required.

Monthly Operating Report

CASE NAME: VarTec Telecom, Inc.

ACCRUAL BASIS-1

CASE NUMBER: 04-81694-HDH-11

rwd, 2/04

COMPARATIVE BALANCE SHEET*

ASSETS	SCHEDULE AMOUNT	MONTH	
		October	November
1. UNRESTRICTED CASH	\$ 18,100,706	\$ 28,606,186	\$ 35,490,605
2. RESTRICTED CASH	\$ 7,621,697	\$ 2,274,365	\$ 2,132,083
3. TOTAL CASH	\$ 25,722,403	\$ 30,880,551	\$ 37,622,688
4. ACCOUNTS RECEIVABLE (NET)	\$ 97,798,705	\$ 91,726,635	\$ 92,332,459
5. INVENTORY	\$ 305,171	\$ 210,220	\$ 168,888
6. NOTES RECEIVABLE	\$ -	\$ -	\$ -
7. PREPAID EXPENSES	\$ 6,095,850	\$ 3,707,768	\$ 3,464,339
8. OTHER (ATTACH LIST)	\$ 49,807,463	\$ 37,385,406	\$ 37,385,406
9. TOTAL CURRENT ASSETS	\$ 179,729,592	\$ 163,910,580	\$ 170,973,780
10. PROPERTY, PLANT & EQUIPMENT	\$ 418,897,132	\$ 204,631,281	\$ 200,188,941
11. LESS: ACCUMULATED DEPRECIATION / DEPLETION	\$ (240,155,582)	\$ (136,639,870)	\$ (134,298,438)
12. NET PROPERTY, PLANT & EQUIPMENT	\$ 178,741,550	\$ 67,991,411	\$ 65,890,503
13. DUE FROM INSIDERS	\$ -	\$ -	\$ -
14. OTHER ASSETS - NET OF AMORTIZATION (ATTACH LIST)	\$ -	\$ -	\$ -
15. OTHER (ATTACH LIST)	\$ 464,377,677	\$ 6,671,606	\$ 6,615,773
16. TOTAL ASSETS	\$ 822,848,819	\$ 238,573,597	\$ 243,480,056
POSTPETITION LIABILITIES			
17. ACCOUNTS PAYABLE		\$ 1,383,080	\$ 620,187
18. TAXES PAYABLE		\$ 9,248,703	\$ 9,267,101
19. NOTES PAYABLE		\$ -	\$ -
20. PROFESSIONAL FEES		\$ 2,638,467	\$ 1,800,478
21. SECURED DEBT		\$ 1	\$ 1
22. OTHER (ATTACH LIST)		\$ 38,583,903	\$ 40,995,474
23. TOTAL POSTPETITION LIABILITIES		\$ 51,854,154	\$ 52,683,241
PREPETITION LIABILITIES			
24. SECURED DEBT	\$ 209,595,545	\$ 96,253,296	\$ 96,245,295
25. PRIORITY DEBT	\$ 43,629,500	\$ 19,648,626	\$ 19,674,670
26. UNSECURED DEBT	\$ -	\$ -	\$ -
27. OTHER (ATTACH LIST)	\$ 390,808,736	\$ 359,540,459	\$ 361,235,944
28. TOTAL PREPETITION LIABILITIES	\$ 644,033,781	\$ 475,442,381	\$ 477,155,909
29. TOTAL LIABILITIES	\$ 644,033,781	\$ 527,296,535	\$ 529,839,150
EQUITY			
30. PREPETITION OWNERS' EQUITY	\$ 178,815,038	\$ (24,417,285)	\$ (24,417,285)
31. POSTPETITION CUMULATIVE PROFIT OR (LOSS)		\$ (264,423,749)	\$ (262,059,905)
32. DIRECT CHARGES TO EQUITY (ATTACH EXPLANATION)		\$ 118,096	\$ 118,096
33. TOTAL EQUITY	\$ 178,815,038	\$ (288,722,938)	\$ (286,359,094)
34. TOTAL LIABILITIES & OWNERS' EQUITY	\$ 822,848,819	\$ 238,573,597	\$ 243,480,056

* This is the consolidated balance sheet of VarTec Telecom, Inc. and its domestic subsidiaries.

a - Translation adjustment related to foreign investment.

Monthly Operating Report

ACCRUAL BASIS-1 OTHER

CASE NAME: VarTec Telecom, Inc.
 CASE NUMBER: 04-81694-HDH-11

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COMPARATIVE BALANCE SHEET*
 SCHEDULE OF OTHER ASSETS AND LIABILITIES

ASSETS	SCHEDULE AMOUNT	MONTH	
		October	November
1 OTHER CURRENT ASSETS			
2 Tax Receivables	\$ 694,761	\$ 1,695	\$ 1,695
3 Non-eliminated Affil Rec/Deferred Chg	\$ 67,497	\$ 2,367,765	\$ 2,367,765
4 Deposits	\$ 906,215	\$ 1,565,110	\$ 1,565,110
5 A/R Other & Advances	\$ 552,837	\$ 354,500	\$ 354,500
6 Deferred Tax Asset - Current	\$ 23,168,602	\$ 30,051,742	\$ 30,051,742
7 Income Tax Receivables	\$ 14,084,221	\$ 3,044,594	\$ 3,044,594
8 Accounts Receivable, Affiliates	\$ 10,333,330	\$ -	\$ -
9 TOTAL OTHER CURRENT ASSETS	\$ 49,807,463	\$ 37,385,406	\$ 37,385,406
10 OTHER ASSETS			
11 Investments	\$ 270,627,907	\$ -	\$ -
12 Notes Receivable - Other	\$ 6,053	\$ -	\$ -
13 Deferred Tax Asset - Noncurrent	\$ 19,983,362	\$ -	\$ -
14 Deferred Assets & Intangibles	\$ 166,073,392	\$ 4,299,347	\$ 4,243,514
15 Assets Held for Sale	\$ 502,458	\$ -	\$ -
16 Other Non-Current Assets	\$ 7,184,505	\$ 2,372,259	\$ 2,372,259
17			
18 TOTAL OTHER ASSETS	\$ 464,377,677	\$ 6,671,606	\$ 6,615,773
POSTPETITION LIABILITIES			
17 OTHER POSTPETITION LIABILITIES			
18 Salaries & Benefits		\$ 3,577,688	\$ 3,511,481
19 Accrued Commissions		\$ -	\$ -
20 Line Cost Payable/(Prepaid Line Cost)		\$ (8,479,557)	\$ (6,031,358)
21 Accrued Billing & Collection Fees		\$ 4,581,165	\$ 4,042,160
22 All Other Accrued Postpetition Liabilities		\$ 4,604,607	\$ 5,173,191
23 Deferred Income/Credits		\$ 34,300,000	\$ 34,300,000
24			
25 TOTAL OTHER POSTPETITION LIABILITIES		\$ 38,583,903	\$ 40,995,474
PREPETITION LIABILITIES			
24 OTHER PREPETITION LIABILITIES			
25 Accounts Payable	\$ 13,555,170	\$ 15,877,657	\$ 15,549,216
26 Line Costs Payable (incl. B&C)	\$ 101,626,750	\$ 81,342,768	\$ 83,505,645
27 Unsecured Teleglobe & Other Debt	\$ 225,737,370	\$ 185,012,500	\$ 185,012,500
28 Deferred Revenue	\$ 17,329,311	\$ 13,462,566	\$ 13,321,708
29 Deferred Tax Liability - Non Current	\$ -	\$ 23,847,884	\$ 23,847,884
30 All Other Accrued Prepetition Liabilities	\$ 32,560,135	\$ 39,997,084	\$ 39,998,991
31			
32 TOTAL OTHER PREPETITION LIABILITIES	\$ 390,808,736	\$ 359,540,459	\$ 361,235,944

* This is the consolidated balance sheet of VarTec Telecom, Inc. and its domestic subsidiaries.

a - Relates to the sale of the US assets.

Monthly Operating Report

CASE NAME: VarTec Telecom, Inc.
CASE NUMBER: 04-81694-HDH-11

ACCRUAL BASIS-2

rwd, 2/04

INCOME STATEMENT*		
	MONTH	
OPERATING EXPENSES	October	November
1. GROSS REVENUES	\$ 35,146,220	\$ 34,732,824
2. LESS: RETURNS & DISCOUNTS	\$ (1,057,745)	\$ (886,886)
3. NET REVENUE	\$ 34,088,475	\$ 33,845,938
COST OF GOODS SOLD		
4. MATERIAL	\$ 18,233,131	\$ 18,611,026
5. DIRECT LABOR	\$ 966,050	\$ 865,502
6. DIRECT OVERHEAD	\$ 799,741	\$ 720,018
7. TOTAL COST OF GOODS SOLD	\$ 19,998,922	\$ 20,196,546
8. GROSS PROFIT	\$ 14,089,553	\$ 13,649,392
OPERATING EXPENSES		
9. OFFICER / INSIDER COMPENSATION	\$ 85,141	\$ 227,791
10. SELLING & MARKETING	\$ 356,334	\$ 341,078
11. GENERAL & ADMINISTRATIVE	\$ 5,243,058	\$ 3,877,863
12. RENT & LEASE	\$ 246,447	\$ 171,814
13. OTHER (ATTACH LIST)	\$ 4,468,891	\$ 4,182,364
14. TOTAL OPERATING EXPENSES	\$ 10,399,871	\$ 8,800,910
15. INCOME BEFORE NON-OPERATING INCOME & EXPENSE	\$ 3,689,682	\$ 4,848,482
OTHER INCOME & EXPENSES		
16. NON-OPERATING INCOME (ATT. LIST)	\$ -	\$ -
17. NON-OPERATING EXPENSE (ATT. LIST)	\$ -	\$ -
18. INTEREST EXPENSE	\$ 325	\$ 43,633
19. DEPRECIATION / DEPLETION	\$ 2,416,954	\$ 2,417,486
20. AMORTIZATION	\$ -	\$ -
21. OTHER (ATTACH LIST)	\$ 58,452,361	\$ (105,141)
22. NET OTHER INCOME & EXPENSES	\$ 56,035,082	\$ (2,566,260)
REORGANIZATION EXPENSES		
23. PROFESSIONAL FEES	\$ 82,512	\$ (81,622)
24. U.S. TRUSTEE FEES	\$ -	\$ -
25. OTHER (ATTACH LIST)	\$ -	\$ -
26. TOTAL REORGANIZATION EXPENSES	\$ 82,512	\$ (81,622)
27. INCOME TAX	\$ -	\$ -
28. NET PROFIT (LOSS)	\$ 59,642,252	\$ 2,363,844

* This is the consolidated income statement of VarTec Telecom, Inc. and its domestic subsidiaries.

Monthly Operating Report

CASE NAME: VarTec Telecom, Inc.
CASE NUMBER: 04-81694-HDH-11

ACCRUAL BASIS-2 OTHER

rwd, 2/04

INCOME STATEMENT*		
	MONTH	MONTH
OTHER EXPENSES	October	November
1. Customer Service Costs	\$ 616,645	\$ 534,295
2. Bad Debt	\$ 1,289,822	\$ 961,416
3. Billing & Collections	\$ 2,435,864	\$ 2,433,388
4. Call Rating & Billing	\$ (22,423)	\$ 105,907
5. Direct Billing & Postage	\$ 112,865	\$ 106,384
6. Courtesy Credits	\$ 36,118	\$ 40,974
7.		
8. TOTAL OTHER EXPENSES	\$ 4,468,891	\$ 4,182,364
OTHER INCOME & EXPENSES		
9. Interest & Misc Income	\$ 55,054,204	\$ 70,102
10. Misc Non-Operating Income (Expense)	\$ -	\$ -
11. Equity Earnings/(Losses) in Investments	\$ 594,820	\$ -
12. PP&E Write Down	\$ 3,799,578	\$ 117,165
13. Intangible & Other Asset Impairment Adj	\$ (996,241)	\$ (292,380)
14. Other	\$ -	\$ (28)
15.		
16. TOTAL OTHER INCOME & EXPENSES	\$ 58,452,361	\$ (105,141)
OTHER REORGANIZATION EXPENSES		
17.		
18.		
19.		
20.		
21.		
22.		
23.		
24. TOTAL OTHER REORG EXPENSES	\$ -	\$ -

a

b

* This is the consolidated income statement of VarTec Telecom, Inc. and its domestic subsidiaries.

a - The October balance relates to the Teleglobe settlement

b - The October balance relates to a true-up reserve related to switch site decommissions

Monthly Operating Report

CASE NAME: VarTec Telecom, Inc.
CASE NUMBER: 04-81694-HDH-11

ACCRUAL BASIS-3

rwd, 2/04

CASH RECEIPTS AND DISBURSEMENTS*	MONTH	
	October	November
1. CASH - BEGINNING OF MONTH	\$ 24,142,091	\$ 30,880,551
RECEIPTS FROM OPERATIONS		
2. CASH SALES		
COLLECTION OF ACCOUNTS RECEIVABLE		
3. PREPETITION	\$ -	\$ -
4. POSTPETITION	\$ 35,115,589	\$ 31,433,965
5. TOTAL OPERATING RECEIPTS	\$ 35,115,589	\$ 31,433,965
NON - OPERATING RECEIPTS		
6. LOANS & ADVANCES (ATTACH LIST)	\$ -	\$ -
7. SALE OF ASSETS	\$ -	\$ -
8. OTHER (ATTACH LIST)	\$ 5,222,634	\$ 2,854,602
9. TOTAL NON-OPERATING RECEIPTS	\$ 5,222,634	\$ 2,854,602
10. TOTAL RECEIPTS	\$ 40,338,223	\$ 34,288,567
11. TOTAL CASH AVAILABLE	\$ 64,480,314	\$ 65,169,118
OPERATING DISBURSEMENTS		
12. NET PAYROLL	\$ 2,826,287	\$ 1,654,069
13. PAYROLL TAXES PAID	\$ 922,711	\$ 643,249
14. SALES, USE & OTHER TAXES PAID	\$ 3,092,954	\$ 3,685,534
15. SECURED / RENTAL / LEASES	\$ 457,803	\$ 445,518
16. UTILITIES	\$ 421,031	\$ 205,131
17. INSURANCE	\$ 172	\$ 196,134
18. INVENTORY PURCHASES	\$ 30,748	\$ 49,762
19. VEHICLE EXPENSES	\$ 1,036	\$ 121
20. TRAVEL	\$ 74,697	\$ 20,310
21. ENTERTAINMENT	\$ -	\$ -
22. REPAIRS & MAINTENANCE	\$ 334,466	\$ 724,232
23. SUPPLIES	\$ 6,680	\$ 11,484
24. ADVERTISING	\$ -	\$ -
25. OTHER (ATTACH LIST)	\$ 22,028,338	\$ 18,998,473
26. TOTAL OPERATING DISBURSEMENTS	\$ 30,196,923	\$ 26,634,017
REORGANIZATION EXPENSES		
27. PROFESSIONAL FEES ACTUALLY PAID	\$ 3,402,840	\$ 912,413
28. U.S. TRUSTEE FEES	\$ -	\$ -
29. OTHER (ATTACH LIST)	\$ -	\$ -
30. TOTAL REORGANIZATION EXPENSES	\$ 3,402,840	\$ 912,413
31. TOTAL DISBURSEMENTS	\$ 33,599,763	\$ 27,546,430
32. NET CASH FLOW	\$ 6,738,460	\$ 6,742,137
33. CASH - END OF MONTH	\$ 30,880,551	\$ 37,622,688

* This is the consolidated cash flow statement of VarTec Telecom, Inc. and its domestic subsidiaries.

Monthly Operating Report

CASE NAME: VarTec Telecom, Inc.
CASE NUMBER: 04-81694-HDH-11

ACCRUAL BASIS-3 OTHER

rwd, 2/04

CASH RECEIPTS AND DISBURSEMENTS*		MONTH	MONTH
		October	November
OTHER NON OPERATING RECEIPTS			
1	eServices	\$ 212,017	\$ 214,487
2	Tax Refund	\$ 25,357	\$ 28,578
3	Misc Receipts	\$ 176,173	\$ 111,323
4	Proceeds from Sale of Land and A/R	\$ 1,684,430	\$ -
5	Teleglobe Settlement	\$ 127,144	\$ -
6	Estate Funding Received	\$ 2,997,513	\$ 657,370
7	Change in Cash Reclass	\$ -	\$ 1,842,844
8		\$ -	\$ -
9		\$ -	\$ -
10			
11	TOTAL OTHER NON OPERATING RECEIPTS	\$ 5,222,634	\$ 2,854,602
OTHER OPERATING DISBURSEMENTS			
12	Linecost	\$ 12,027,706	\$ 15,068,911
13	Benefits	\$ 592,472	\$ 764,704
14	Commissions	\$ 323,121	\$ 251,686
15	General & Administrative	\$ 1,951,127	\$ 2,913,172
16	Interest	\$ -	\$ -
17	Change in Cash Reclass	\$ 388,890	\$ -
18	Capital Leases and Equipment	\$ 10,496	\$ -
19	Severance and Vacation	\$ 394,915	\$ -
20	Teleglobe Settlement proceeds paid to RTFC	\$ 6,122,955	\$ -
21	Add'l RTFC Paydown from sale of DeSoto land	\$ 216,656	\$ -
22		\$ -	\$ -
23	TOTAL OTHER OPERATING DISBURSEMENTS	\$ 22,028,338	\$ 18,998,473
OTHER REORGANIZATION EXPENSES			
24			
25			
26	TOTAL OTHER REORGANIZATION EXPENSES	\$ -	\$ -

* This is the consolidated cash flow statement of VarTec Telecom, Inc. and its domestic subsidiaries.

Monthly Operating Report

CASE NAME: VarTec Telecom, Inc.
CASE NUMBER: 04-81694-HDH-11

ACCRUAL BASIS-4

rwd, 2/04

ACCOUNTS RECEIVABLE AGING***	SCHEDULE AMOUNT	MONTH	
		October	November
1. 0-30	\$ 58,476,466	\$ 31,905,599	\$ 31,706,267
2. 31-60	\$ 33,993,017	\$ 20,040,766	\$ 19,679,337
3. 61-90	\$ 7,516,346	\$ 4,408,058	\$ 4,522,009
4. 91+	\$ 9,300,438	\$ 40,225,024	\$ 40,126,593
5. TOTAL ACCOUNTS RECEIVABLE	\$ 109,286,267	\$ 96,579,447	\$ 96,034,206
6. AMOUNT CONSIDERED UNCOLLECTIBLE	\$ 11,487,562	\$ 4,852,812	\$ 3,701,748
7. ACCOUNTS RECEIVABLE (NET)	\$ 97,798,705	\$ 91,726,635	\$ 92,332,458

AGING OF POSTPETITION TAXES AND PAYABLES					MONTH: November 2005
TAXES PAYABLE***	0-30 DAYS	31-60 DAYS	61-90 DAYS	91+ DAYS	TOTAL
1. FEDERAL	\$ 1,782,650				\$ 1,782,650
2. STATE	\$ 7,479,748				\$ 7,479,748
3. LOCAL					\$ -
4. OTHER (ATTACH LIST)					\$ -
5. TOTAL TAXES PAYABLE	\$ 9,262,398	\$ -	\$ -	\$ -	\$ 9,262,398
6. ACCOUNTS PAYABLE***	\$ 620,187				\$ 620,187

STATUS OF POSTPETITION TAXES					MONTH: November 2005
FEDERAL ***	BEGINNING TAX LIABILITY*	AMOUNT WITHHELD AND/OR ACCRUED	AMOUNT PAID	ENDING TAX LIABILITY	
1. WITHHOLDING**	\$ (6)	\$ 373,398	\$ 373,400	\$ (8)	
2. FICA-EMPLOYEE**	\$ 47,708	\$ 158,267	\$ 158,267	\$ 47,708	
3. FICA-EMPLOYER**	\$ 47,708	\$ 158,267	\$ 158,267	\$ 47,708	
4. UNEMPLOYMENT	\$ 158	\$ 124	\$ -	\$ 282	
5. INCOME	\$ -	\$ -	\$ -	\$ -	
6. EXCISE	\$ 1,770,105	\$ 556,788	\$ 639,933	\$ 1,686,960	
7. TOTAL FEDERAL TAXES	\$ 1,865,673	\$ 1,246,844	\$ 1,329,867	\$ 1,782,650	
STATE AND LOCAL ***					
8. WITHHOLDING	\$ 5,788	\$ 7,528	\$ 8,443	\$ 4,873	
9. SALES	\$ 3,010,030	\$ 1,272,538	\$ 1,215,249	\$ 3,067,319	
10. 911 TAX	\$ 335,619	\$ 75,273	\$ 103,183	\$ 307,709	
11. UNEMPLOYMENT	\$ 945	\$ 2,258	\$ -	\$ 3,203	
12. REAL PROPERTY	\$ -	\$ -	\$ -	\$ -	
13. PERSONAL PROPERTY	\$ -	\$ -	\$ -	\$ -	
14. OTHER (ATTACH LIST)	\$ 4,026,608	\$ 1,816,978	\$ 1,746,942	\$ 4,096,644	
15. TOTAL STATE & LOCAL	\$ 7,378,990	\$ 3,174,575	\$ 3,073,817	\$ 7,479,748	
16. TOTAL TAXES	\$ 9,244,663	\$ 4,421,419	\$ 4,403,684	\$ 9,262,398	

* The beginning tax liability should represent the liability from the prior month or, if this is the first operating report, the amount should be zero.

** Attach photocopies of IRS Form 6123 or your FTD coupon and payment receipt to verify payment or deposit

*** These are consolidated A/R, Tax, and A/P schedules of VarTec Telecom, Inc. and its domestic subsidiaries.

Monthly Operating Report

CASE NAME: VarTec Telecom, Inc.
 CASE NUMBER: 04-81694-HDH-11

ACCRUAL BASIS-4 OTHER

rwd, 2/04

STATUS OF POSTPETITION TAXES

MONTH: November 2005

OTHER STATE AND LOCAL***	BEGINNING TAX LIABILITY*	AMOUNT WITHHELD AND/OR ACCRUED	AMOUNT PAID	ENDING TAX LIABILITY
1 FRANCHISE	\$ 36,482	\$ -	\$ (2,112)	\$ 38,594
2 PROPERTY	\$ 741,677	\$ 76,417	\$ 20,511	\$ 797,583
3 GR, REG, PUC, USF, TRS	\$ 3,249,880	\$ 1,740,561	\$ 1,728,543	\$ 3,261,898
4 INCOME	\$ (1,431)	\$ -	\$ -	\$ (1,431)
5	\$ -	\$ -	\$ -	\$ -
6	\$ -	\$ -	\$ -	\$ -
7	\$ -	\$ -	\$ -	\$ -
8 TOTAL OTHER STATE & LOCAL	\$ 4,026,608	\$ 1,816,978	\$ 1,746,942	\$ 4,096,644

*** These are consolidated A/R, Tax, and A/P schedules of VarTec Telecom, Inc. and its domestic subsidiaries.

Monthly Operating Report

CASE NAME: VarTec Telecom, Inc.
CASE NUMBER: 04-81694-HDH-11

ACCRUAL BASIS-4
VarTec Telecom - Stand Alone
 rwd, 2/04

ACCOUNTS RECEIVABLE AGING	SCHEDULE AMOUNT	MONTH	
		October	November
1. 0-30			
2. 31-60			
3. 61-90			
4. 91+			
5. TOTAL ACCOUNTS RECEIVABLE	\$ -	\$ -	\$ -
6. AMOUNT CONSIDERED UNCOLLECTIBLE			
7. ACCOUNTS RECEIVABLE (NET)	\$ -	\$ -	\$ -

AGING OF POSTPETITION TAXES AND PAYABLES		MONTH: November 2005			
TAXES PAYABLE	0-30 DAYS	31-60 DAYS	61-90 DAYS	91+ DAYS	TOTAL
1. FEDERAL	\$ 751,597				\$ 751,597
2. STATE	\$ 4,665,262				\$ 4,665,262
3. LOCAL					\$ -
4. OTHER (ATTACH LIST)					\$ -
5. TOTAL TAXES PAYABLE	\$ 5,416,859	\$ -	\$ -	\$ -	\$ 5,416,859
6. ACCOUNTS PAYABLE					\$ -

STATUS OF POSTPETITION TAXES		MONTH: November 2005			
	BEGINNING TAX LIABILITY*	AMOUNT WITHHELD AND/OR ACCRUED	AMOUNT PAID	ENDING TAX LIABILITY	
FEDERAL					
1. WITHHOLDING**	\$ -	\$ -	\$ -	\$ -	
2. FICA-EMPLOYEE**	\$ -	\$ -	\$ -	\$ -	
3. FICA-EMPLOYER**	\$ -	\$ -	\$ -	\$ -	
4. UNEMPLOYMENT	\$ -	\$ -	\$ -	\$ -	
5. INCOME	\$ -	\$ -	\$ -	\$ -	
6. EXCISE	\$ 827,141	\$ 310,468	\$ 386,012	\$ 751,597	
7. TOTAL FEDERAL TAXES	\$ 827,141	\$ 310,468	\$ 386,012	\$ 751,597	
STATE AND LOCAL					
8. WITHHOLDING	\$ -	\$ -	\$ -	\$ -	
9. SALES	\$ 1,978,143	\$ 1,020,063	\$ 946,955	\$ 2,051,251	
10. 911 TAX	\$ 147,914	\$ 27,401	\$ 62,060	\$ 113,255	
11. UNEMPLOYMENT	\$ -	\$ -	\$ -	\$ -	
12. REAL PROPERTY	\$ -	\$ -	\$ -	\$ -	
13. PERSONAL PROPERTY	\$ -	\$ -	\$ -	\$ -	
14. OTHER (ATTACH LIST)	\$ 2,544,813	\$ 1,045,260	\$ 1,089,317	\$ 2,500,756	
15. TOTAL STATE & LOCAL	\$ 4,670,870	\$ 2,092,724	\$ 2,098,332	\$ 4,665,262	
16. TOTAL TAXES	\$ 5,498,011	\$ 2,403,192	\$ 2,484,344	\$ 5,416,859	

* The beginning tax liability should represent the liability from the prior month or, if this is the first operating report, the amount should be zero.

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Monthly Operating Report

CASE NAME: VarTec Telecom, Inc.
 CASE NUMBER: 04-81694-HDH-11

ACCRUAL BASIS-4 OTHER
 VarTec Telecom - Stand Alone
 rwd, 2/04

STATUS OF POSTPETITION TAXES

MONTH: November 2005

OTHER STATE AND LOCAL		BEGINNING TAX LIABILITY*	AMOUNT WITHHELD AND/ OR ACCRUED	AMOUNT PAID	ENDING TAX LIABILITY
1	FRANCHISE	\$ 25,346	\$ -	\$ -	\$ 25,346
2	PROPERTY	\$ 500,002	\$ 50,000	\$ 3,687	\$ 546,315
3	GR, REG, PUC, USF, TRS	\$ 2,019,465	\$ 995,260	\$ 1,085,630	\$ 1,929,095
4	INCOME	\$ -	\$ -	\$ -	\$ -
5		\$ -	\$ -	\$ -	\$ -
6		\$ -	\$ -	\$ -	\$ -
7		\$ -	\$ -	\$ -	\$ -
8	TOTAL OTHER STATE & LOCAL	\$ 2,544,813	\$ 1,045,260	\$ 1,089,317	\$ 2,500,756

Monthly Operating Report

ACCRUAL BASIS-5
 VarTec Telecom, Inc.
 rwd, 2/04

CASE NAME: VarTec Telecom, Inc.
CASE NUMBER: 04-81694-HDH-11

The debtor in possession must complete the reconciliation below for each bank account including all general, payroll and tax accounts, as well as all savings and investment accounts, money market accounts, certificates of deposit, government obligations, etc. Accounts with restricted funds should be identified by placing an asterisk next to the account number. Attach additional sheets if necessary.

Note: Due to the Debtors method of collecting cash by product line rather than entity, this account may not reflect the correct amount of cash attributable to this entity.

MONTH: November 2005

BANK RECONCILIATIONS							
	Account #1	Account #2	Account #3	Account #4	Account #5	Account #6	
A. BANK:	BOA	UMB	UMB	UMB	Bank One	Bank One	
B. ACCOUNT NUMBER:	12-3342-6568	50-0800-9716	50-0800-9368	98-7048-9813	18-8986-0407	18-8986-0399	SUB - TOTAL
C. PURPOSE (TYPE):	Operating Acct	Controlled Disb	Controlled Disb	Concentration Acct	Impress	Impress	Page 1
1. BALANCE PER BANK STATEMENT	\$0	\$0	\$0	\$924	\$1,000	\$1,000	\$2,924
2. ADD: TOTAL DEPOSITS NOT CREDITED	\$0	\$0	\$0	\$3,470	\$0	\$0	\$3,470
3. SUBTRACT: OUTSTANDING CHECKS	\$0	\$4,031,391	\$313,310	(\$4,344,701)	\$0	\$0	\$0
4. OTHER RECONCILING ITEMS	\$0	(\$72,275)	(\$157,903)	\$78,348	\$0	\$0	(\$151,830)
5. MONTH END BALANCE PER BOOKS	\$0	(\$4,103,666)	(\$471,213)	\$4,427,443	\$1,000	\$1,000	(\$145,436)
6. NUMBER OF LAST CHECK WRITTEN		4500236, 11541, 6616059, 8505862, 5505663	607542, 738835				

INVESTMENT ACCOUNTS							
BANK, ACCOUNT NAME & NUMBER	DATE OF PURCHASE				TYPE OF INSTRUMENT	PURCHASE PRICE	CURRENT VALUE
7.							
8.							
9.							
10.							
11. TOTAL INVESTMENTS						\$0	\$0

CASH	
12. CURRENCY ON HAND	\$0
13. TOTAL CASH - END OF MONTH	(\$145,436)

Monthly Operating Report

ACCRUAL BASIS-5, page 2
 VarTec Telecom, Inc.
 rwd, 2/04

CASE NAME: VarTec Telecom, Inc.
CASE NUMBER: 04-81694-HDH-11

The debtor in possession must complete the reconciliation below for each bank account including all general, payroll and tax accounts, as well as all savings and investment accounts, money market accounts, certificates of deposit, government obligations, etc. Accounts with restricted funds should be identified by placing an asterisk next to the account number. Attach additional sheets if necessary.

Note: Due to the Debtors method of collecting cash by product line rather than entity, this account may not reflect the correct amount of cash attributable to this entity.

MONTH: November 2005

BANK RECONCILIATIONS							
	Account #1	Account #2	Account #3	Account #4	Account #5	Account #6	
A. BANK:	Bank One	Bank One	UMB	Bank One	UMB	UMB	
B. ACCOUNT NUMBER:	18-8482-7880	662647965	98-7048-9821	18-8482-7898	98-7048-9813	98-7149-9561	SUB - TOTAL
C. PURPOSE (TYPE):	Operating	Collateral	Collateral	CC Receipt	Repo Sweep	Escrow	Page 2
1. BALANCE PER BANK STATEMENT	\$40,704	\$472,060	\$0	\$0	\$4,570,000	\$1,419,000	\$6,501,764
2. ADD: TOTAL DEPOSITS NOT CREDITED	\$0	\$0	\$363,916	\$144	\$0	\$0	\$364,060
3. SUBTRACT: OUTSTANDING CHECKS	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4. OTHER RECONCILING ITEMS	(\$21,508)	\$7,120	\$259,622	(\$332)	\$0	\$0	\$244,902
5. MONTH END BALANCE PER BOOKS	\$19,196	\$479,180	\$623,538	(\$188)	\$4,570,000	\$1,419,000	\$7,110,726
6. NUMBER OF LAST CHECK WRITTEN							

INVESTMENT ACCOUNTS							
BANK, ACCOUNT NAME & NUMBER	DATE OF PURCHASE				TYPE OF INSTRUMENT	PURCHASE PRICE	CURRENT VALUE
7.							
8.							
9.							
10.							
11. TOTAL INVESTMENTS						\$0	\$0

CASH	
12. CURRENCY ON HAND	\$0
13. TOTAL CASH - END OF MONTH	\$7,110,726

Monthly Operating Report

CASE NAME: VarTec Telecom, Inc.
 CASE NUMBER: 04-81694-HDH-11

ACCRUAL BASIS-5, pg 3
 VarTec Telecom, Inc.
 rwd, 2/04

The debtor in possession must complete the reconciliation below for each bank account, including all general, payroll and tax accounts, as well as all savings and investment accounts, money market accounts, certificates of deposit, government obligations, etc. Accounts with restricted funds should be identified by placing an asterisk next to the account number. Attach additional sheets if necessary.

Note: Due to the Debtors method of collecting cash by product line rather than entity, this account may not reflect the correct amount of cash attributable to this entity.

MONTH: November 2005

BANK RECONCILIATIONS							
	Account #1	Account #2	Account #3	Account #4	Account #5	Account #6	
A. BANK:	Bank One	UMB	UMB	UMB			
B. ACCOUNT NUMBER:	657895728	98-7149-996-0	98-7149-996-0	98-7149-996-0			TOTAL
C. PURPOSE (TYPE):		Repo Sweep	Funding	Estate			Pages 1 - 3
1. BALANCE PER BANK STATEMENT	\$0	\$14,026,000	\$123,866	\$230,671			20,885,225
2. ADD: TOTAL DEPOSITS NOT CREDITED	\$0	\$0	\$0	\$0			367,530
3. SUBTRACT: OUTSTANDING CHECKS	\$0	\$0	\$0	\$0			-
4. OTHER RECONCILING ITEMS	\$0	\$0	\$46,945	\$0			140,017
5. MONTH END BALANCE PER BOOKS	\$0	\$14,026,000	\$170,811	\$230,671			\$21,392,772
6. NUMBER OF LAST CHECK WRITTEN							

INVESTMENT ACCOUNTS							
BANK, ACCOUNT NAME & NUMBER	DATE OF PURCHASE				TYPE OF INSTRUMENT	PURCHASE PRICE	CURRENT VALUE
7. UMB-60 Day T-Bills	10/7/2005				T-Bill	\$4,999,950	4,999,950
8. UMB-90 Day T-Bills	11/10/2005				T-Bill	\$4,999,946	4,999,946
9. UMB-90 Day T-Bills	11/14/2005				T-Bill	\$4,999,626	\$4,999,626
10.							
11. TOTAL INVESTMENTS						\$14,999,522	\$14,999,522

CASH	
12. CURRENCY ON HAND	\$0
13. TOTAL CASH - END OF MONTH	\$ 36,392,294

Monthly Operating Report

CASE NAME: VarTec Telecom, Inc.
CASE NUMBER: 04-81694-HDH-11

ACCRUAL BASIS-5
VarTec Resource Services, Inc.
 rwd, 2/04

The debtor in possession must complete the reconciliation below for each bank account including all general, payroll and tax accounts, as well as all savings and investment accounts, money market accounts, certificates of deposit, government obligations, etc. Accounts with restricted funds should be identified by placing an asterisk next to the account number. Attach additional sheets if necessary.

Note: Due to the Debtors method of collecting cash by product line rather than entity, this account may not reflect the correct amount of cash attributable to this entity.

MONTH: November 2005

BANK RECONCILIATIONS		Account #1	Account #2	Account #3	Account #4	Account #5	Account #6	
A. BANK:		BOA	BOA	Citibank				
B. ACCOUNT NUMBER:		47933454613	317411250	30491082				
C. PURPOSE (TYPE):		Payroll Acct	Emp Benefits-FSA	401(K)				
1. BALANCE PER BANK STATEMENT		\$441,710	\$7,498	\$0				\$449,208
2. ADD: TOTAL DEPOSITS NOT CREDITED		\$0	\$0	\$0				\$0
3. SUBTRACT: OUTSTANDING CHECKS		\$33,410	\$0	\$0				\$33,410
4. OTHER RECONCILING ITEMS		(\$4,868)	(\$4,419)	\$146,000				\$136,713
5. MONTH END BALANCE PER BOOKS		\$403,432	\$3,079	\$146,000	\$0	\$0	\$0	\$552,511
6. NUMBER OF LAST CHECK WRITTEN		55739	2052					

INVESTMENT ACCOUNTS		DATE OF PURCHASE				TYPE OF INSTRUMENT	PURCHASE PRICE	CURRENT VALUE
7.	BANK, ACCOUNT NAME & NUMBER							
8.								
9.								
10.								
11.	TOTAL INVESTMENTS						\$0	\$0

CASH		
12.	CURRENCY ON HAND	\$0
13.	TOTAL CASH - END OF MONTH	\$552,511

Monthly Operating Report

CASE NAME: VarTec Telecom, Inc.
CASE NUMBER: 04-81694-HDH-11

ACCRUAL BASIS-5
Excel Telecommunications, Inc.
 rwd, 2/04

The debtor in possession must complete the reconciliation below for each bank account including all general, payroll and tax accounts, as well as all savings and investment accounts, money market accounts, certificates of deposit, government obligations, etc. Accounts with restricted funds should be identified by placing an asterisk next to the account number. Attach additional sheets if necessary.

Note: Due to the Debtors method of collecting cash by product line rather than entity, this account may not reflect the correct amount of cash attributable to this entity.

MONTH: November 2005

BANK RECONCILIATIONS							
	Account #1	Account #2	Account #3	Account #4	Account #5	Account #6	
A. BANK:	Bank One	Bank One	Bank One	First Union	Bank One	Bank One	
B. ACCOUNT NUMBER:	15-7793-7036	15-7793-0728	18-8986-0431	2000002922650	18-8986-0464	29553338	
C. PURPOSE (TYPE):	Escrow	Escrow	Escrow	Escrow	Receipt	Receipt	
1. BALANCE PER BANK STATEMENT	\$244,216	\$180,277	\$58,040	\$11,065	\$0	\$278	\$493,876
2. ADD: TOTAL DEPOSITS NOT CREDITED	\$0	\$0	\$0	\$0	\$0	\$31,809	\$31,809
3. SUBTRACT: OUTSTANDING CHECKS	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4. OTHER RECONCILING ITEMS	(\$121)	\$0	\$0	\$987	\$28,385	\$2,925	\$32,176
5. MONTH END BALANCE PER BOOKS	\$244,095	\$180,277	\$58,040	\$12,052	\$28,385	\$35,012	\$557,861
6. NUMBER OF LAST CHECK WRITTEN							

INVESTMENT ACCOUNTS							
BANK, ACCOUNT NAME & NUMBER	DATE OF PURCHASE				TYPE OF INSTRUMENT	PURCHASE PRICE	CURRENT VALUE
7.							
8.							
9.							
10.							
11. TOTAL INVESTMENTS						\$0	\$0

CASH	
12. CURRENCY ON HAND	\$0
13. TOTAL CASH - END OF MONTH	\$557,861

Monthly Operating Report

CASE NAME: VarTec Telecom, Inc.
CASE NUMBER: 04-81694-HDH-11

ACCRUAL BASIS-5, pg 2
Excel Telecommunications, Inc.
 rwd, 2/04

The debtor in possession must complete the reconciliation below for each bank account, including all general, payroll and tax accounts, as well as all savings and investment accounts, money market accounts, certificates of deposit, government obligations, etc. Accounts with restricted funds should be identified by placing an asterisk next to the account number. Attach additional sheets if necessary.

Note: Due to the Debtors method of collecting cash by product line rather than entity, this account may not reflect the correct amount of cash attributable to this entity.

MONTH: November 2005

BANK RECONCILIATIONS		Account #1	Account #2	Account #3	Account #4	Account #5	Account #6	
A. BANK:		Bank One	Bank One					TOTAL Page 1 & 2
B. ACCOUNT NUMBER:		18-8986-0423	20284979					
C. PURPOSE (TYPE):		Deposit	Lockbox Receipt					
1. BALANCE PER BANK STATEMENT		\$0	\$69,027					\$562,903
2. ADD: TOTAL DEPOSITS NOT CREDITED		\$359	\$0					\$32,168
3. SUBTRACT: OUTSTANDING CHECKS		\$0	\$0					\$0
4. OTHER RECONCILING ITEMS		\$541	\$3,437					\$36,154
5. MONTH END BALANCE PER BOOKS		\$900	\$72,464					\$631,225
6. NUMBER OF LAST CHECK WRITTEN								

INVESTMENT ACCOUNTS		DATE OF PURCHASE			TYPE OF INSTRUMENT	PURCHASE PRICE	CURRENT VALUE
7. BANK, ACCOUNT NAME & NUMBER							
8.							
9.							
10.							
11. TOTAL INVESTMENTS						\$0	\$0

CASH		
12. CURRENCY ON HAND		\$0
13. TOTAL CASH - END OF MONTH		\$631,225

Monthly Operating Report

CASE NAME: VarTec Telecom, Inc.
 CASE NUMBER: 04-81694-HDH-11

ACCRUAL BASIS-5
 Excel Communications Marketing, Inc
 rwd, 2/04

The debtor in possession must complete the reconciliation below for each bank account, including all general, payroll and tax accounts, as well as all savings and investment accounts, money market accounts, certificates of deposit, government obligations, etc. Accounts with restricted funds should be identified by placing an asterisk next to the account number. Attach additional sheets if necessary.

Note: Due to the Debtors method of collecting cash by product line rather than entity, this account may not reflect the correct amount of cash attributable to this entity.

MONTH: November 2005

BANK RECONCILIATIONS		Account #1	Account #2	Account #3	Account #4	Account #5	Account #6	
A. BANK:	Bank One							TOTAL
B. ACCOUNT NUMBER:	18-8986-0415							
C. PURPOSE (TYPE):	Deposit							
1. BALANCE PER BANK STATEMENT	\$0							\$0
2. ADD: TOTAL DEPOSITS NOT CREDITED	\$2,305							\$2,305
3. SUBTRACT: OUTSTANDING CHECKS	\$0							\$0
4. OTHER RECONCILING ITEMS	(\$30)							(\$30)
5. MONTH END BALANCE PER BOOKS	\$2,275							\$2,275
6. NUMBER OF LAST CHECK WRITTEN								

INVESTMENT ACCOUNTS		DATE OF PURCHASE				TYPE OF INSTRUMENT	PURCHASE PRICE	CURRENT VALUE
7. BANK, ACCOUNT NAME & NUMBER								
8.								
9.								
10.								
11. TOTAL INVESTMENTS							\$0	\$0

CASH		
12. CURRENCY ON HAND		\$0
13. TOTAL CASH - END OF MONTH		\$2,275

Monthly Operating Report

CASE NAME: VarTec Telecom, Inc.
 CASE NUMBER: 04-81694-HDH-11

ACCRUAL BASIS-5
 VarTec Solutions, Inc.
 rwd, 2/04

The debtor in possession must complete the reconciliation below for each bank account, including all general, payroll and tax accounts, as well as all savings and investment accounts, money market accounts, certificates of deposit, government obligations, etc. Accounts with restricted funds should be identified by placing an asterisk next to the account number. Attach additional sheets if necessary.

Note: Due to the Debtors method of collecting cash by product line rather than entity, this account may not reflect the correct amount of cash attributable to this entity.

MONTH: November 2005

BANK RECONCILIATIONS							
	Account #1	Account #2	Account #3	Account #4	Account #5	Account #6	
A. BANK:	BOA	Bank One					
B. ACCOUNT NUMBER:	37-5101-3631	29571894					TOTAL
C. PURPOSE (TYPE):	Depository						
1. BALANCE PER BANK STATEMENT	\$42,766	\$0					\$42,766
2. ADD: TOTAL DEPOSITS NOT CREDITED	\$0	\$0					\$0
3. SUBTRACT: OUTSTANDING CHECKS	\$0	\$0					\$0
4. OTHER RECONCILING ITEMS	\$1,749	(\$132)					\$1,617
5. MONTH END BALANCE PER BOOKS	\$44,515	(\$132)					\$44,383
6. NUMBER OF LAST CHECK WRITTEN							

INVESTMENT ACCOUNTS							
BANK, ACCOUNT NAME & NUMBER	DATE OF PURCHASE				TYPE OF INSTRUMENT	PURCHASE PRICE	CURRENT VALUE
7.							
8.							
9.							
10.							
11. TOTAL INVESTMENTS						\$0	\$0

CASH	
12. CURRENCY ON HAND	\$0
13. TOTAL CASH - END OF MONTH	\$44,383

Monthly Operating Report

CASE NAME: VarTec Telecom, Inc.
CASE NUMBER: 04-81694-HDH-11

ACCRUAL BASIS-6

rwd, 2/04

MONTH: _____ November 2005

PAYMENTS TO INSIDERS AND PROFESSIONALS

OF THE TOTAL DISBURSEMENTS SHOWN FOR THE MONTH, LIST THE AMOUNT PAID TO INSIDERS (AS DEFINED IN SECTION 101 (31) (A)-(F) OF THE U.S. BANKRUPTCY CODE) AND TO PROFESSIONALS. ALSO, FOR PAYMENTS TO INSIDERS, IDENTIFY THE TYPE OF COMPENSATION PAID (e.g. SALARY, BONUS, COMMISSIONS, INSURANCE, HOUSING ALLOWANCE, TRAVEL, CAR ALLOWANCE, ETC.). ATTACH ADDITIONAL SHEETS IF NECESSARY.

INSIDERS				
	NAME	TYPE OF PAYMENT	AMOUNT PAID	TOTAL PAID TO DATE
1.	Michael Hoffman	Salary & Expenses		
2.	KJ Alzamora	Alvarez & Marsal		
3.	John Schissler	Alvarez & Marsal		
4.	Rolando Sanchez	Alvarez & Marsal		
5.	Michael Katzenstein	CXO		
6.	Andrew Jent	CXO		
7.				
8.	TOTAL PAYMENTS TO INSIDERS		\$ 550,820	\$ 5,254,822

PROFESSIONALS**						
	NAME	DATE OF COURT ORDER AUTHORIZING PAYMENT	AMOUNT APPROVED	AMOUNT PAID	TOTAL PAID TO DATE	TOTAL INCURRED & UNPAID *
1.	Alvarez & Marsal	November 5, 2004	\$ 222,014	\$ 222,014	\$ 3,517,384	\$ 156,600
2.	Vinson & Elkins	November 5, 2004	\$ 306,396	\$ 306,396	\$ 5,883,363	\$ 444,875
3.	Houlihan Lokey	November 5, 2004	\$ -	\$ -	\$ 373,861	\$ -
4.	FTI	November 5, 2004	\$ -	\$ -	\$ 1,854,197	\$ -
5.	Fulbright & Jaworski	November 5, 2004	\$ -	\$ -	\$ 1,305,890	\$ -
6.	Xroads Solutions	November 5, 2004	\$ 30,000	\$ 30,000	\$ 1,115,805	\$ 483,442
7.	Carrington Coleman	November 5, 2004	\$ 134,506	\$ 134,506	\$ 2,388,527	\$ 248,543
8.	Scouler Andrews	November 5, 2004	\$ -	\$ -	\$ 149,694	\$ -
9.	White & Case	November 5, 2004	\$ -	\$ -	\$ 808,285	\$ 523,050
10.	Other	November 5, 2004	\$ -	\$ -	\$ 51,473	\$ -
11.	TOTAL PAYMENTS TO PROFESSIONALS		\$ 692,916	\$ 692,916	\$ 17,448,479	\$ 1,856,510

* INCLUDE ALL FEES INCURRED, BOTH APPROVED AND UNAPPROVED

POSTPETITION STATUS OF SECURED NOTES, LEASES PAYABLE AND ADEQUATE PROTECTION PAYMENTS

	NAME OF CREDITOR	SCHEDULED MONTHLY PAYMENTS DUE	AMOUNTS PAID DURING MONTH	TOTAL UNPAID POSTPETITION
1.	See Attached.			
2.				
3.	TOTAL	\$ -	\$ -	\$ -

** Estimated

VarTec Telecom, Inc. and Subsidiaries
Case No. 04-81694-HDH-11
Monthly Operating Report Accrual Basis - 6

Adequate Assurance Payment Summary
November 2005

Vendor	Semi-Monthly Adequate Assurance Agreement	Adequate Assurance Payments in November	Total Unpaid Post- Petition Payments
Alltel	\$ -	\$ 260,879.54	\$ -
AT & T	\$ 1,050,000.00	\$ 1,000,000.00	\$ -
BellSouth	\$ 2,227,500.00	\$ -	\$ -
Broadwing	\$ 179,923.00	\$ 102,000.00	\$ -
Century Tel	\$ 198,687.35	\$ 314,000.00	\$ -
Focal	\$ 4,038.00	\$ -	\$ -
GCI	\$ 26,825.00	\$ 35,456.42	\$ -
Grande	\$ 16,333.00	\$ 116,048.64	\$ -
Level 3	\$ 170,735.00	\$ 354,271.64	\$ -
MCI	\$ 1,001,057.00	\$ 1,200,000.00	\$ -
MCI Escrow	\$ 129,000.00	\$ -	\$ -
McLeod	\$ 298,500.00	\$ -	\$ -
Norlight	\$ 40,777.00	\$ 33,000.00	\$ -
NTS	\$ 278,672.00	\$ -	\$ -
Pacific Net	\$ 27,202.00	\$ 28,000.00	\$ -
PalmettoNet	\$ 27,753.00	\$ 36,756.12	\$ -
Qwest Corporation	\$ 672,600.00	\$ 887,706.07	\$ -
Qwest Communication	\$ 906,500.00	\$ 1,100,000.00	\$ -
SBC	\$ 2,725,000.00	\$ -	\$ -
Sprint	\$ 1,426,500.00	\$ 626,230.50	\$ -
UniPoint	\$ 340,000.00	\$ -	\$ -
Valor	\$ 46,043.00	\$ 59,469.00	\$ -
Verizon	\$ 2,180,168.00	\$ 3,083,138.68	\$ -
Teleglobe	\$ -	\$ -	\$ -
Wiltel	\$ 131,273.00	\$ 190,184.08	\$ -
Total		<u>\$ 9,427,140.69</u>	<u>\$ -</u>

Monthly Operating Report

CASE NAME: VarTec Telecom, Inc.
CASE NUMBER: 04-81694-HDH-11

ACCRUAL BASIS-7

rwd, 2/04

MONTH: November 2005

QUESTIONNAIRE

	YES	NO
1. HAVE ANY ASSETS BEEN SOLD OR TRANSFERRED OUTSIDE THE NORMAL COURSE OF BUSINESS THIS REPORTING PERIOD?		X
2. HAVE ANY FUNDS BEEN DISBURSED FROM ANY ACCOUNT OTHER THAN A DEBTOR IN POSSESSION ACCOUNT?		X
3. ARE ANY POSTPETITION RECEIVABLES (ACCOUNTS, NOTES, OR LOANS) DUE FROM RELATED PARTIES?		X
4. HAVE ANY PAYMENTS BEEN MADE ON PREPETITION LIABILITIES THIS REPORTING PERIOD?	X (a)	
5. HAVE ANY POSTPETITION LOANS BEEN RECEIVED BY THE DEBTOR FROM ANY PARTY?	X (b)	
6. ARE ANY POSTPETITION PAYROLL TAXES PAST DUE?		X
7. ARE ANY POSTPETITION STATE OR FEDERAL INCOME TAXES PAST DUE?		X
8. ARE ANY POSTPETITION REAL ESTATE TAXES PAST DUE?		X
9. ARE ANY OTHER POSTPETITION TAXES PAST DUE?		X
10. ARE ANY AMOUNTS OWED TO POSTPETITION CREDITORS DELINQUENT?		X
11. HAVE ANY PREPETITION TAXES BEEN PAID DURING THE REPORTING PERIOD?		X
12. ARE ANY WAGE PAYMENTS PAST DUE?		X

IF THE ANSWER TO ANY OF THE ABOVE QUESTIONS IS "YES," PROVIDE A DETAILED EXPLANATION OF EACH ITEM. ATTACH ADDITIONAL SHEETS IF NECESSARY.

(a) Prepetition payments made as authorized by the Court.

(b) Postpetition loans have been received as authorized by the Court.

INSURANCE

	YES	NO
1. ARE WORKER'S COMPENSATION, GENERAL LIABILITY AND OTHER NECESSARY INSURANCE COVERAGES IN EFFECT?	X	
2. ARE ALL PREMIUM PAYMENTS PAID CURRENT?	X	
3. PLEASE ITEMIZE POLICIES BELOW.		

IF THE ANSWER TO ANY OF THE ABOVE QUESTIONS IS "NO," OR IF ANY POLICIES HAVE BEEN CANCELLED OR NOT RENEWED DURING THIS REPORTING PERIOD, PROVIDE AN EXPLANATION BELOW. ATTACH ADDITIONAL SHEETS IF NECESSARY.

INSTALLMENT PAYMENTS			
TYPE OF POLICY	CARRIER	PERIOD COVERED	PAYMENT AMOUNT & FREQUENCY
See Attached.			

VarTec Telecom, Inc. and Subsidiaries
Case No. 04-81694-HDH-11
Monthly Operating Report Accrual Basis - 7
Schedule of Insurance Policies

Type Coverage	Company	Effective Date	Exp Date	Policy Number	Annual Premium	Payment Frequency
Worker's Compensation Required	Federal Insurance Company	8/1/2005	8/1/2006	71700219	\$577,166	4 payments on 8/30/05, 9/30/05, 11/30/05, 1/31/06
Property/Inland Marine/Boiler & Machinery	Great Northern Insurance Company	8/1/2005	8/1/2006	35753111	\$273,845	4 payments on 8/30/05, 9/30/05, 11/30/05, 1/31/06
General Liability	Great Northern Insurance Company	8/1/2005	8/1/2006	35753111	\$99,525	4 payments on 8/30/05, 9/30/05, 11/30/05, 1/31/06
Auto - Texas	Federal Insurance Company	8/1/2005	8/1/2006	73501059	\$27,423	4 payments on 8/30/05, 9/30/05, 11/30/05, 1/31/06
Exporters Package	Great Northern Insurance Company	8/1/2005	8/1/2006	70212320	\$3,500	4 payments on 8/30/05, 9/30/05, 11/30/05, 1/31/06
Flood Policy (Required by Lease)	Travelers (NFIP)	NFIP	2/13/2006	6002871603	\$2,884	Annually
Earthquake	Westchester	8/1/2005	8/1/2006		\$15,000	4 payments on 8/30/05, 9/30/05, 11/30/05, 1/31/06
Umbrella	Zurich	8/1/2005	8/1/2006	AUC -9300787-03	\$106,088	4 payments on 8/30/05, 9/30/05, 11/30/05, 1/31/06
Fiduciary - 1 yr Discovery added to 5/28/05 expiring policy	Federal Insurance Company	5/28/2005	5/28/2006	8127-6337	\$40,978	One-time
Storage Tank Third-Party Liability	Commerce & Industry Ins. Co.	2/10/2005	2/10/2006	15430	\$1,539	Annually
Employment Practices Liability	Zurich	5/28/2005	5/28/2006	EOC9029608-00	\$49,000	Annually
Directors and Officers	Illinois National Insurance Company	5/28/2005	5/28/2006	4919752	\$303,000	Annually
Crime	National Union Fire Insurance Company	5/28/2005	5/28/2006	4919277	\$33,220	Annually
Fiduciary	Twin City Fire Insurance Company	5/28/2005	5/28/2006	00IA022483405	\$35,000	Annually
Directors and Officers - 3 yr Runoff added to 5/28/05 expiring policy	National Union Fire Insurance Company	5/28/2005	5/28/2008	347-73-62	\$395,653	One-time
Excess Directors and Officers - 3 yr Runoff added to 5/28/05 expiring policy	Twin City Fire Insurance Company	5/28/2005	5/28/2008	6800-9170	\$235,507	One-time