

November 18, 2004

The Honorable Steven A. Felsenthal
Chief Judge, United States Bankruptcy Court
1100 Commerce Street
Dallas, Texas 75242

Re: *In re VarTec Telecom, Inc., et al.*; Case No. 04-81694-SAF-11
Agenda Letter for Hearing Scheduled for 9:30 a.m. on November 22, 2004

Dear Chief Judge Felsenthal:

The purpose of this correspondence is to advise you of the status and proposed disposition of the following motions set for hearing on the Court's docket for 9:30 a.m. on November 22, 2004.

Uncontested Matters

1. **Application to Employ The Staubach Company as Real Estate Broker**
[Docket No. 72] (final hearing);

CONTESTED/UNCONTESTED: This matter is uncontested.

STATUS: The Debtors request that the Court reschedule this matter for hearing on December 2, 2004, at 2:30 p.m.

2. **Application to Employ Vinson & Elkins L.L.P. as Counsel for the Debtors**
[Docket No. 9] (final hearing)

CONTESTED/UNCONTESTED: This matter is uncontested.

STATUS: This matter will be going forward as scheduled.

3. **Expedited Motion to Approve Payment of Prepetition Commissions and Bonuses in the Ordinary Course of Business (Dealers and Agents)** [Docket No. 13] (final hearing);

CONTESTED/UNCONTESTED: This matter is uncontested.

STATUS: This matter will be going forward as scheduled.

4. **Expedited Motion to Approve Payment of Prepetition Wages, Salaries, Commissions, Reimbursable Employee Expenses and Benefits in the Ordinary Course of Business (Employees)** [Docket No. 24] (continuation of severance program only)

CONTESTED/UNCONTESTED: This matter is uncontested.

STATUS: This matter will be going forward as scheduled.

5. **Application to Employ Hughes & Luce, L.L.P. as Special Counsel** [Docket No. 39] (final hearing)

CONTESTED/UNCONTESTED: This matter is uncontested.

STATUS: This matter will be going forward as scheduled.

6. **Amended Application to Employ The LeMaster Group, Ltd. as Public Relations Firm** [Docket No. 66] (final hearing);

CONTESTED/UNCONTESTED: This matter is uncontested.

STATUS: This matter will be going forward as scheduled.

7. **Application to Employ Baker Sterchi Cowden & Rice, L.L.C. as Special Counsel** [Docket No. 90] (final hearing)

CONTESTED/UNCONTESTED: This matter is uncontested.

STATUS: This matter will be going forward as scheduled.

8. **Expedited Motion to Authorize the Retention of Alvarez & Marsal, L.L.C. as Restructuring Officers of the Debtors** [Docket No. 91] (final hearing)

CONTESTED/UNCONTESTED: This matter is uncontested.

STATUS: This matter will be going forward as scheduled.

9. **Application to Employ Lynn, Tillotson & Pinker, L.L.P. as Special Counsel** [Docket No. 92] (final hearing)

CONTESTED/UNCONTESTED: This matter is uncontested.

STATUS: This matter will be going forward as scheduled.

10. **Expedited Motion to Supplement and Clarify the Order Approving Debtors' Provision of Adequate Assurance of Payment to Utilities Pursuant to 11 U.S.C. 366** [Docket No. 189]

CONTESTED/UNCONTESTED: This matter is uncontested.

STATUS: This matter will be going forward as scheduled.

11. **Motion for Order (A) Approving Sale Procedures and Bid Protections in Connection with Sale of Certain Assets Owned by the Debtors, (B) Scheduling an Auction and Hearing to Consider Approval of the Sale; (C) Approving Notice of Certain Dates, Times and Places; and (D) Granting Related Relief (Shares of VarTec Europe)Counsel** [Docket No. 192]

CONTESTED/UNCONTESTED: This matter is uncontested.

STATUS: This matter will be going forward as scheduled.

12. **Application to Employ Kane, Russell, Coleman & Logan, P.C. as Special Counsel** [To Be Filed] (interim hearing to be requested)

CONTESTED/UNCONTESTED: This matter is uncontested.

STATUS: This matter will be going forward as scheduled.

13. **Application to Approve Employment of Houlihan Lokey Howard & Zukin Capital Group as Investment Bankers for the Debtors** [To Be Filed] (interim hearing to be requested)

CONTESTED/UNCONTESTED: This matter is uncontested.

STATUS: This matter will be going forward as scheduled.

Contested Matters

1. **Motion to Authorize Rejection of Independent Representatives' Agreements and Brief in Support** [Docket No. 21]

CONTESTED/UNCONTESTED: This matter is contested.

Response to Motion to Authorize Rejection of Independent Representatives' Agreements and Brief in Support filed by Shuvea Fontaine [Docket No. 179]

Response to Motion to Authorize Rejection of Independent Representatives' Agreements and Brief in Support filed by Patrick Monahan [Docket No. 181]

Objection to Motion to Authorize Rejection of Independent Representatives' Agreements and Brief in Support filed by Alma Sliger [Docket No. 182]

Objection to Motion to Authorize Rejection of Independent Representatives' Agreements and Brief in Support filed by Michael Derosiers [Docket No. 183]

Objection to Motion to Authorize Rejection of Independent Representatives' Agreements and Brief in Support filed by SSJ Enterprises, Inc. [Docket No. 200]

STATUS: The Debtors request that the Court reschedule this matter for hearing on December 2, 2004, at 2:30 p.m. The RTFC, the Official Committee of Unsecured Creditors, and Gerrit Pronske, proposed counsel for certain of the independent representatives, support the Debtors' request.

2. **Expedited Motion to Confirm Authority to Pay Prepetition Sales, Use and Other Taxes** [Docket No. 17];

CONTESTED/UNCONTESTED: This matter is contested.

Objection to Expedited Motion to Confirm Authority to Pay Prepetition Sales, Use and Other Taxes filed by Creditor Qwest Corporation/Qwest Communications Corporation [Docket No. 78]

STATUS: The Debtors will request that the portion of the motion that was continued until November 22, 2004 be withdrawn, without prejudice.

3. **Motion for Interim and Final Orders (i) Authorizing the Debtors to Use Cash Collateral, (ii) Authorizing the Debtors to Incur Post-Petition Financing on an Interim and Final Basis with Superpriority Over Administrative Expenses and Secured by Senior Priming Liens, (iii) Scheduling a Final Hearing and Establishing Notice Requirements, and (iv) Granting Related Relief** [Docket No. 32] (final hearing)

CONTESTED/UNCONTESTED: This matter is contested.

Joint Objection to Motion for Interim and Final Orders (i) Authorizing the Debtors to Use Cash Collateral, (ii) Authorizing the Debtors to Incur Post-Petition Financing on an Interim and Final Basis with Superpriority Over Administrative Expenses and Secured by Senior Priming Liens, (iii) Scheduling a Final Hearing and Establishing Notice Requirements, and (iv) Granting Related Relief filed by Bellsouth Telecommunications, Inc., Qwest Corporation/Qwest Communications Corporation, Verizon Operating Telephone Companies, MCI WorldCom Network Services, Inc. and MCI WorldCom Communications, Inc. [Docket No. 87]

Limited Objection to Motion for Interim and Final Orders (i) Authorizing the Debtors to Use Cash Collateral, (ii) Authorizing the Debtors to Incur Post-

Petition Financing on an Interim and Final Basis with Superpriority Over Administrative Expenses and Secured by Senior Priming Liens, (iii) Scheduling a Final Hearing and Establishing Notice Requirements, and (iv) Granting Related Relief filed by Billing Concepts, Inc. [Docket No. 197]

Limited Objection to Motion for Interim and Final Orders (i) Authorizing the Debtors to Use Cash Collateral, (ii) Authorizing the Debtors to Incur Post-Petition Financing on an Interim and Final Basis with Superpriority Over Administrative Expenses and Secured by Senior Priming Liens, (iii) Scheduling a Final Hearing and Establishing Notice Requirements, and (iv) Granting Related Relief filed by Unipoint Holdings, Inc. [Docket No. 208]

STATUS: This matter will be going forward as scheduled. The Debtors will request that the Court grant it interim relief and set this matter for a final hearing on December 2, 2004, at 2:30 p.m. The RTFC and the Official Committee of Unsecured Creditors support the Debtors' request to set the final hearing on December 2, 2004.

Please contact me with any questions. Thank you.

Very truly yours,

/s/ William L. Wallander

William L. Wallander

cc: Master Service List