

08/15/00 09:57 FAX 319 298 7006

303 592 2789 TO 3038967473

MCLEODUSA EXECUTIVE

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0002

P-421/C-02-197
DOC 08-212
Trade Secret Attachment 7

McLeodUSA™

Brian O Fisher
Group Vice President
McLeodUSA
2765 E Cottonwood Pkwy Suite 300
Salt Lake, UT 84121

August 15, 2000

Confidential

Mr. Gregory Casey
Executive Vice President
Qwest Corporation
1801 California St Suite 5200
Denver, CO 80202

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CONTAINS TRADE SECRET DATA

Dear Greg:
[Trade Secret Data Begins

As a follow up to our meeting on July 19th, I wanted to put in writing our business proposal and express our appreciation and support for the direction that the 'new Qwest' is heading. We firmly believe that wholesale services should be a cornerstone of your in-region business and we also believe that McLeodUSA is strongly positioned to be your flagship provider of these services across the legacy USWest territory. What we came away with, based on our discussions, is that the new Qwest is not about being an RBOC driven by regulatory events and driven to keep what it has, rather, it will be a communications provider interested in growth and in increased revenues. To this end, our teams have been working together over that last 3 weeks to develop a business and product plan that would meet the following objectives: 1) Give McLeodUSA a reduction in rates associated with resale in order to more fully penetrate the region and to incent McLeodUSA to stay on the Qwest network, 2) Create a predictable and increasing revenue run-rate for Qwest 3) Allow resale of enhanced services such as Voice Mail and DSL. In addition, we would look at cost avoidance opportunities (LIS Trunking and Core deployment) and out of region revenue opportunities.

The culmination of the past 3 weeks has not yielded the most productive results as it relates to terms and conditions of a new McLeodUSA/Qwest business to business agreement. As a result, I felt it may be more productive to summarize our proposition in a letter that the two of us could use as a working document. In addition, I wanted to provide you with a high level overview of the total revenue impact we believe Qwest will experience with the proposal.

Overview of Proposed Deal Structure

- Per state 'UNE-P like' pricing on the platform of Qwest's choosing, effective June 1, 2000
 - Transparent migration of existing Centrex and 4FB customers to new pricing plan with no Service Order Charge
- Access Revenue minutes to be billed by McLeodUSA
- Pricing commitment for a period of 24 or 36 months with percentage discount breaks above minimums. With appropriate downward adjustments based on retail rates.
- Allow for new platform to be sold throughout the region
- McLeodUSA to delay or cancel colocations commensurate with new rates and based on capacity avoidance
- Ability for McLeodUSA to resale Voice Mail at a 25% off retail with minimum commitments
- McLeodUSA to resale DSL and .Net services at 25% off retail with minimum commitments
- Flat Rate for all PRI's in-region, \$150/line.

MCLEODUSA TECHNOLOGY PARK 5400 C STREET SW PO BOX 3177 CEDAR RAPIDS, IA 52406-3177
PHONE 319-364-0300 FAX 319-298-7015 <http://www.mcleodusa.com>

• Page 2

August 15, 2000

Greg, as you can see from the overview, it is our intention to receive a reduction in our monthly billings, but at the same time put some revenue targets in place in order to encourage McLeodUSA to make the revenue numbers grow for Qwest. In order to help visualize the impact to your business, we have provided a synopsis of the revenue analysis that Jim Balvanz created for our meeting with Audrey McKenney on July 28th. The numbers used in the analysis are definitely open to discussion, but after several conversations with your folks we believe that they are very close.

Estimated Monthly Run Rate Analysis for Qwest

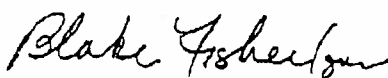
Current McLeodUSA Imbedded Business Base	\$ 8.2 M
Same Base after Year 3, McLeodUSA converts to UNE-L	\$ 4.5 M
If we implement new UNE-Z pricing today	\$ 6.6 M
Adds (estimate at the end of year 3):	
McLeodUSA to delay UNE-L Deployment	\$.8 M
Added CO's McLeodUSA can sale into In-region	\$ 4.5 M
New Monthly Run Rate for Qwest	\$11.9 M

*Additional Revenue from DSL, Voice Mail, PRI and Out of Region not included. Audrey McKenney has been supplied with the projections for these products.

**PRI calculation also included in documentation provided to Audrey McKenney.

Greg, as the numbers clearly portray, this is a win-win business arrangement for McLeodUSA and the new Qwest. If you agree, I would suggest that we move to a definitive agreement as quickly as possible.

Sincerely,



Blake O. Fisher
Group Vice President
McLeodUSA

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3 PAGES

to Audrey McKenney
303-896-7473

Audrey-

Greg would like you
to review the following

-Gwen

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McLeod

PRIVILEGED & CONFIDENTIAL - FOR DISCUSSION PURPOSES

Outline of Major Terms
September 19, 2000

*back to
Judy,
Trinkler
Copy -
Jaz +
Bill E.,
Freddie,
Arthur
Villey B*

[Trade Secret Data Begins

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DOC 08-212
Trade Secret Attachment

1. Q will provide billing tapes to allow M to bill access charges starting with usage for the month of October (or possibly September - Q to confirm) and going forward. M will not charge Q access rates on M platform lines at a rate higher than the rate Q charges M. Q will pay M [\$18 million] to settle a past billing dispute over access charges for the [2d & 3d] quarter of 2000 and a release of claims for a new M platform from the date of M's request. M will pay Q [\$29 million] for conversion and termination fees associated with the changes to a new M platform created by the parties. (Judy and Stacey to work on platform issues and details) (Audrey needs to confirm whether 2d quarter settlement is available).
2. Q will offer v.m. & DSL (& .net - to be confirmed by Q) to M region-wide at retail rates, subject to paragraph 6. In addition, if any new products offered by Q the parties will meet to discuss product offerings through a business-to-business relationship.
3. Q will develop state-by-state M local platform pricing for services (including & not limited to loops, ports, features, etc.) for a 36 month period (M to identify features it desires to sell and provide to Q by 9/22) (Q to provide pricing by 9/29).
4. M will provide information to allow Q to develop LD rates by 9/22 and Q will provide LD pricing by 9/29.
5. Within 2 days after receipt of pricing, M will deliver a forecast based on the rate information and will propose a 36 month total revenue commitment to Q (including revenue from all services and products purchased by M from Q, including & not limited to new M platform, resale, LD, Private line, v.m., DSL, DIA, etc.) with a firm, substantial portion of the total commitment in the form of "take or pay." In the event of significant competitive pressures, the parties agree to provide for a review of the pricing. The parties will address a review of the 'take-or-pay' amount in the event Q can not or does not provide services substantially in accordance with the agreement.
6. Based on the proposed commitment by M, within 5 business days, Q will propose volume and term discounts based on quarterly revenue targets, to be paid back to M by Q on a quarterly basis.
7. As a condition to Q completing this transaction, M must take a neutral stance on Q 271 relief and agree to develop a joint press release with Q announcing this arrangement. M and Q will work jointly on service standards. This is a material provision of this agreement.
8. The parties will continue to work on a program for securitization of receivables to allow capitalization by M (Audrey is working on these details and will provide input by 9/29).
9. The parties will continue work on an agreement to address M trunking needs. (Audrey to investigate pricing issues and provide ideas for how M can help address these issues and M needs to update LIS forecast by 9/29).
10. The parties will develop a clear escalation process to address problems, issues, disputes and concerns raised by the parties.

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McLeodUSA Discussion 9/29/00

Prepared By: Freddi Pennington

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UNE McLeod Platform

9/29/00

This document is provided to McLeodUSA for discussion purposes only. The information contained in this document does not constitute an offer by Qwest, nor does it create any agreement or legal obligation binding on Qwest. All listed products, services, prices and availability are subject to change.

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Overview

[Trade Secret Data Begins

- McLeod UNE Platform (ordered as Resale finished services 1FR, 1FB, Centrex).
 - Incentive discount plan for 500M Revenue Commitment
 - Maintains current Resale discount plans.
 - Additional Resale Revenue discount
 - 12% year 1
 - 14% year 2
 - 16% year 3
 - Out of Region Revenue discount TBD
 - Voice Messaging Service will be offered at 100% retail rates.
 - Co-Location, Interstate Private Line, LIS Trunking, and SWACC at 100% Wholesale rates
 - Quarterly check issued to rebate based on Resale recurring billing.
 - Three (3) year regional revenue commitment of 500M.
 - No Special Access conversions to UNE-P.

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UNE McLeod Platform

9/29/00

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UNE McLeod Platform Advantages:

- Services not offered with UNE-P are with UNE-M.
 - Voice Messaging Service
 - DSL Service
 - AIN Service

- Numerous Conversion Costs with UNE-P.
 - Backroom Costs
 - Non-recurring Costs
 - Termination Liability Amount
 - Training Costs

- No Stabilized Pricing with UNE-P.
 - Minutes of Use (MOU) vs. Resale flat rated service.
 - Dial-up traffic concerns
 - 8th Circuit Court Decision
 - FCC CLEC Mandatory Detariffing

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UNE McLeod Platform

9/29/00

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UNE-M

- Provides deeper discounts for long-term relationship.
- Reduces costs associated with UNE-P conversion.
- Enhances existing resale discount plans.
- Takes advantage of existing systems today.
- Relatively easy to implement.

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UNE McLeod Platform

9/29/00

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Pricing

	Base	Yr1	Yr2	Yr3	Total
Revenue Commitment	98M	107M	119M	134M	360M
Growth Commitment	9%	11%	13%		
Resale YE Discount		12%	14%	16%	
Incentive Amount		<u>12.8M</u>	<u>16.6M</u>	<u>21.4M</u>	<u>50.8M</u>
Net Revenue		94.0M	102.0M	112.6M	308.6M

1.41M per month reduction

Based on maximum total line composition of:

Centrex = 95%

1FB = 5%

1FR = 0%

* Continue Exploring Capital Lease Program

UNE McLeod Platform

9/29/00

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Revenue Comparison

Category	Revenue	Effective % Margin	Marginal Revenue	Effective % Margin
Resale Revenue	\$ 98,000,000		\$ 18,620,000	19%
95% Centrex	\$ 93,100,000	18%	\$ 16,758,000	
5% 1FB	\$ 4,655,000	40%	\$ 1,862,000	
Out-of-Region Revenue	4,500,000	22%	\$ 990,000	22%
Wholesale Revenue	55,200,000	0%	\$ -	0%
SWACC				
PLTS (interstate)	35,000,000	0%	\$ -	
LIS	12,000,000	0%	\$ -	
Co-Location	19,000,000	0%	\$ -	
Annual McLeod Revenue	\$ 157,700,000		\$ 19,610,000	12.44%
3 Year Revenue Commitment	\$ 500,000,000			
3 Year Wholesale Revenue (no growth)	\$ 165,600,000			
Resale and Out-of-Region Portion of Commitment	\$ 334,400,000			
Revenue Commitment = 4.25% Growth on Resale and Out-of-Region Base Year	\$ 102,500,000			
Year 1	\$ 106,856,250	4.25%		
Year 2	\$ 111,397,641	4.25%		
Year 3	\$ 116,132,040	4.25%		
	\$ 334,385,931			

9/29/00

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McLeod Pricing Plan

Subject: McLeod Pricing Plan

Date: Mon, 11 Sep 2000 17:20:59 -0600

From: "Freddi Pennington" <ppennin@uswest.com>

To: axmcken@uswest.com, aibarra@uswest.com

CC: sxwood@uswest.com


REC'D

11 2000

Audrey:

Here is the McLeod Resale Revenue Commitment Plan Presentation.

(See attached file: McLeod Pricing Plan Pres 8-28.ppt)

 McLeod Pricing Plan Pres 8-28.ppt	Name: McLeod Pricing Plan Pres 8-28.ppt Type: Microsoft PowerPoint Show (application/vnd.ms-powerpoint) Encoding: base64 Description: Microsoft PowerPoint 97
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McLeodUSA Meeting Discuss New Resale Pricing Plan

Prepared By: Freddi Pennington

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Resale Revenue Commitment Incentive Plan

8/21/00

Subject to Management Approval
Confidential and Proprietary - Information is not an
offer, for discussion purposes only.



Overview

- Incentive discount plan for Resale finished services (1FR, 1FB, Centrex).
 - Resale Revenue Commitment Incentive Plan.
 - Voice Messaging Service will be offered.
 - Year end wire-transfer rebate based on Resale recurring billing.
 - Discount increases each year as revenue increases.
 - Five (5) year regional revenue commitment.
 - Maintains current Resale discount plans.
 - No Special Access conversions to UNE-P.

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Resale Revenue Commitment Incentive Plan

8/21/00

Subject to Management Approval
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Purpose



- Offer attractive alternative for Resale to UNE-P conversion.
- Offer incentive for long-term revenue commitment.
- Reduce costs of conversion for Reseller and Qwest.
- Ensure rapid and easy implementation.

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Resale Revenue Commitment Incentive Plan

8/21/00

Subject to Management Approval
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UNE-P Conversion Concerns:

- Some services will not be offered with UNE-P.
 - Voice Messaging Service not available
 - DSL Service not available
 - AIN Service not available
- Numerous Conversion Costs.
 - Backroom Costs
 - Non-recurring Costs
 - Termination Liability Amount
 - Training Costs
- No Stabilized Pricing.
 - Minutes of Use (MOU) vs. Resale flat rated service.
 - Dial-up traffic concerns
 - 8th Circuit Court Decision
 - FCC CLEC Mandatory Detariffing

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Resale Revenue Commitment Incentive Plan

8/21/00

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Plan Advantages



- Provides deeper discounts for long-term relationship.
- Reduces costs associated with UNE-P conversion.
- Enhances existing resale discount plans.
- Takes advantage of existing systems today.
- Relatively easy to implement.

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Resale Revenue Commitment Incentive Plan

8/21/00

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5

Pricing



	Base	Yr1	Yr2	Yr3	Yr4	Yr5	Total
Revenue Commitment	98M	106.8	118.6M	134.0M	154.1M	180.3M	693.8M
Growth Commitment		9%	11%	13%	15%	17%	
Resale YE Discount		8%	10%	12%	14%	16%	
Incentive Amount		<u>8.5M</u>	<u>11.9M</u>	<u>16.1M</u>	<u>21.6M</u>	<u>28.9M</u>	<u>87.0M</u>
Net Revenue		98.3M	106.7M	117.9M	132.5	151.4M	606.8M

1.45M per month reduction

Based on total line composition of:

Centrex = 65%

1FB = 20%

1FR = 15%

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* Continue Exploring Capital Lease Program

Resale Revenue Commitment Incentive Plan

8/21/00

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Product Comparison



ELEMENT	Revenue Commitment Plan	Resale 1FR	Resale 1FB	Centrex Plus/ Centreon	Centrex21	UNE-P
Flat Rated	Yes	Yes	Yes	Yes	Yes	No
Regional Offering - 14-state Price	Yes	No	No	No	No	No
Class of Service Restrictions	No Restriction	Residence Only	Business Only	Restricted to Business Only in UT and AZ	Business Only	No Restriction
Administrative Complexity for Co-Provider	Low	Low	Low	High	Moderate	Moderate
Service Interval (Except CO, MN)	3 days	3 days	3 days	5 days	5 days	3 days
Conversion of USW End User	Simple	Simple	Simple	Complex	Moderate	Moderate
Ubiquitous Service	Yes	Yes	Yes	Yes	Yes	No
Avoid Switched Access w/ PLTS	No	No	No	Yes	No	No
Blocking or Routing Issues	No	No	No	Yes	No	No
DSL Service Resale	Yes	Yes	Yes	Yes (4/00)	Yes (4/00)	No
AIN Feature Availability	Complete	Complete	Complete	Limited	Limited	No
Standard Features Included in Price	Centrex-Yes POTS-No	No	No	30 Standard Features	21 Standard Features	Dependent on state
Centrex Management Service Availability	Yes	No (Feature Interval 3 days)	No (Feature Interval 3 days)	Yes	No (Feature Interval 3 Days)	No (Feature Interval 3 days)

Resale Revenue Commitment Incentive Plan

8/21/00

Subject to Management Approval
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7

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mcleod offer.ppt

Subject: mcleod offer.ppt
Date: Mon, 18 Sep 2000 20:13:04 -0600
From: cruffin@uswest.com
Organization: U S WEST Communications, Inc
To: Audrey McKenney <axmcken@uswest.com>, aibarra <aibarra@uswest.com>

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mcleod offer.ppt	Name: mcleod offer.ppt Type: Microsoft PowerPoint Show (application/vnd.ms-powerpoint) Encoding: base64
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Revenue Volume Term Commitment Unbundled Network Element Regional 3 Year Plan

- Potential Centrex UNE Rate \$30.32 - \$34.51
- Current Resale (Excludes CO deaveraging 80% BRA, 20% Zone 1) \$ 29.26
- 3 Year Plan
 - Regional UNE Plan Rate \$29.26
 - Potentially 15% discount from UNE Centrex

McLeodUSA Voice Messaging Penetration Rate Commitment - Take or Pay (based on volume of 278K)
 25% year 1 (10/1/00 - 9/30/01) 2000 Revenue Commitment \$ 1.4M (effective rate 19% based on forecast)
 38% year 2 (10/1/01 - 9/30/02) 2001 Revenue Commitment \$ 1.3M (effective rate 24% based on forecast)
 50% year 3 (10/1/02 - 9/30/03) 2002 Revenue Commitment \$ 16.8M (effective rate 26% based on forecast)

Qwest to provide Switched Access Tapes (Based on 6/00 data annualized @ .04 cents/MOU)
 Annual Revenue \$36M

- 100% Non-Recurring 3.3M = 3.3M
- 50% TLA Waived 15.2M = 7.6M
- Commitment to existing state volume mix 18.5M = 10.9M

• Recalculate weighted price if other states are added or mix is changed

• Year-end true-up to analyze mix

• Reciprocal Switched Access bill rate for these lines only

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- Centrex pricing in every state
- Data IMA Centrex needs → Rob Van Fossen
- Mgmt of common block for a new common block
- Growth in FB or Centrex
- Blocking for dialing
- TLA in IA predata current tariff

Revenue Volume Term Commitment
Unbundled Network Element Regional 3 Year Plan

Global Volume Discount

- Potential Centrex UNE Rate \$30.32 - \$34.51
- Current Resale (Excludes CO deaveraging) \$29.26
- 3 Year Plan
- Regional UNE Plan Rate \$29.26
- Potentially 15% discount from UNE Centrex

McLeodUSA Voice Messaging Penetration Rate Commitment - Take or Pay (based on volume of 278K)

25% year 1 (10/1/00 - 9/30/01)	2000 Revenue Commitment \$ 1.4M (effective rate 19% based on forecast)
38% year 2 (10/1/01 - 9/30/02)	2001 Revenue Commitment \$ 1.3M (effective rate 24% based on forecast)
50% year 3 (10/1/02 - 9/30/03)	2002 Revenue Commitment \$ 16.8M (effective rate 26% based on forecast)

Qwest to provide Switched Access Tapes (Based on 6/00 data annualized @ .04 cents/MOU)
Annual Revenue \$36M

\$ 20M Revenue

- 100% Non-Recurring → 3.3M = 3.3M
- 50% TLA Waived 15.2M = 7.6M
- Commitment to existing state volume mix 18.5M = 10.9M

Capitalized

- NONPUBLIC DOCUMENT
- CONTAINS TRADE SECRET DATA
- Recalculate weighted price if other states are added or mix is changed
- Year-end true-up to analyze mix
- Reciprocal Switched Access bill rate for these lines only

Qwest	\$ 25	NRC
McLeod	14	3Q Tape
4Q Tape	11M	
	9	M

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DOC 343

State Of Minnesota
Department of Commerce
INFORMATION REQUEST

P421/CI-01-1371 and P421/C-02-197

Information Requested From: Qwest Corporation

Information Requested By: Ferguson, Sharon

Date Requested: 07/10/2002

Date Response Due: 07/18/2002

REQUEST:

Admit that Audrey McKenney wrote [TRADE SECRET DATA BEGINS "Global Volume Discount" TRADE SECRET DATA ENDS] on the document attached as Exhibit 15 to these requests.

RESPONSE:

Audrey McKenney wrote [TRADE SECRET DATA BEGINS "Global Volume Discount" TRADE SECRET DATA ENDS] on the document attached as Exhibit 15 to these requests. The notes written by Audrey McKenney reflect McLeod's feedback to a preliminary volume-term plan. Said volume-term plan was never executed.

Respondent: Audrey McKenney

Discount Proposal
[Trade Secret Data Begins

Subject: Discount Proposal

Date: Wed, 18 Oct 2000 11:38:29 -0500

From: "James T. Balvanz" <jbalvanz@McLeodUSA.com>

To: axmcken@uswest.com


CC: "Blake O. Fisher" <bfisher@McLeodUSA.com>,
"Stacey D. Stewart" <sstewart@McLeodUSA.com>

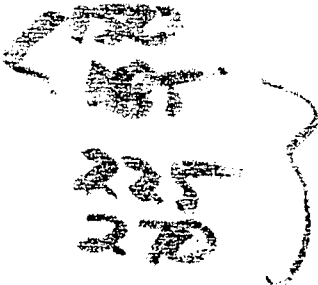
P-421/C-02-197

DOC 08-212

Trade Secret Attachment

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CONFIDENTIAL

McLeodUSA proposes the following discount schedule in its agreement with Qwest:

Gross Revenues per Quarter in Millions	Applicable Discount
40	5.0%
41	5.5%
42	6.0%
43	6.5%
44	7.0%
45	7.5%
46	8.0%
47	8.5%
48	9.0%
49	9.5%
50	10.0%
51	10.5%
52	11.0%
53	11.5%
54	12.0%
55	12.5%
56	13.0%
57	13.5%
58	14.0%
59	14.5%
60	15.0%
61	15.5%
62	16.0%
63	16.5%
64	17.0%
65	17.5%
66	18.0%
67	18.5%
68	19.0%
69	19.5%
70	20.0%

Growth 3% → 5% Discount

Base 79

3.3

12.5%

Today

12B

28%

202

24%

250

17%

293

*Take/Pay
\$300M →
Kendall
Year*

*↳ 10% Market
decline
every year*

← 5%

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Gross revenues are defined as all payments made to Qwest by McLeodUSA and Subsidiaries.
Discounts to be paid via Quarterly Rebate.
Resold Voice Mail & DSL Services will have discounts at the higher of established Qwest discounts or 15

Trade Secret Data Ends]

Summary of Qwest Offer

[Trade Secret Data Begins

Subject: Summary of Qwest Offer

Date: Fri, 20 Oct 2000 00:14:22 -0600

From: Arturo Ibarra Jr <aibarra@uswest.com>

Organization: U S WEST Communications, Inc

To: "jbalvanz@mcleodusa.com" <jbalvanz@mcleodusa.com>


CC: Audrey McKenney <axmcken@uswest.com>, Dan Hult <dhult@uswest.com>

REC'D 2 2000

Jim,

Please see attached. Thanks.

Arturo

 SmmryOfOffer 10 20 00.xls	Name: SmmryOfOffer 10 20 00.xls Type: Microsoft Excel Worksheet (application/vnd.ms-excel) Encoding: base64
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P-421/C-02-197
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MCLEOD WEIGHTED PRICING POINTS FOR NEW OFFERING

	10/17/2000 M01 Counter	Qwest "UNE-M" Offer	Diff	Additional charge for each 100 Minute increment > 525 MOU / Month
AZ	30.80	30.80	-	0.56
CO	32.81	34.00	1.19	0.59
IA*	28.04	28.30	2.28	0.54
ID	25.97	33.15	7.18	0.58
MN	28.94	27.00	(2.94)	0.41
MT	30.07	34.95	4.88	0.60
ND	28.31	28.30	(0.01)	0.52
NE	30.73	35.95	5.22	0.60
NM	29.70	27.15	(2.55)	0.28
OR	26.90	26.90	-	0.34
SD	28.14	29.45	0.31	0.69
UT	22.58	22.60	0.02	0.54
WA	26.79	24.00	(2.79)	0.39
WY	30.05	33.40	3.35	0.72
Avg	28.56	29.71	1.15	

* Verifying legality of offering monthly rate of \$26.04, with an identified opportunity in the event \$26.04 cannot be offered

- RATES APPLY TO EMBEDDED BASE AS OF 10/31/00 AND ASSUME THAT 1FB IS PURCHASED GOING FORWARD
 - 1FR IS NOT ELIGIBLE FOR THESE RATES

- Line rates based upon forecasted volumes

- Prices reflect up to maximum of 525 Minutes per line per month for Local Usage. Usage greater than 525 Minutes will be charged

- Prices exclude Local Usage charges related to toll traffic

- Figures exclude Listings, Voice Messaging, AIN & Non-CLASS features services and DSL. New syntax will be available
figures for prices

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10/20/00 10:43 AM

HereinmyOffer 10_20_00.xls M01View 10_19_00 (2)

MCLEOD TAKE-OR-PAY SUMMARY

	Today	2001	2002	2003	2004	2005	Total	McLeod Proposed Take-or-Pay View
Annual Revenue	155	140	126	113			378	80% of (\$155M * 3)
Growth %		-10%	-10%	-10%				Proposal results in 27% mkt share loss. ((\$113M - \$155M) / \$155M)
Growth \$		(16)	(14)	(13)			(42)	

	Today	2001	2002	2003	2004	2005	Total	Qwest Proposal
Annual Revenue	155	198	246	288			732	Minimum level is today's \$155M annual revenue stream
Growth %		28%	24%	17%				
Growth \$		43	48	42			133	
Take or Pay		78%	63%	54%				
Take or Pay Revenue		155	155	155			465	

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10/20/00 10:43 AM

SmmryOffer 10_20_00.xls ToP for M01

MCLEOD GROWTH & DISCOUNT SCENARIOS

	Today	2001	2002	2003	2004	2005	Total	McLeod Base View
Annual Revenue	155	188	246	288			732	
Growth %		28%	24%	17%				
Growth \$		43	48	42			133	
Discount Rate		10%	15%	20%				
Discount \$ (base)		20	37	58			114	
Net Growth		24	11	(16)			18	
Reported Revenue		178	208	230			618	
Effective Annual Growth %		15%	5%	-8%				

	Today	2001	2002	2003	2004	2005	Total	Qwest Proposal Indexing discount w/grwth 2001 10% = McLeod discount schedule for \$50M
Annual Revenue	155	198	246	288			732	
Growth %		28%	24%	17%				
Growth \$		43	48	42			133	
Discount Rate		10.0%	8.5%	7.0%				
Discount \$ (base)		20	21	20			61	
Net Growth		24	27	22			72	
Reported Revenue		179	225	288			671	
Effective Annual Growth %		15%	13%	9%				

	Today	2001	2002	2003	2004	2005	Total	Qwest Proposal Floor Indexing discount w/grwth 2001 8.5% = McLeod discount schedule for \$47M
Annual Revenue	155	189	225	257			671	
Growth %		22%	19%	14%				
Growth \$		34	36	32			102	
Discount Rate		8.5%	6.5%	5.0%				
Discount \$ (base)		16	15	13			44	
Net Growth		18	21	19			58	
Reported Revenue		173	210	244			627	
Effective Annual Growth %		12%	11%	8%				

Trade Secret Data Ends]

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SmmvOffer 10_20_00.xls DiscountSmmvForM01

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CONTAINS TRADE SECRET DATA

10/20/00 10:43 AM

Revised Summary

[Trade Secret Data Begins

Subject: Revised Summary
Date: Fri, 20 Oct 2000 09:09:54 -0600
From: Arturo Ibarra Jr <aibarra@uswest.com>
Organization: U S WEST Communications, Inc
To: "jbalvanz@mcleodusa.com" <jbalvanz@mcleodusa.com>

P-421/C-02-197
DOC 08-212
Trade Secret Attachment

Jim,

2 things have changed.

1. On Take-or-pay, we changed commitment from \$155M for all three years to \$155M, \$165M, \$175M for each year, respectively. This is to raise our agreement to the \$500M level that Greg initially wanted.

2. I added a not on the "McLeod Growth & Discount" page to note that the discount will not exceed 10%.

Let me know if you have additional questions.

Thanks,
Arturo
303-965-4324

<input type="checkbox"/> SmmryOfOffer 10 20 00.xls	Name: SmmryOfOffer 10_20_00.xls Type: Microsoft Excel Worksheet (application/vnd.ms-excel) Encoding: base64
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Trade Secret Data Ends]

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CONTAINS TRADE SECRET DATA

[Trade Secret Data Begins

Counter Proposal to Qwest Offer Dated 10/20/2000

1. Take or Pay Provision – The take or pay provision will have a minimum revenue commitment set at \$480M over the three year period. A basis for this by year is \$150M (Yr 1), \$160M (Yr 2), \$170M (Yr 3). In addition, the take or pay provisions will have conditions to lower the minimum revenue commitment in situations where certain conditions have had an adverse effect on the revenue stream.
2. There will be a wholesale discount on Voice Mail and DSL. *- promotion Waive*
3. There will be a 25% discount on Resale IntraLATA Toll Costs.
4. The discount schedule will be as previously offered by McLeodUSA except that it will be capped at 15%. In addition, the discount will begin 4th Quarter, 2000. It is our expectation that the discount schedule as well as certain other items will be reviewed on an annual basis.
5. Iowa rates will be at the \$26.04 rate.

Trade Secret Data Ends]

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Trade Secret Data Begins

MCLEOD WEIGHTED PRICING POINTS FOR NEW OFFERING

(Based on McLeod's Projected Features)

	Weighted Resale		Weighted UNE-P Low		Weighted UNE-P High		Weighted Proposed Rate					
	Cix 21	1FB	Cix 21	1FB	Cix 21	1FB	Discount	Rate				
AZ	62.75	39.23	44.95	29.66	31.78	29.69	34.39	36.51	34.42	11.24	33.71	
CO	35.00	33.98	46.08	31.53	33.84	31.56	36.55	38.86	36.58	11.52	34.56	
IA	32.83	25.40	34.43	25.72	28.24	25.73	30.60	33.13	30.62	8.61	25.82	
ID	39.95	63.73	40.60	32.59	34.73	32.64	37.57	39.71	37.62	10.15	30.45	
MN	43.80	41.64	41.67	45.97	37.44	35.21	49.60	41.07	38.84	10.42	31.25	
MT	62.64	44.31										
ND	37.86	30.15	42.11	25.24	27.38	25.26	29.63	31.77	29.66	11.08	33.23	
NE	40.08	57.55	47.11	40.71	42.84	40.75	54.75	56.88	54.79	10.53	31.58	
NM	62.80	43.84										
OR	36.07	40.34	36.25	26.06	28.18	26.09	29.05	31.17	29.09	10.96	32.88	
SD	43.47	30.96	44.56	27.09	29.25	27.11	32.87	35.03	32.89	11.14	33.42	
UT	33.28	49.50	33.78	22.17	24.30	22.21	26.78	28.91	26.82	8.44	25.33	
WA	30.75	39.18	35.92	22.25	24.36	22.28	26.86	28.97	26.89	8.98	26.94	
WY	40.22	37.68	48.20	31.10	33.13	31.12	37.11	39.15	37.13	12.05	36.15	
Avg	39.67	43.91	41.70	30.01	31.23	29.19	35.48	36.46	34.42	10.43	31.28	
Discount off Resale			24.4%		28.9%		10.6%		17.0%		17.5%	
Midway Discount off Resale							17.5%		22.9%		23.7%	

- Figures are weighted to reflect monthly per-line revenue and forecasted features per McLeod
- All line rates are deaveraged.
- Figures exclude Listings, voice messaging, AIN services and DSL.
- Assumes features are priced separately from the port.
- Includes McLeod Assumptions for feature penetration for Call Forwarding, Call Waiting, Caller ID, Hunting and Last Call Return.
- UNE prices include assumption for local usage

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10/17/00 11:27 AM

*Copy
Old Rates*

Old Rates

P-421/C-02-197
DOC 08-212
Trade Secret Attachment

McLeodreg M01View

MCLEOD PRICING SCENARIOS

CURRENT M01 BUYING PATTERN										
	Resale			UNE-P Low			UNE-P High			Volumes
	Ctx 21	Ctx	1FB	Ctx21	Ctx	1FB	Ctx21	Ctx	1FB	
AZ	62.18	33.58	41.15	29.18	31.27	29.24	33.91	36.00	33.96	
CO	33.95	31.59	46.08	26.57	28.85	26.82	31.59	33.87	31.84	43,949
IA	32.32	23.91	33.46	25.69	28.20	25.66	30.66	33.17	30.54	131,862
ID	39.89	55.86	34.01	32.60	34.69	32.64	37.57	39.66	37.61	3,153
MN	29.92	39.23	39.67	24.48	26.68	24.58	24.48	30.30	28.21	49,445
MT										1,940
ND	36.32	26.34	39.94	26.49	28.60	27.40	30.88	33.00	31.79	20,011
NE	39.18	50.06	41.79	40.33	42.42	36.47	54.38	56.47	42.25	527
NM										
OR	36.33	38.75	35.62	20.74	22.83	21.56	23.73	25.82	24.55	
SD	41.82	25.78	41.08	29.16	31.29	29.98	34.94	37.07	35.76	16,091
UT	32.32	44.71	31.32	20.91	23.00	21.81	25.52	27.61	26.42	415
WA	31.76	35.28	32.31	17.92	20.01	18.55	22.53	24.62	23.16	
WY	37.63	31.64	48.20	37.54	39.58	42.31	43.58	45.67	46.33	16,835
Avg	37.80	36.39	38.72	27.63	29.78	28.08	32.81	35.26	32.87	533
										Month
										7,956
										Qtr
										23,867
	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	
				26.9%	18.2%	27.5%	13.2%	3.1%	15.1%	
							20.0%	10.6%	21.3%	

Dscnt off Rt
Dscnt off Resale
Midway Discount off Resale

USING M01'S FORECASTED PENETRATION RATES FOR FEATURES											
	Resale			UNE-P Low			UNE-P High			Month	Qtr
	Ctx 21	Ctx	1FB	Ctx21	Ctx	1FB	Ctx21	Ctx	1FB		
AZ	62.75	39.23	44.95	29.21	31.32	29.24	33.93	36.05	33.96	33.71	
CO	35.00	33.98	46.08	26.63	28.94	26.66	31.65	33.96	31.68	34.56	43,949
IA	32.83	25.40	34.43	25.69	28.22	25.71	30.67	33.19	30.68	25.82	131,862
ID	39.95	63.73	40.60	32.59	34.73	32.64	37.57	39.71	37.62	30.45	3,153
MN	30.80	41.64	41.67	24.51	26.76	24.54	28.13	30.39	28.16	31.25	49,445
MT										1,545	
ND	37.86	30.15	42.11	26.59	28.72	26.61	30.98	33.12	31.01	31.58	20,011
NE	40.08	57.55	47.11	40.37	42.50	40.41	54.42	56.55	54.46	35.33	532
NM											
OR	36.07	40.34	36.25	20.72	22.84	20.76	23.71	25.84	23.75	27.19	
SD	43.47	30.96	44.56	29.26	31.41	29.28	35.03	37.19	35.06	33.42	16,091
UT	33.28	49.50	33.78	20.97	23.09	21.00	25.58	27.70	25.61	25.33	538
WA	30.75	39.18	35.92	17.86	19.97	17.89	22.47	24.58	22.50	26.94	
WY	40.22	37.68	48.20	37.66	39.69	37.68	43.67	45.70	43.69	36.15	16,835
Avg	38.59	40.78	41.30	27.67	29.85	27.70	33.15	35.33	33.18	609	
										Month	
										8,247	
										Qtr	
										24,742	
	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!		
				28.3%	26.8%	32.9%	14.1%	13.4%	19.7%		
							21.2%	20.1%	26.3%		

Dscnt off Rt
Dscnt off Resale
Midway Discount off Resale
(13.00)

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USING M01'S FORECASTED PENETRATION RATES FOR FEATURES w/IDEAVERAGED LINE RATES												
	Resale			UNE-P Low			UNE-P High			Resale	Prop	High
	Ctx 21	Ctx	1FB	Ctx21	Ctx	1FB	Ctx21	Ctx	1FB	1FB	Rate	Diff
AZ	62.75	39.23	44.95	29.66	31.78	29.69	36.51	34.42	34.42	44.95	33.71	4.05
CO	35.00	33.98	46.08	31.53	33.84	31.56	36.55	38.86	36.58	46.08	34.56	3.03
IA	32.83	25.40	34.43	25.72	28.24	25.73	30.60	33.13	30.62	34.43	25.82	0.42
ID	39.95	63.73	40.60	32.59	34.73	32.64	37.57	39.71	37.62	40.60	30.45	(2.14)
MN	30.80	41.64	41.67	45.97	37.44	35.21	49.60	41.07	38.94	41.67	31.25	(3.96)
MT												(3.96)
ND	37.86	30.15	42.11	25.24	27.38	25.26	29.63	31.77	29.66	42.11	31.58	6.35
NE	40.08	57.55	47.11	40.71	42.84	40.75	54.75	56.88	54.79	47.11	35.33	(4.75)
NM												(5.37)
OR	36.07	40.34	36.25	26.06	28.18	26.09	29.05	31.17	29.09	36.25	27.19	1.13
SD	43.47	30.96	44.56	27.09	29.25	27.11	32.87	35.03	32.89	44.56	33.42	6.33
UT	33.28	49.50	33.78	22.17	24.30	22.21	26.78	28.91	26.82	33.78	25.33	3.16
WA	30.75	39.18	35.92	22.25	24.36	22.28	26.89	28.97	26.89	35.92	26.94	4.69
WY	40.22	37.68	48.20	31.10	33.13	31.12	37.15	39.15	37.13	48.20	36.15	5.05
Avg	39.67	40.78	41.30	30.01	31.29	29.14	35.48	36.76	34.61	41.30	30.98	1.95
												29.11
												1.87
				24.4%	23.3%	29.5%	10.6%	9.8%	16.2%			
							17.5%	16.6%	22.8%			

Dscnt off Resale
Midway Discount off Resale

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MCLEOD PRICING SCENARIOS

CURRENT M01 BUYING PATTERN											
	Retail		Resale			UNE-P Low			UNE-P High		
	Cbx 21	1FB	Cbx 21	Cbx	1FB	Cbx21	Cbx	1FB	Cbx21	Cbx	1FB
AZ	73.79	48.33	62.18	33.58	41.15	29.18	31.27	29.24	33.91	36.00	33.96
CO	38.74	55.06	33.95	31.59	46.08	26.57	28.85	26.82	31.59	33.87	31.84
IA	38.49	42.11	32.32	23.91	33.46	25.69	28.20	25.66	30.66	33.17	30.54
ID	46.85	39.70	39.89	55.86	34.01	32.60	34.69	32.64	37.57	39.66	37.61
MN	34.75	46.71	29.92	39.23	39.67	24.48	26.68	24.58	24.48	30.30	28.21
MT											
ND	41.48	46.07	36.32	26.34	39.94	26.49	28.60	27.40	30.88	33.00	31.79
NE	46.14	49.62	39.18	50.06	41.79	40.33	42.42	36.47	54.38	56.47	42.25
NM											
OR	43.93	43.06	36.33	38.75	35.62	20.74	22.83	21.56	23.73	25.82	24.55
SD	47.86	47.14	41.82	25.78	41.08	29.16	31.29	29.98	34.94	37.07	35.76
UT	38.85	34.45	32.32	44.71	31.32	20.91	23.00	21.81	25.52	27.61	26.42
WA	36.21	36.90	31.76	35.28	32.31	17.92	20.01	18.55	22.53	24.62	23.16
WY	37.63	46.47	37.63	31.64	48.20	37.54	39.56	42.31	43.56	45.57	48.33
Avg	43.73	44.80	37.80	36.39	38.72	27.63	29.78	28.08	32.81	35.26	32.87
Dscnt off Rtl			13.6%	18.8%	13.6%	36.8%	33.5%	37.3%	25.0%	21.3%	26.6%
Dscnt off Resale						26.9%	18.2%	27.5%	13.2%	3.1%	15.1%
Midway Discount off Resale									20.0%	10.6%	21.3%

USING M01's FORECASTED PENETRATION RATES FOR FEATURES											
	Retail		Resale			UNE-P Low			UNE-P High		
	Cbx	1FB	Cbx 21	Cbx	1FB	Cbx21	Cbx	1FB	Cbx21	Cbx	1FB
AZ	74.49	50.85	62.75	39.23	44.95	29.21	31.32	29.24	33.93	36.05	33.96
CO	40.26	51.51	35.00	33.98	46.08	26.63	28.84	26.66	31.65	33.96	31.68
IA	39.50	39.48	32.83	25.40	34.43	25.69	28.22	25.71	30.67	33.19	30.68
ID	46.93	45.44	39.95	63.73	40.60	32.59	34.73	32.64	37.57	39.71	37.62
MN	35.82	47.78	30.80	41.64	41.67	24.51	26.76	24.54	28.13	30.39	28.16
MT											
ND	43.32	46.31	37.86	30.15	42.11	26.59	28.72	26.61	30.98	33.12	31.01
NE	47.26	53.12	40.08	57.55	47.11	40.37	42.50	40.41	54.42	56.55	54.46
NM											
OR	43.60	43.04	36.07	40.34	36.25	20.72	22.84	20.76	23.71	25.84	23.75
SD	49.82	48.78	43.47	30.96	44.56	29.26	31.41	29.28	35.03	37.19	35.06
UT	39.95	36.14	33.28	49.50	33.78	20.97	23.09	21.00	25.58	27.70	25.61
WA	35.01	40.22	30.75	39.18	35.92	17.86	19.97	17.89	22.47	24.58	22.50
WY	40.22	48.20	40.22	37.68	48.20	37.66	39.69	37.68	43.67	45.70	43.69
Avg	44.68	45.91	38.59	40.78	41.30	27.67	29.85	27.70	33.15	35.33	33.18
Dscnt off Rtl			13.6%	11.2%	10.0%	38.1%	35.0%	38.7%	25.8%	23.0%	27.7%
Dscnt off Resale						28.3%	26.8%	32.9%	14.1%	13.4%	19.7%
Midway Discount off Resale									21.2%	20.1%	26.3%

(13.00)

USING M01's FORECASTED PENETRATION RATES FOR FEATURES w/DEAVERAGED LINE RATES																
	Retail		Resale			UNE-P Low			UNE-P High			Resale	Prop	High	Low	diff
	Cbx21	1FB	Cbx 21	Cbx	1FB	Cbx21	Cbx	1FB	Cbx21	Cbx	1FB					
AZ	83.19	73.29	62.75	39.23	44.95	29.66	31.78	29.69	34.39	36.51	34.42	44.95	33.71	(0.68)	29.66	4.05
CO	48.33	69.27	35.00	33.98	46.08	31.53	33.84	31.56	36.55	38.86	36.58	46.08	34.56	(1.99)	31.53	3.03
IA	50.94	61.51	32.83	25.40	34.43	25.77	28.30	25.79	30.60	33.13	30.62	34.43	25.82	(4.78)	25.40	0.42
ID	56.75	62.18	39.95	63.73	40.60	32.59	34.73	32.64	37.57	39.71	37.62	40.60	30.45	(7.11)	32.59	(2.14)
MN	37.88	62.13	43.80	41.64	41.67	45.97	37.44	35.21	49.60	41.07	38.84	41.67	31.25	(7.59)	35.21	(3.96)
MT																
ND	46.13	68.58	37.86	30.15	42.11	25.24	27.38	25.26	29.63	31.77	29.66	42.11	31.58	1.95	25.24	6.35
NE	51.09	70.39	40.08	57.55	47.11	40.71	42.84	40.75	54.75	56.88	54.79	47.11	35.33	(19.42)	40.08	(4.75)
NM																
OR	48.88	59.68	36.07	40.34	36.25	26.06	28.18	26.09	29.05	31.17	29.09	36.25	27.19	(1.86)	26.06	1.13
SD	53.18	69.00	43.47	30.96	44.56	27.09	29.25	27.11	32.87	35.03	32.89	44.56	33.42	0.55	27.09	6.33
UT	62.41	54.28	33.28	49.50	33.78	22.17	24.30	22.21	28.78	28.91	26.82	33.78	25.33	(1.45)	22.17	3.16
WA	45.61	51.86	30.75	39.18	35.92	22.25	24.36	22.28	26.88	28.97	26.89	35.92	26.94	0.08	22.25	4.69
WY	42.08	67.97	40.22	37.68	48.20	31.10	33.13	31.12	37.11	39.15	37.13	48.20	36.15	(0.96)	31.10	5.05
Avg	52.21	64.18	39.67	40.78	41.30	30.01	31.29	29.14	35.48	36.76	34.61	41.30	30.98	(3.61)	24.89	1.67
Dscnt off Rtl			24.0%	36.5%	35.6%	42.5%	51.2%	54.6%	32.0%	42.7%	46.1%					
Dscnt off Resale						24.3%	23.3%	29.4%	10.6%	9.8%	16.2%					
Midway Discount off Resale									17.5%	16.5%	22.8%					

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MCLEOD PRICING SCENARIOS

CURRENT M01 BUYING PATTERN									
	Resale			UNE-P Low			UNE-P High		
	Cbx 21	Cbx	1FB	Cbx21	Cbx	1FB	Cbx21	Cbx	1FB
	AZ	62.18	33.58	41.15	29.18	31.27	29.24	33.91	36.00
CO	33.95	31.59	46.08	26.57	28.85	26.82	31.59	33.87	31.84
IA	32.32	23.91	33.46	25.69	28.20	25.66	30.66	33.17	30.54
ID	39.89	55.86	34.01	32.60	34.69	32.64	37.57	39.66	37.61
MN	29.92	39.23	39.67	24.48	26.68	24.58	24.48	30.30	28.21
MT									
ND	36.32	26.34	39.94	26.49	28.60	27.40	30.88	33.00	31.79
NE	39.18	50.06	41.79	40.33	42.42	36.47	54.38	56.47	42.25
NM									
OR	36.33	38.75	35.62	20.74	22.83	21.56	23.73	25.82	24.55
SD	41.82	25.78	41.08	29.16	31.29	29.98	34.94	37.07	35.76
UT	32.32	44.71	31.32	20.91	23.00	21.81	25.52	27.61	26.42
WA	31.76	35.28	32.31	17.92	20.01	18.55	22.53	24.62	23.16
WY	37.63	31.64	48.20	37.54	39.56	42.31	43.56	45.57	48.33
Avg	37.80	36.39	38.72	27.63	29.78	28.08	32.81	35.26	32.87
Dscnt off Rtl	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
Dscnt off Resale				26.9%	18.2%	27.5%	13.2%	3.1%	15.1%
Midway Discount off Resale							20.0%	10.6%	21.3%

USING M01'S FORECASTED PENETRATION RATES FOR FEATURES									
	Resale			UNE-P Low			UNE-P High		
	Cbx 21	Cbx	1FB	Cbx21	Cbx	1FB	Cbx21	Cbx	1FB
	AZ	62.75	39.23	44.95	29.21	31.32	29.24	33.93	36.05
CO	35.00	33.98	46.08	26.63	28.94	26.66	31.65	33.96	31.68
IA	32.83	25.40	34.43	25.69	28.22	25.71	30.67	33.19	30.68
ID	39.95	63.73	40.60	32.59	34.73	32.64	37.57	39.71	37.62
MN	30.80	41.64	41.67	24.51	26.76	24.54	28.13	30.39	28.16
MT									
ND	37.86	30.15	42.11	26.59	28.72	26.61	30.98	33.12	31.01
NE	40.08	57.55	47.11	40.37	42.50	40.41	54.42	56.55	54.46
NM									
OR	36.07	40.34	36.25	20.72	22.84	20.76	23.71	25.84	23.75
SD	43.47	30.96	44.56	29.26	31.41	29.28	35.03	37.19	35.06
UT	33.28	49.50	33.78	20.97	23.09	21.00	25.58	27.70	25.61
WA	30.75	39.18	35.82	17.86	19.97	17.89	22.47	24.58	22.50
WY	40.22	37.68	48.20	37.66	39.69	37.68	43.67	45.70	43.69
Avg	38.59	40.78	41.30	27.67	29.85	27.70	33.15	35.33	33.18
Dscnt off Rtl	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
Dscnt off Resale				28.3%	26.8%	32.9%	14.1%	13.4%	19.7%
Midway Discount off Resale							21.2%	20.1%	26.3%
	(13.00)								

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USING M01'S FORECASTED PENETRATION RATES FOR FEATURES w/ AVERAGE LINE RATES														
	Resale			UNE-P Low			UNE-P High			Resale	Prop	High		
	Cbx 21	Cbx	1FB	Cbx21	Cbx	1FB	Cbx21	Cbx	1FB					
	AZ	62.75	39.23	44.95	29.66	31.78	29.69	33.93	36.51				34.42	44.95
CO	35.00	33.98	46.08	31.53	33.84	31.56	36.55	38.85	36.58	46.08	34.56	(1.99)	31.53	3.03
IA	32.83	25.40	34.43	25.72	28.24	25.73	30.60	33.13	30.62	34.43	25.82	(4.78)	25.72	0.11
ID	39.95	63.73	40.60	32.59	34.73	32.64	37.57	39.71	37.62	40.60	30.45	(7.11)	32.59	(2.14)
MN	43.80	41.64	41.67	45.97	37.44	35.21	49.60	41.07	38.84	41.67	31.25	(7.59)	35.21	(3.96)
MT														
ND	37.86	30.15	42.11	25.24	27.38	25.26	29.63	31.77	29.66	42.11	31.58	1.95	25.24	6.35
NE	40.08	57.55	47.11	40.71	42.84	40.75	54.75	56.88	54.79	47.11	35.33	(19.42)	40.71	(5.37)
NM														
OR	36.07	40.34	36.25	26.06	28.18	26.09	29.05	31.17	29.09	36.25	27.19	(1.86)	26.06	1.13
SD	43.47	30.96	44.56	27.09	29.25	27.11	32.87	35.03	32.89	44.56	33.42	0.55	27.09	6.33
UT	33.28	49.50	33.78	22.17	24.30	22.21	26.78	28.91	26.82	33.78	25.33	(1.45)	22.17	3.16
WA	30.75	39.18	35.82	22.25	24.36	22.28	26.89	28.97	26.89	35.82	26.94	0.08	22.25	4.69
WY	40.22	37.68	48.20	31.10	33.13	31.12	37.11	39.15	37.13	48.20	36.15	(0.96)	31.10	5.05
Avg	39.67	40.78	41.30	30.01	31.29	29.14	35.48	36.76	34.61	41.30	30.98	(3.61)	29.11	1.87
Dscnt off Resale				24.4%	23.3%	29.5%	10.6%	9.8%	16.2%					
Midway Discount off Resale							17.5%	16.6%	22.8%					

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McLeod ORIGINAL

provided customer

①

Good

MCLEOD WEIGHTED PRICING POINTS FOR NEW OFFERING

(Based on McLeod's Projected Features)

	Weighted Resale			Weighted UNE-P Low			Weighted UNE-P High			Weighted Proposed Rate	
	Cx21	Cx	1FB	Cx21	Cx	1FB	Cx21	Cx	1FB	Discount	Rate
AZ	62.75	39.23	44.95	29.66	31.78	29.69	34.39	36.51	34.42	11.24	33.71
CO	35.00	33.98	46.08	31.53	33.84	31.56	36.55	38.86	36.58	11.52	34.56
IA	32.83	25.40	34.43	25.72	28.24	25.73	30.60	33.13	30.82	8.61	25.82
ID	39.95	63.73	40.60	32.59	34.73	32.64	37.57	39.71	37.62	10.15	30.45
MN	43.80	41.64	41.67	45.97	37.44	35.21	49.60	41.07	38.84	10.42	31.25
MT											
ND	37.86	30.15	42.11	25.24	27.38	25.26	29.63	31.77	29.66	10.53	31.58
NE	40.08	57.55	47.11	40.71	42.84	40.75	54.75	56.88	54.79	11.78	35.33
NM											
OR	36.07	40.34	36.25	26.06	28.18	26.09	29.05	31.17	29.09	9.06	27.19
SD	43.47	30.96	44.56	27.09	29.25	27.11	32.87	35.03	32.89	11.14	33.42
UT	33.28	49.50	33.78	22.17	24.30	22.21	26.78	28.91	26.82	8.44	25.33
WA	30.75	39.18	35.92	22.25	24.36	22.28	26.86	28.97	26.89	8.98	26.94
WY	40.22	37.68	48.20	31.10	33.13	31.12	37.11	39.15	37.13	12.05	36.15
Avg	39.67	40.78	41.30	30.01	31.29	29.14	35.48	36.76	34.61	10.33	30.98
Dscent off Resale				24.4%	23.3%	29.5%	10.6%	9.8%	16.2%		24.0%
Midway Discount off Resale							17.5%	16.6%	22.8%		

- Figures are weighted to reflect monthly per-line revenue and forecasted features per McLeod
- All line rates are deaveraged.
- Figures exclude Listings, voice messaging, AIN services and DSL.
- Assumes features are priced separately from the port.
- Includes McLeod Assumptions for feature penetration for Call Forwarding, Call Waiting, Caller ID, Hunting and Last Call Return.
- UNE prices include assumption for local usage

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10/17/00 2:29 PM

McLeodregOrig M01View

MCLEOD PRICING SCENARIOS

CURRENT M01 BUYING PATTERN											
	Resale			UNE-P Low			UNE-P High			Volumes	
	Ctx 21	Ctx	1FB	Ctx21	Ctx	1FB	Ctx21	Ctx	1FB		
AZ	62.18	33.58	41.15	29.18	31.27	29.24	33.91	36.00	33.96		
CO	33.95	31.59	46.08	26.57	28.85	26.82	31.59	33.87	31.84	43,949	1,388
IA	32.32	23.91	33.46	25.69	28.20	25.66	30.66	33.17	30.54	131,862	3,153
ID	39.89	55.86	34.01	32.60	34.69	32.64	37.57	39.66	37.61		
MN	29.92	39.23	39.67	24.48	26.68	24.58	24.48	30.30	28.21	49,445	1,940
MT											
ND	36.32	26.34	39.94	26.49	28.60	27.40	30.88	33.00	31.79	20,011	527
NE	39.18	50.06	41.79	40.33	42.42	36.47	54.38	56.47	42.25		
NM											
OR	38.33	38.75	35.62	20.74	22.83	21.56	23.73	25.82	24.55		
SD	41.82	25.78	41.08	29.16	31.29	29.98	34.94	37.07	35.76	16,091	415
UT	32.32	44.71	31.32	20.91	23.00	21.81	25.52	27.61	26.42		
WA	31.76	35.28	32.31	17.92	20.01	18.55	22.53	24.62	23.16		
WY	37.63	31.64	48.20	37.54	39.56	42.31	43.56	45.57	48.33	16,835	533
Avg	37.80	36.39	38.72	27.63	29.78	28.08	32.81	35.26	32.87	Month	7,956
										Qtr	23,867
Dsct off Rt	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!		
Dsct off Resale				26.9%	18.2%	27.5%	13.2%	3.1%	15.1%		
Midway Discount off Resale							20.0%	10.6%	21.3%		

USING M01's FORECASTED PENETRATION RATES FOR FEATURES											
	Resale			UNE-P Low			UNE-P High			Month	Qtr
	Ctx 21	Ctx	1FB	Ctx21	Ctx	1FB	Ctx21	Ctx	1FB		
AZ	62.75	39.23	44.95	29.21	31.32	29.24	33.93	36.05	33.96	33.71	
CO	35.00	33.98	46.08	26.63	28.94	26.66	31.65	33.96	31.68	34.56	43,949 1,519
IA	32.83	25.40	34.43	25.69	28.22	25.71	30.67	33.19	30.68	25.82	131,862 3,405
ID	39.95	63.73	40.60	32.59	34.73	32.64	37.57	39.71	37.62	30.45	
MN	30.80	41.64	41.67	24.51	26.76	24.54	28.13	30.39	28.16	31.25	49,445 1,545
MT											
ND	37.86	30.15	42.11	26.59	28.72	26.61	30.98	33.12	31.01	31.58	20,011 632
NE	40.08	57.55	47.11	40.37	42.50	40.41	54.42	56.55	54.46	35.33	
NM											
OR	36.07	40.34	36.25	20.72	22.84	20.76	23.71	25.84	23.75	27.19	
SD	43.47	30.96	44.56	29.28	31.41	29.28	35.03	37.19	35.06	33.42	16,091 538
UT	33.28	49.50	33.78	20.97	23.09	21.00	25.58	27.70	25.61	25.33	
WA	30.75	39.18	35.92	17.86	19.97	17.89	22.47	24.58	22.50	26.94	
WY	40.22	37.68	48.20	37.66	39.69	37.68	43.67	45.70	43.69	36.15	16,835 609
Avg	38.59	40.78	41.30	27.67	29.85	27.70	33.15	35.33	33.18	Month	8,247
										Qtr	24,742
Dsct off Rt	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!		
Dsct off Resale				28.3%	26.8%	32.9%	14.1%	13.4%	19.7%		
Midway Discount off Resale							21.2%	20.1%	26.3%		

USING M01's FORECASTED PENETRATION RATES FOR FEATURES W/DEAVERAGED LINE RATES														
	Resale			UNE-P Low			UNE-P High			Resale	Prop	High	Low	diff
	Ctx 21	Ctx	1FB	Ctx21	Ctx	1FB	Ctx21	Ctx	1FB					
AZ	62.75	39.23	44.95	29.66	31.78	29.69	34.39	36.51	34.42	44.95	33.71	4.05	29.66	4.05
CO	35.00	33.98	46.08	31.53	33.84	31.56	36.55	38.86	36.58	46.08	34.56	3.03	31.53	3.03
IA	32.83	25.40	34.43	25.72	28.24	25.73	30.60	33.13	30.62	34.43	25.82	0.42	25.72	0.11
ID	39.95	63.73	40.60	32.59	34.73	32.64	37.57	39.71	37.62	40.60	30.45	(2.14)	32.59	(2.14)
MN	43.80	41.64	41.67	45.97	37.44	35.21	49.60	41.07	38.84	41.67	31.25	(3.96)	35.21	(3.96)
MT														
ND	37.86	30.15	42.11	25.24	27.38	25.26	29.63	31.77	29.66	42.11	31.58	6.35	25.24	6.35
NE	40.08	57.55	47.11	40.71	42.84	40.75	54.75	56.88	54.79	47.11	25.33	(4.75)	40.71	(5.37)
NM														
OR	36.07	40.34	36.25	26.06	28.18	26.09	29.05	31.17	29.09	36.25	27.19	1.13	26.06	1.13
SD	43.47	30.96	44.56	27.09	29.25	27.11	32.87	35.03	32.89	44.56	33.42	6.33	27.09	6.33
UT	33.28	49.50	33.78	22.17	24.30	22.21	26.78	28.91	26.82	33.78	25.33	3.16	22.17	3.16
WA	30.75	39.18	35.92	22.25	24.36	22.28	26.86	28.97	26.89	35.92	25.94	4.69	22.25	4.69
WY	40.22	37.68	48.20	31.10	33.13	31.12	37.11	39.15	37.13	48.20	36.15	5.05	31.10	5.05
Avg	39.67	40.78	41.30	30.01	31.29	29.14	35.48	36.76	34.61	41.30	30.98	1.95	29.11	1.87
Dsct off Resale				24.4%	23.3%	29.5%	10.6%	9.8%	15.2%					
Midway Discount off Resale							17.5%	16.6%	22.8%					

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CONTAINS TRADE SECRET DATA

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MCLEOD PRICING SCENARIOS

CURRENT M01 BUYING PATTERN									
	Resale			UNE-P Low			UNE-P High		
	Cbx 21	Cbx	1FB	Cbx21	Cbx	1FB	Cbx21	Cbx	1FB
AZ	62.18	33.58	41.15	29.18	31.27	29.24	33.91	36.00	33.96
CO	33.95	31.59	46.08	26.57	28.85	26.82	31.59	33.87	31.84
IA	32.32	23.91	33.46	25.69	28.20	25.66	30.66	33.17	30.54
ID	39.89	55.86	34.01	32.60	34.69	32.64	37.57	39.66	37.61
MN	29.92	39.23	39.67	24.48	26.68	24.58	24.48	30.30	28.21
MT									
ND	36.32	26.34	39.94	26.49	28.60	27.40	30.88	33.00	31.79
NE	39.18	50.06	41.79	40.33	42.42	36.47	54.38	56.47	42.25
NM									
OR	36.33	38.75	35.62	20.74	22.83	21.56	23.73	25.82	24.55
SD	41.82	25.78	41.08	29.16	31.29	29.98	34.94	37.07	35.76
UT	32.32	44.71	31.32	20.91	23.00	21.81	25.52	27.61	26.42
WA	31.76	35.28	32.31	17.92	20.01	18.55	22.53	24.62	23.16
WY	37.63	31.64	48.20	37.54	39.56	42.31	43.56	45.57	48.33
Avg	37.80	36.39	38.72	27.63	29.78	28.08	32.81	35.26	32.87
Dscnt off Rd	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
Dscnt off Resale				26.9%	18.2%	27.5%	13.2%	3.1%	15.1%
Midway Discount off Resale							20.0%	10.6%	21.3%

USING M01's FORECASTED PENETRATION RATES FOR FEATURES									
	Resale			UNE-P Low			UNE-P High		
	Cbx 21	Cbx	1FB	Cbx21	Cbx	1FB	Cbx21	Cbx	1FB
AZ	62.75	39.23	44.95	29.21	31.32	29.24	33.93	36.05	33.96
CO	35.00	33.98	46.08	26.63	28.94	26.66	31.65	33.96	31.68
IA	32.83	25.40	34.43	25.69	28.22	25.71	30.67	33.19	30.68
ID	39.95	63.73	40.60	32.59	34.73	32.64	37.57	39.71	37.62
MN	30.80	41.64	41.67	24.51	26.76	24.54	28.13	30.39	28.16
MT									
ND	37.86	30.15	42.11	26.59	28.72	26.61	30.98	33.12	31.01
NE	40.08	57.55	47.11	40.37	42.50	40.41	54.42	56.55	54.46
NM									
OR	36.07	40.34	36.25	20.72	22.84	20.76	23.71	25.84	23.75
SD	43.47	30.96	44.56	29.26	31.41	29.28	35.03	37.19	35.06
UT	33.28	49.50	33.78	20.97	23.09	21.00	25.58	27.70	25.61
WA	30.75	39.18	35.92	17.86	19.97	17.89	22.47	24.58	22.50
WY	40.22	37.68	48.20	37.66	39.69	37.68	43.67	45.70	43.69
Avg	38.59	40.78	41.30	27.67	29.85	27.70	33.15	35.33	33.18
Dscnt off Rd	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
Dscnt off Resale				28.3%	26.8%	32.9%	14.1%	13.4%	19.7%
Midway Discount off Resale							21.2%	20.1%	26.3%

NONPUBLIC DOCUMENT
CONTAINS TRADE SECRET DATA

USING M01's FORECASTED PENETRATION RATES FOR FEATURES w/DEAVERAGED LINE RATES														
	Resale			UNE-P Low			UNE-P High			Resale	Prop	High	Low	diff
	Cbx 21	Cbx	1FB	Cbx21	Cbx	1FB	Cbx21	Cbx	1FB					
AZ	62.75	39.23	44.95	29.66	31.78	29.69	34.39	36.51	34.42	44.95	33.71	(0.68)	29.66	4.05
CO	35.00	33.98	46.08	31.53	33.84	31.58	36.55	38.86	36.58	46.08	34.56	(1.99)	31.53	3.03
IA	32.83	25.40	34.43	25.72	28.24	25.73	30.60	33.13	30.62	34.43	25.82	(4.78)	25.72	0.11
ID	39.95	63.73	40.60	32.59	34.73	32.64	37.57	39.71	37.62	40.60	30.45	(7.11)	32.59	(2.14)
MN	43.80	41.64	41.67	45.97	37.44	35.21	49.60	41.07	38.84	41.67	31.25	(7.59)	35.21	(3.96)
MT														
ND	37.86	30.15	42.11	25.24	27.38	25.26	29.63	31.77	29.66	42.11	31.58	1.95	25.24	6.35
NE	40.08	57.55	47.11	40.71	42.84	40.75	54.75	56.88	54.79	47.11	35.33	(19.42)	40.71	(5.37)
NM														
OR	36.07	40.34	36.25	26.06	28.18	26.09	29.05	31.17	29.09	36.25	27.19	(1.86)	26.06	1.13
SD	43.47	30.96	44.56	27.09	29.25	27.11	32.87	35.03	32.89	44.56	33.42	0.55	27.09	6.33
UT	33.28	49.50	33.78	22.17	24.30	22.21	26.76	28.91	26.82	33.78	25.33	(1.45)	22.17	3.16
WA	30.75	39.18	35.92	22.25	24.36	22.28	26.86	28.97	26.89	35.92	26.94	0.08	22.25	4.69
WY	40.22	37.68	48.20	31.10	33.13	31.12	37.71	39.15	37.13	48.20	36.15	(0.96)	31.10	5.05
Avg	39.67	40.78	41.30	30.01	31.29	29.14	35.48	36.76	34.61	41.30	30.98	(3.61)	29.11	1.87
Dscnt off Resale				24.4%	23.3%	29.5%	10.6%	9.8%	16.2%					
Midway Discount off Resale							17.5%	16.6%	22.6%					

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MCLEOD PRICING SCENARIOS

	CURRENT MD1 BUYING PATTERN										
	Retail		Resale			UNE-P Low			UNE-P High		
	Ctx 21	1FB	Ctx 21	Ctx	1FB	Ctx21	Ctx	1FB	Ctx21	Ctx	1FB
AZ	73.79	48.33	62.18	33.58	41.15	29.18	31.27	29.24	33.91	36.00	33.96
CO	38.74	55.06	33.95	31.59	46.08	26.57	28.85	26.82	31.59	33.87	31.84
IA	38.49	42.11	32.32	23.91	33.46	25.69	28.20	25.66	30.66	33.17	30.54
ID	46.85	39.70	39.89	55.86	34.01	32.60	34.69	32.64	37.57	39.66	37.61
MN	34.75	46.71	29.92	39.23	39.67	24.48	26.68	24.58	24.48	30.30	28.21
MT											
ND	41.48	46.07	36.32	26.34	39.94	26.49	28.60	27.40	30.88	33.00	31.79
NE	46.14	49.62	39.18	50.06	41.79	40.33	42.42	36.47	54.38	56.47	42.25
NM											
OR	43.93	43.06	36.33	38.75	35.62	20.74	22.83	21.56	23.73	25.82	24.55
SD	47.86	47.14	41.82	25.78	41.08	29.16	31.29	29.98	34.94	37.07	35.76
UT	38.85	34.45	32.32	44.71	31.32	20.91	23.00	21.81	25.52	27.61	26.42
WA	36.21	36.90	31.76	35.28	32.31	17.92	20.01	18.55	22.53	24.62	23.16
WY	37.63	48.47	37.53	31.64	48.20	37.54	39.55	42.31	43.59	45.57	48.33
Avg	43.73	44.80	37.80	36.39	38.72	27.63	29.78	28.08	32.81	35.26	32.87
Dsct off Rtl			13.6%	18.8%	13.6%	36.8%	33.5%	37.3%	25.0%	21.3%	26.6%
Dsct off Resale						26.9%	18.2%	27.5%	13.2%	3.1%	15.1%
Midway Discount off Resale									20.0%	10.8%	21.3%

	USING MD1'S FORECASTED PENETRATION RATES FOR FEATURES										
	Retail		Resale			UNE-P Low			UNE-P High		
	Ctx	1FB	Ctx 21	Ctx	1FB	Ctx21	Ctx	1FB	Ctx21	Ctx	1FB
AZ	74.49	50.85	62.75	39.23	44.85	29.21	31.32	29.24	33.93	36.05	33.96
CO	40.26	51.51	35.00	33.98	46.08	26.63	28.94	26.66	31.65	33.96	31.68
IA	39.50	39.48	32.83	25.40	34.43	25.69	28.22	25.71	30.67	33.19	30.68
ID	46.93	45.44	39.95	63.73	40.60	32.59	34.73	32.64	37.57	39.71	37.62
MN	35.82	47.78	30.80	41.64	41.67	24.51	26.76	24.54	28.13	30.39	28.16
MT											
ND	43.32	46.31	37.86	30.15	42.11	26.59	28.72	26.61	30.98	33.12	31.01
NE	47.26	53.12	40.08	57.55	47.11	40.37	42.50	40.41	54.42	56.55	54.46
NM											
OR	43.60	43.04	36.07	40.34	36.25	20.72	22.84	20.76	23.71	25.84	23.75
SD	49.82	48.78	43.47	30.96	44.56	29.26	31.41	29.28	35.03	37.19	35.06
UT	39.95	36.14	33.28	49.50	33.78	20.97	23.09	21.00	25.58	27.70	25.61
WA	35.01	40.22	30.75	39.18	35.92	17.86	19.97	17.89	22.47	24.58	22.50
WY	40.22	48.20	40.22	37.68	48.20	37.66	39.69	37.68	43.67	45.70	43.69
Avg	44.68	45.91	38.59	40.78	41.30	27.67	29.85	27.70	33.15	35.33	33.18
Dsct off Rtl			13.6%	11.2%	10.0%	38.1%	35.0%	39.7%	25.8%	23.0%	27.7%
Dsct off Resale						28.3%	26.8%	32.9%	14.1%	13.4%	19.7%
Midway Discount off Resale									21.2%	20.1%	26.3%

NONPUBLIC DOCUMENT
CONTAINS TRADE SECRET DATA

(13.00)

	USING MD1'S FORECASTED PENETRATION RATES FOR FEATURES w/DEAVERAGED LINE RATES															
	Retail		Resale			UNE-P Low			UNE-P High			Resale	Prop	High		
	Ctx21	1FB	Ctx 21	Ctx	1FB	Ctx21	Ctx	1FB	Ctx21	Ctx	1FB	1FB	Rate	Diff	Low	diff
AZ	83.19	73.29	62.75	39.23	44.95	29.66	31.78	29.69	33.93	36.51	34.42	44.95	33.71	(0.68)	29.66	4.05
CO	48.33	69.27	35.00	33.98	46.08	31.53	33.84	31.56	36.55	38.86	36.58	46.08	34.56	(1.99)	31.53	3.03
IA	50.94	61.51	32.83	25.40	34.43	25.77	28.30	25.79	30.60	33.13	30.62	34.43	25.82	(4.78)	25.40	0.42
ID	56.75	62.16	39.95	63.73	40.60	32.59	34.73	32.64	37.57	39.71	37.62	40.60	30.45	(7.11)	32.59	(2.14)
MN	37.85	62.13	43.80	41.64	41.67	45.97	37.44	35.21	49.60	41.07	38.84	41.67	31.25	(7.59)	35.21	(3.96)
MT																
ND	46.13	68.58	37.86	30.15	42.11	25.24	27.38	25.26	29.63	31.77	29.66	42.11	31.58	1.95	25.24	6.35
NE	51.09	70.39	40.08	57.55	47.11	40.71	42.84	40.75	54.75	56.88	54.79	47.11	35.33	(19.42)	40.08	(4.75)
NM																
OR	48.88	59.68	36.07	40.34	36.25	26.06	28.18	26.09	29.05	31.17	29.09	36.25	27.19	(1.86)	26.06	1.13
SD	53.18	69.00	43.47	30.96	44.56	27.09	29.25	27.11	32.87	35.03	32.89	44.56	33.42	0.55	27.09	6.33
UT	62.41	54.28	33.28	49.50	33.78	22.17	24.30	22.21	26.78	28.91	26.82	33.78	25.33	(1.45)	22.17	3.16
WA	45.61	51.86	30.75	39.18	35.92	22.25	24.36	22.28	25.88	28.97	26.89	35.92	26.84	0.08	22.25	4.69
WY	42.08	67.97	40.22	37.68	48.20	31.10	33.13	31.12	37.11	39.15	37.13	48.20	36.15	(0.96)	31.10	5.05
Avg	52.21	64.18	39.67	40.78	41.30	30.01	31.29	29.14	35.48	36.76	34.61	41.30	30.98	(3.61)	24.89	1.67
Dsct off Rtl			24.0%	36.5%	35.6%	42.5%	51.2%	54.6%	32.0%	42.7%	46.1%					
Dsct off Resale						24.3%	23.3%	29.4%	10.6%	9.8%	16.2%					
Midway Discount off Resale									17.5%	16.5%	22.8%					

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Orig	Term	MOU Rates																												
		Orig		Term		ShrdXprt		Lines		%Voice %Data																				
		Orig	Term	ShrdXprt	Orig	Term	Lines	%Voice	%Data	Orig	Term																			
AZ	0.002800	0.002800	0.001201	5,000	50%	50%	10.45	827	40%	251	80%	376	3	3600	40%	1.440	60%	2.160	1,756	2,833	1,126	5,516	10,090	15,120	6,484	31,684	2.37	5.07	7.44	
CO	0.002830	0.002830	0.001514	43,949	50%	50%	10.45	827	40%	251	80%	376	3	3600	40%	1.440	60%	2.160	15,587	23,395	12,518	51,511	10,090	15,120	6,484	31,684	2.38	5.51	7.90	
IA	0.002130	0.002130	0.002310	131,882	50%	50%	10.45	827	40%	251	80%	376	3	3600	40%	1.440	60%	2.160	35,221	52,831	62,942	190,313	40,180	59,550	134,328	295,254	1.80	5.88	7.68	
ID	0.002800	0.002800	0.001340	5,000	50%	50%	10.45	827	40%	251	80%	376	3	3600	40%	1.440	60%	2.160	11,223	16,834	13,002	41,859	10,440	15,660	7,236	33,336	2.45	5.38	7.83	
MN	0.001810	0.001810	0.001484	48,445	50%	50%	10.45	827	40%	251	80%	376	3	3600	40%	1.440	60%	2.160	6,273	9,410	4,851	20,534	2	3	2	7	1.53	4.18	5.71	
MT	0.002900	0.002900	0.001459	20,011	50%	50%	10.45	827	40%	251	80%	376	3	3600	40%	1.440	60%	2.160	1,881	2,822	11,890	10,393	10,800	16,200	27,122	117,800	2.45	5.53	7.68	
ND	0.002500	0.002500	0.001289	5,000	50%	50%	10.45	827	40%	251	80%	376	3	3600	40%	1.440	60%	2.160	0	0	0	0	0	0	0	0	0	2.11	4.00	6.92
NE	0.003000	0.003000	0.001108	5,000	50%	50%	10.45	827	40%	251	80%	376	3	3600	40%	1.440	60%	2.160	917	1,376	1,187	3,481	5,287	7,900	8,874	20,041	0.84	3.04	3.88	
OR	0.001483	0.001483	0.001273	5,000	50%	50%	10.45	827	40%	251	80%	376	3	3600	40%	1.440	60%	2.160	7,000	10,500	4,201	21,700	40,180	60,265	24,118	124,584	1.24	3.47	4.71	
SD	0.002864	0.002864	0.001280	16,091	50%	50%	10.45	827	40%	251	80%	376	3	3600	40%	1.440	60%	2.160	1,870	2,509	1,204	5,380	9,590	14,388	6,912	30,888	2.63	8.18	9.68	
UT	0.001800	0.001800	0.001600	5,000	50%	50%	10.45	827	40%	251	80%	376	3	3600	40%	1.440	60%	2.160	1,129	1,693	821	3,442	6,480	8,720	3,584	18,764	2.29	5.02	7.25	
WA	0.001800	0.001800	0.001600	5,000	50%	50%	10.45	827	40%	251	80%	376	3	3600	40%	1.440	60%	2.160	7,823	11,884	3,822	23,630	45,491	68,236	21,945	18,764	1.52	3.12	4.84	
WY	0.003753	0.003753	0.001207	16,835	50%	50%	10.45	827	40%	251	80%	376	3	3600	40%	1.440	60%	2.160	1,893	2,539	931	5,163	1,080	1,620	584	3,284	0.55	1.14	1.69	
													3,800	1,893	17,827	5,733	35,444	7,582	11,373	3,658	22,812	1.16	2.28	3.45						

Orig	Term	MOU Rates																											
		Orig		Term		ShrdXprt		Lines		%Voice %Data																			
		Orig	Term	ShrdXprt	Orig	Term	Lines	%Voice	%Data	Orig	Term																		
AZ	0.002800	0.002800	0.001201	5,000	75%	25%	10.45	827	40%	251	80%	376	1	1200	40%	480	80%	720	2,833	3,950	1,884	8,278	1,890	2,520	1,081	5,281	0.86	1.85	2.71
CO	0.002830	0.002830	0.001514	43,949	75%	25%	10.45	827	40%	251	80%	376	1	1200	40%	480	80%	720	23,395	35,093	18,778	77,268	14,825	22,388	11,880	40,292	0.87	2.01	2.86
IA	0.002130	0.002130	0.002310	131,882	75%	25%	10.45	827	40%	251	80%	376	1	1200	40%	480	80%	720	52,831	79,248	93,382	225,470	33,704	50,556	59,581	143,840	0.66	2.14	2.80
ID	0.002800	0.002800	0.001340	5,000	75%	25%	10.45	827	40%	251	80%	376	1	1200	40%	480	80%	720	2,727	4,091	1,890	8,709	1,740	2,810	1,208	5,558	0.69	1.96	2.63
MN	0.001810	0.001810	0.001484	48,445	75%	25%	10.45	827	40%	251	80%	376	1	1200	40%	480	80%	720	18,834	25,251	20,703	62,766	10,739	16,109	13,208	40,058	0.58	1.52	2.08
MT	0.002900	0.002900	0.001459	20,011	75%	25%	10.45	827	40%	251	80%	376	1	1200	40%	480	80%	720	9,410	14,115	7,276	30,801	6,003	9,005	4,942	19,850	0.89	2.01	2.81
ND	0.002500	0.002500	0.001289	5,000	75%	25%	10.45	827	40%	251	80%	376	1	1200	40%	480	80%	720	2,822	4,232	17,536	24,589	1,600	2,700	1,197	15,887	0.92	1.75	2.52
NE	0.003000	0.003000	0.001108	5,000	75%	25%	10.45	827	40%	251	80%	376	1	1200	40%	480	80%	720	1,376	2,084	1,798	5,238	878	1,317	1,148	3,340	0.34	1.11	1.45
OR	0.001483	0.001483	0.001273	5,000	75%	25%	10.45	827	40%	251	80%	376	1	1200	40%	480	80%	720	10,500	15,750	6,301	32,500	6,989	10,048	4,020	20,768	1.07	2.24	3.31
SD	0.002864	0.002864	0.001280	16,091	75%	25%	10.45	827	40%	251	80%	376	1	1200	40%	480	80%	720	2,505	3,758	1,800	8,069	1,589	2,368	1,152	5,146	0.82	2.24	3.31
UT	0.001800	0.001800	0.001600	5,000	75%	25%	10.45	827	40%	251	80%	376	1	1200	40%	480	80%	720	1,893	2,539	931	5,163	1,080	1,620	584	3,284	0.55	1.14	1.69
WA	0.001800	0.001800	0.001600	5,000	75%	25%	10.45	827	40%	251	80%	376	1	1200	40%	480	80%	720	11,884	17,827	5,733	35,444	7,582	11,373	3,658	22,812	1.16	2.28	3.45
WY	0.003753	0.003753	0.001207	16,835	75%	25%	10.45	827	40%	251	80%	376	1	1200	40%	480	80%	720	1,893	2,539	931	5,163	1,080	1,620	584	3,284	0.55	1.14	1.69

142 = 917/17 = 52.8 - 2.81

1.42

NONPUBLIC DOCUMENT
CONTAINS TRADE SECRET DATA

(3A)

Impact
2 HR (avg)
add

FLAT RATE PRICING

100

	AZ	CO	IA	ID	MN	MT	ND	NE	NM	OR	SD	UT	WA	WY	Avg
UnbLoop	21.98	19.65	18.85	25.52	17.87	27.41	19.75	27.78	17.75	15.00	21.09	14.41	18.16	29.54	21.05
Deavg Impact	0.46	4.90	0.08	-	11.28	(0.09)	(1.35)	0.34	0.68	5.34	(2.17)	1.20	(2.44)	(6.56)	0.83
Deavg Loop	22.44	24.55	18.93	25.52	29.15	27.32	18.40	28.12	18.43	20.34	18.92	15.61	15.72	22.98	21.89
Port	1.61	1.15	1.15	1.34	1.08	1.45	1.27	1.61	1.38	1.14	1.84	0.89	1.04	1.63	1.33
NonCLASS Features (FAC)	2.69	2.53	2.81	2.76	2.76	2.58	2.58	2.63	2.57	2.80	2.59	2.72	2.74	2.71	2.68
Total Rate	26.74	28.23	22.88	29.62	32.98	31.36	22.26	32.36	22.38	24.28	23.35	19.23	19.50	27.33	25.89
Average Usage	16.38	17.17	15.73	17.17	12.04	17.41	15.07	17.46	8.15	9.88	20.09	15.87	11.44	21.14	15.36
Total w/ Usage	43.12	45.41	38.62	46.79	45.02	48.77	37.33	49.82	30.53	34.16	43.45	35.10	30.95	48.46	41.25
LNP	0.43	0.43	0.43	0.43	0.43	0.43	0.43	0.43	0.43	0.43	0.43	0.43	0.43	0.43	0.43
Total w/ Usage & LNP	43.55	45.84	39.05	47.22	45.45	49.20	37.76	50.25	30.96	34.59	43.88	35.53	31.38	48.89	41.68

M01 Strike Price	30.80	32.81	26.04	25.97	29.94	30.07	28.31	30.73	29.70	26.90	29.14	22.58	26.79	30.05	28.56
Diff	12.75	13.03	13.01	21.25	15.51	19.13	9.44	19.52	1.26	7.69	14.74	12.95	4.59	18.85	13.12
Eschelon Strike Price	30.75	25.32	24.96	36.64	24.96	24.96	34.11	25.24	27.11	22.44	22.44	26.15	22.05	27.48	27.48
Diff	12.80	20.52	39.05	10.58	20.49	49.20	3.65	25.01	3.85	12.15	43.88	9.38	9.33	48.89	14.20
Current Centrex Resale	36.34	32.43	24.56	58.70	40.53	60.41	27.56	53.22	60.51	39.91	27.53	47.05	38.51	33.54	41.49
Diff	7.22	13.41	14.49	(11.48)	4.92	(11.21)	10.19	(2.97)	(29.55)	(5.32)	16.35	(11.52)	(7.14)	15.35	0.20
Current 1FB Retail	47.26	49.91	40.49	39.63	46.33	50.01	42.10	47.40	46.37	42.89	43.29	32.65	40.17	40.06	43.47
Diff	(3.71)	(4.08)	(1.44)	7.59	(0.88)	(0.81)	(4.34)	2.85	(15.41)	(6.30)	0.59	2.88	(8.80)	8.83	(1.79)
M01 Strike Price	30.80	32.81	26.04	25.97	29.94	30.07	28.31	30.73	29.70	26.90	29.14	22.58	26.79	30.05	28.56
Eschelon Strike Price	30.75	25.32	24.96	36.64	24.96	24.96	34.11	25.24	27.11	22.44	22.44	26.15	22.05	27.48	27.48
Diff	0.05	7.49	26.04	(10.67)	4.98	30.07	(5.80)	5.49	2.59	4.46	29.14	(3.58)	4.74	30.05	1.08
M01 Strike Price	30.80	32.81	26.04	25.97	29.94	30.07	28.31	30.73	29.70	26.90	29.14	22.58	26.79	30.05	28.56
Q Proposed Rate	30.32	32.01	24.52	25.49	29.59	30.34	27.63	30.12	29.52	26.64	28.46	22.32	26.31	30.05	28.09
Q H / (L)	(0.49)	(0.79)	(1.52)	(0.48)	(0.35)	0.27	(0.68)	(0.61)	(0.18)	(0.26)	(0.67)	(0.25)	(0.48)	0.00	(0.46)

NONPUBLIC DOCUMENT
CONTAINS TRADE SECRET DATA

(HR contract old done) 30

FLAT RATE PRICING

	AZ	CO	IA	ID	IL	IN	MT	ND	NE	NM	OR	SD	UT	WA	WY	AVG
UnbLoop	21.98	19.65	18.85	25.52	17.87	27.41	19.75	27.78	17.75	15.00	21.09	14.41	18.16	29.54	21.05	
Deavg Impact	0.46	4.90	0.08	11.28	(0.09)	0.34	0.68	5.34	(2.17)	1.20	15.61	15.72	22.98	21.89		
Deavg Loop	22.44	24.55	18.93	25.52	27.32	18.40	28.12	18.43	20.34	18.92	15.61	15.72	22.98	21.89		
Port	1.61	1.15	1.15	1.34	1.08	1.45	1.61	1.38	1.14	1.84	0.89	1.04	1.63	1.33		
NonCLASS Features (FAC)	2.69	2.53	2.81	2.76	2.76	2.58	2.63	2.57	2.80	2.59	2.72	2.74	2.71	2.68		
Total Rate	26.74	28.23	22.88	29.62	32.98	31.36	22.26	32.36	22.38	24.28	23.35	19.23	19.50	27.33	25.89	
Average Usage	9.66	10.13	9.28	10.12	7.10	10.27	8.89	10.30	4.81	5.83	11.85	9.36	6.75	12.47	9.06	
Total w/ Usage	36.40	38.36	32.16	39.75	40.08	41.63	31.14	42.66	27.19	30.11	35.20	28.59	26.25	39.79	34.95	
LNP	0.43	0.43	0.43	0.43	0.43	0.43	0.43	0.43	0.43	0.43	0.43	0.43	0.43	0.43	0.43	
Total w/ Usage & LNP	36.83	38.79	32.59	40.18	40.51	42.06	31.57	43.09	27.62	30.54	35.63	29.02	26.68	40.22	35.38	

M01 Strike Price	30.80	32.81	26.04	25.97	29.94	30.07	28.31	30.73	29.70	26.90	29.14	22.58	26.79	30.05	28.56
Diff	6.03	5.99	6.55	14.21	10.57	11.99	3.26	12.36	(2.08)	3.64	6.50	6.44	(0.11)	10.18	6.82
Eschelon Strike Price	30.75	25.32	36.64	24.96	34.11	25.24	27.11	22.44	27.11	22.44	26.15	22.05	22.05	27.48	7.90
Diff	6.08	13.47	32.59	3.54	15.55	42.06	(2.54)	17.85	0.51	8.10	35.63	2.87	4.63	40.22	27.48
Current Centrex Resale	36.34	32.43	24.56	50.70	40.53	60.41	27.56	53.22	60.51	39.91	27.53	47.05	38.51	33.54	41.49
Diff	0.50	6.36	8.03	(18.52)	(0.01)	(18.35)	4.01	(10.13)	(32.90)	(9.37)	8.11	(18.03)	(11.83)	6.68	(6.10)
Current 1FB Retail	47.26	49.91	40.48	39.63	46.33	50.01	42.10	47.40	46.37	42.89	43.29	32.65	40.17	40.06	43.47
Diff	(10.43)	(11.12)	(7.90)	0.55	(5.81)	(7.95)	(10.53)	(4.32)	(18.75)	(12.36)	(7.65)	(3.63)	(13.49)	0.16	(8.09)
M01 Strike Price	30.80	32.01	26.04	25.97	29.94	30.07	28.31	30.73	29.70	26.90	29.14	22.58	26.79	30.05	28.56
Eschelon Strike Price	30.75	25.32	36.64	24.96	34.11	25.24	27.11	22.44	27.11	22.44	26.15	22.05	22.05	27.48	7.90
Diff	0.05	7.49	26.04	(10.67)	4.98	30.07	(5.80)	5.49	2.59	4.46	29.14	(3.58)	4.74	30.05	1.08
M01 Strike Price	30.80	32.81	26.04	25.97	29.94	30.07	28.31	30.73	29.70	26.90	29.14	22.58	26.79	30.05	28.56
Q Proposed Rate	30.32	32.01	24.52	25.49	29.59	30.34	27.63	30.12	29.52	26.64	28.46	22.32	26.31	30.05	28.09
Q H / (L)	(0.49)	(0.79)	(1.52)	(0.48)	(0.35)	0.27	(0.66)	(0.61)	(0.18)	(0.26)	(0.67)	(0.25)	(0.48)	0.00	(0.46)

NONPUBLIC DOCUMENT
 CONTAINS TRADE SECRET DATA

MCLEOD WEIGHTED PRICING POINTS FOR NEW OFFERING
 (Based on McLeod's Projected Features)

10/19/00
 Revised
 7:30 am
 Revised

(B) / M
 5/1/00
 GSKH

	Weighted Resale		Weighted UNE-P Low		Weighted UNE-P High		Weighted Proposed Rate		10/17/00 M01 Counter	Change
	Cix 21	1FB	Cix 24	1FB	Cix 21	1FB	Discount	Rate		
AZ	61.82	36.34	36.58	36.59	43.30	43.31	10.11	30.32	30.80	(0.49)
CO	34.06	32.43	38.72	38.74	52.81	52.83	10.67	32.01	32.81	(0.79)
IA	32.36	24.56	32.70	32.20	45.10	45.11	8.17	24.52	26.04	(1.52)
ID	39.11	58.70	33.99	39.85	53.92	53.94	8.50	25.49	25.97	(0.48)
MN	42.04	40.53	39.45	40.21	50.07	50.08	9.86	29.59	29.94	(0.35)
MT	-	60.41	40.45	42.60	41.96	41.96	10.11	30.34	30.07	0.27
ND	36.36	27.56	36.84	31.50	33.63	31.51	9.21	27.63	28.31	(0.68)
NE	38.83	53.22	40.16	42.90	45.00	42.91	10.04	30.12	30.73	(0.61)
NM	-	60.51	39.36	-	29.65	27.56	9.84	29.52	29.70	(0.18)
OR	35.80	39.91	35.51	30.16	32.28	30.19	8.88	26.64	26.90	(0.26)
SD	41.85	27.53	37.95	35.53	37.67	35.54	9.49	28.46	28.14	(0.67)
UT	32.09	47.05	29.76	28.79	30.90	28.81	7.44	22.32	22.58	(0.25)
WA	30.68	38.51	35.08	26.35	28.46	26.37	8.77	26.31	26.79	(0.48)
WY	37.77	33.54	40.06	40.01	42.03	40.02	10.02	30.05	30.05	0.00
Avg	38.56	41.49	37.46	35.43	37.21	35.18	9.36	28.09	28.56	(0.46)
Discount off Resale			8.1%		10.3%		6.1%			
Midway Discount off Resale			-23.5%		-21.2%		-28.8%			
			-7.7%		-5.4%		-11.3%			

30.75
 25.32
 36.64
 24.76
 34.11
 25.24
 27.11
 22.44
 26.15 *
 22.65

- Figures are weighted to reflect monthly per-line revenue and forecasted features per McLeod
- All line rates are deaveraged.
- Figures exclude Listings, voice messaging, AIN services and DSL.
- Assumes features are priced separately from the port.
- Includes McLeod Assumptions for feature penetration for Call Forwarding, Call Waiting, Caller ID, Hunting and Last Call Return.
- UNE prices include assumption for local usage

For Discussion Purposes Only. Data Exchanged Between The Parties Does Not Constitute Offers. Qwest Reserves The Right to Revise/Supplement Any Term or Condition Contained Herein

SHARED TRANSPORT CALCULATIONS

AZ CO IA ID MN MT ND NE NM OR SD UT WA WY QW	MOU Rates				Current View				Current Revenue / Line / Month				Growth Revenue / Line / Month				Total Revenue / Line / Month			
	Orig	Term	ShrdKpt	IntraOffice	Hrs/Mo	MOU/Mo	% IntraOffice	% IntraOffice	Orig	Term	ShrdKpt	Total	Orig	Term	ShrdKpt	Total	Orig	Term	ShrdKpt	Total
	0.002800	0.002800	0.001201	0.001201	875	525	30%	158	1.03	1.03	0.44	2.50	1.200	3.0%	360	70%	1.01	2.35	2.15	5.71
	0.002800	0.002800	0.001201	0.001201	875	525	30%	158	0.45	1.04	0.44	2.50	1.200	30%	360	70%	0.40	2.38	2.38	5.71
	0.002800	0.002800	0.001201	0.001201	875	525	30%	158	0.34	0.78	0.82	2.49	1.200	30%	360	70%	0.77	1.79	1.79	5.80
	0.002800	0.002800	0.001201	0.001201	875	525	30%	158	0.48	1.07	1.07	2.49	1.200	30%	360	70%	1.04	2.44	2.44	6.00
	0.002800	0.002800	0.001201	0.001201	875	525	30%	158	0.29	0.87	0.87	2.49	1.200	30%	360	70%	0.85	1.52	1.52	4.28
	0.002800	0.002800	0.001201	0.001201	875	525	30%	158	0.48	1.07	1.07	2.49	1.200	30%	360	70%	0.85	1.52	1.52	4.28
	0.002800	0.002800	0.001201	0.001201	875	525	30%	158	0.39	0.92	0.92	2.49	1.200	30%	360	70%	0.90	2.10	2.10	6.18
	0.002800	0.002800	0.001201	0.001201	875	525	30%	158	0.47	1.10	1.10	2.49	1.200	30%	360	70%	0.90	2.10	2.10	6.18
	0.002800	0.002800	0.001201	0.001201	875	525	30%	158	0.17	0.41	0.41	2.49	1.200	30%	360	70%	0.40	0.93	0.93	2.84
	0.002800	0.002800	0.001201	0.001201	875	525	30%	158	0.23	0.54	0.54	2.49	1.200	30%	360	70%	0.53	1.23	1.23	3.53
	0.002800	0.002800	0.001201	0.001201	875	525	30%	158	0.55	1.29	1.29	2.49	1.200	30%	360	70%	0.40	0.93	0.93	2.84
	0.002800	0.002800	0.001201	0.001201	875	525	30%	158	0.42	0.98	0.98	2.49	1.200	30%	360	70%	0.40	0.93	0.93	2.84
	0.002800	0.002800	0.001201	0.001201	875	525	30%	158	0.28	0.68	0.68	2.49	1.200	30%	360	70%	0.65	1.51	1.51	4.05
	0.002800	0.002800	0.001201	0.001201	875	525	30%	158	0.59	1.38	1.38	2.49	1.200	30%	360	70%	1.35	3.15	3.15	8.87
	0.002800	0.002800	0.001201	0.001201	875	525	30%	158	0.40	0.92	0.92	2.49	1.200	30%	360	70%	0.90	2.11	2.11	5.40

AZ CO IA ID MN MT ND NE NM OR SD UT WA WY QW	MOU Rates				Current View				Current Revenue / Line / Month				Growth Revenue / Line / Month				Total Revenue / Line / Month			
	Orig	Term	ShrdKpt	IntraOffice	Hrs/Mo	MOU/Mo	% IntraOffice	% IntraOffice	Orig	Term	ShrdKpt	Total	Orig	Term	ShrdKpt	Total	Orig	Term	ShrdKpt	Total
	0.002800	0.002800	0.001201	0.001201	875	525	30%	158	1.03	1.03	0.44	2.50	1.200	3.0%	360	70%	1.01	2.35	2.15	5.71
	0.002800	0.002800	0.001201	0.001201	875	525	30%	158	0.45	1.04	0.44	2.50	1.200	30%	360	70%	0.40	2.38	2.38	5.71
	0.002800	0.002800	0.001201	0.001201	875	525	30%	158	0.34	0.78	0.82	2.49	1.200	30%	360	70%	0.77	1.79	1.79	5.80
	0.002800	0.002800	0.001201	0.001201	875	525	30%	158	0.48	1.07	1.07	2.49	1.200	30%	360	70%	1.04	2.44	2.44	6.00
	0.002800	0.002800	0.001201	0.001201	875	525	30%	158	0.29	0.87	0.87	2.49	1.200	30%	360	70%	0.85	1.52	1.52	4.28
	0.002800	0.002800	0.001201	0.001201	875	525	30%	158	0.48	1.07	1.07	2.49	1.200	30%	360	70%	0.85	1.52	1.52	4.28
	0.002800	0.002800	0.001201	0.001201	875	525	30%	158	0.39	0.92	0.92	2.49	1.200	30%	360	70%	0.90	2.10	2.10	6.18
	0.002800	0.002800	0.001201	0.001201	875	525	30%	158	0.47	1.10	1.10	2.49	1.200	30%	360	70%	0.90	2.10	2.10	6.18
	0.002800	0.002800	0.001201	0.001201	875	525	30%	158	0.17	0.41	0.41	2.49	1.200	30%	360	70%	0.40	0.93	0.93	2.84
	0.002800	0.002800	0.001201	0.001201	875	525	30%	158	0.23	0.54	0.54	2.49	1.200	30%	360	70%	0.53	1.23	1.23	3.53
	0.002800	0.002800	0.001201	0.001201	875	525	30%	158	0.55	1.29	1.29	2.49	1.200	30%	360	70%	0.40	0.93	0.93	2.84
	0.002800	0.002800	0.001201	0.001201	875	525	30%	158	0.42	0.98	0.98	2.49	1.200	30%	360	70%	0.40	0.93	0.93	2.84
	0.002800	0.002800	0.001201	0.001201	875	525	30%	158	0.28	0.68	0.68	2.49	1.200	30%	360	70%	0.65	1.51	1.51	4.05
	0.002800	0.002800	0.001201	0.001201	875	525	30%	158	0.59	1.38	1.38	2.49	1.200	30%	360	70%	1.35	3.15	3.15	8.87
	0.002800	0.002800	0.001201	0.001201	875	525	30%	158	0.40	0.92	0.92	2.49	1.200	30%	360	70%	0.90	2.11	2.11	5.40

NONPUBLIC DOCUMENT
CONTAINS TRADE SECRET DATA

Average Rev./Line / Month	1 Hr	3 Hr	Avg
AZ	9.86	23.10	18.38
CO	10.13	24.22	17.17
IA	9.28	22.19	15.73
ID	10.12	24.21	17.17
MN	7.10	18.08	12.04
MT	10.27	24.55	17.41
ND	8.88	21.25	15.07
NE	10.30	24.83	17.48
NM	4.81	11.49	6.15
OR	5.63	13.94	8.88
SD	11.65	28.34	20.09
UT	9.38	22.38	16.87
WA	6.75	16.14	11.44
WY	12.47	29.81	21.14
QW	9.08	21.85	15.39

LINE RATES W/O USAGE

	AZ	CO	IA	ID	MN	MT	ND	NE	NM	OR	SD	UT	WA	WY
CTXuneM01PntrtnDavgd	29.02	30.89	25.43	31.82	35.32	32.33	24.74	34.70	24.85	26.45	25.82	21.54	21.71	29.56
TOTAL	26.93	28.61	22.92	29.73	33.10	31.70	22.63	32.61	22.76	24.38	23.69	19.45	19.63	27.55
cx21TUNEM01PntrtnDavgd	26.91	28.59	22.91	29.71	33.09		22.61	32.60	24.34	23.68	19.43	19.60	19.60	27.54

NONPUBLIC DOCUMENT
CONTAINS TRADE SECRET DATA

NEW RATES 3 & 4
 NEW RATES 3 & 4
 FOR

MCLEOD WEIGHTED PRICING POINTS FOR NEW OFFERING
 (Based on McLeod's Projected Features)

	Weighted Resale		Weighted UNE-P Low (535 MOU / Month Growth)		Weighted UNE-P High		Weighted Proposed Rate		10/17/00 M01 Counter	Change
	Cix 21	1FB	Cix 21	1FB	Cix 21	1FB	Discount	Rate		
AZ	61.82	36.34	29.86	31.96	50.02	52.12	10.11	30.32	30.80	(0.49)
CO	34.06	32.43	31.68	33.97	52.81	55.11	10.67	32.01	32.81	(0.79)
IA	32.36	24.56	25.74	28.26	45.10	47.62	8.17	24.52	26.04	(1.52)
ID	39.11	58.70	32.79	34.90	53.92	56.02	8.50	25.49	25.97	(0.48)
MIN	42.04	40.53	26.93	26.76	39.35	41.58	9.86	29.59	29.94	(0.35)
MT	-	60.41	-	35.46	-	56.89	10.11	30.34	30.07	0.27
ND	36.36	27.56	25.32	27.45	47.16	49.29	9.21	27.63	28.31	(0.68)
NE	38.83	53.22	35.73	37.84	53.85	55.96	10.04	30.12	30.73	(0.61)
NM	-	60.51	-	26.31	-	49.47	9.84	29.52	29.70	(0.18)
OR	35.80	39.91	26.11	28.22	38.27	40.38	8.88	26.64	26.90	(0.26)
SD	41.85	27.53	27.29	29.43	52.01	54.16	9.49	28.46	29.14	(0.67)
UT	32.09	47.05	22.28	24.39	41.81	43.92	7.44	22.32	22.58	(0.25)
WA	30.68	38.51	21.66	23.77	35.74	37.85	8.77	26.31	26.79	(0.48)
WY	37.77	33.54	31.34	33.36	57.35	59.37	10.02	30.05	30.05	0.00
Avg	38.56	41.49	28.06	30.15	47.28	49.98	9.36	28.09	28.56	(0.46)
Discount off Resale			27.2%	27.3%	-22.6%	-20.5%		32.3%		
Midway Discount off Resale			2.3%	3.4%	2.3%	3.4%				

- Figures are weighted to reflect monthly per-line revenue and forecasted features per McLeod
- All line rates are deaveraged.
- Figures exclude Listings, voice messaging, AIN services and DSL.
- Assumes features are priced separately from the port.
- Includes McLeod Assumptions for feature penetration for Call Forwarding, Call Waiting, Caller ID, Hunting and Last Call Return.
- UNE prices include assumption for local usage

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NONPUBLIC DOCUMENT

CONTAINS TRADE SECRET DATA

10/19/00 1:08 PM

McLeodregVrsn2 M01View

395M is 3 yr take or pay

- What are we on Volume 1 Term

- What can we do about local

- ON MONTH LOCAL USAGE SET UP SEPARATELY FOR BILLING > 525 LOCAL USAGE

- MEETING W/ PALMERIA
- ① Current Situation
- ② Relationship Building
to commit to build
- ③ Avoid Local Generation
Cause BLS Generation
- ④ Business Performance
→ Finance common shared
on 271
- ⑤ Business Understanding
on 271
- ⑥ Construction of Price
Review - 10/25/00
Areas That We want to
do Joint P.R.

MCLEOD WEIGHTED PRICING POINTS FOR NEW OFFERING

10/17/2000 M01 Counter	Qwest "UNE-M" Offer	Diff
30.80	mol 30.80	-
32.81	UNE 34.00	1.19
26.04	UNE 28.30	2.26
25.97	FLAT 33.15	7.18
29.94	mol 27.00	2.94
30.07	FLAT 34.95	4.88
28.31	mol 28.30	(0.01)
30.73	FLAT 35.95	5.22
29.70	mol 27.15	(2.55)
26.90	mol 26.90	-
29.14	UNE 29.45	0.31
22.58	mol 22.60	0.02
26.79	UNE 24.00	(2.79)
30.05	UNE 33.40	3.35
28.56	29.71	1.15

NONPUBLIC DOCUMENT

CONTAINS TRADE SECRET DATA

- RATES APPLY TO EMBEDDED BASE AS OF 10/31/00 AND ASSUME THAT 1FB IS PURCHASED GOING FORWARD
- 1FR IS NOT ELIGIBLE FOR THESE RATES
- Line rates based upon forecasted volumes
- Prices reflect up to maximum of 525 Minutes per line per month for Local Usage. Usage greater than 525 Minutes will be charged
- Prices exclude Local Usage charges related to toll traffic
- Figures exclude Listings, Voice Messaging, AIN & Non-CLASS features services and DSL.

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10/19/00 3:37 PM

10_19_00 (2)

MCLEOD WEIGHTED PRICING POINTS FOR NEW OFFERING

SWACC
 \$ 1.4/MONTH
 ↳ 17M/annual
 20M
 11

10/17/2000 M01 Counter	Qwest "UNE-M" Offer	Diff
30.80	30.80	-
32.81	34.00	1.19
26.04	28.30	2.26
25.97	33.15	7.18
29.94	27.00	(2.94)
30.07	34.95	4.88
28.31	28.30	(0.01)
30.73	35.95	5.22
29.70	27.15	(2.55)
26.90	26.90	-
29.14	29.45	0.31
22.58	22.60	0.02
26.79	24.00	(2.79)
30.05	33.40	3.35
28.56	29.71	1.15

Volume Today

193 1.48 P 77 AZ
 528 4.04 CO 3283
 (647) (13.53) IA 2456
 15 0.74 (MN 4023)
 31 1.92 ND 2736
 2 0.14 WY 3357
 Avg

MURKIN
 S+H
 P-
 DNU
 PHX
 SEC

Block
 maximum
 (or existing)

- RATES APPLY TO EMBEDDED BASE AS OF 10/31/00 AND ASSUME THAT 1FB IS PURCHASED GOING FORWARD
- 1FR IS NOT ELIGIBLE FOR THESE RATES
- Line rates based upon forecasted volumes
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- Figures exclude Listings, Voice Messaging, AIN & Non-CLASS features services and DSL.

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MCLEOD GROWTH & DISCOUNT SCENARIOS

	Today	2001	2002	2003	2004	2005	Total	
Annual Revenue	155	198	246	288			732	McLeod Base View
Growth %		28%	24%	17%				
Growth \$		43	48	42			133	18.1%
Discount Rate		10%	15%	20%				
Discount \$ (base)		20	37	58			114	86.1% % Growth Refunded
Net Growth		24	11	(16)			19	13.9% % Growth Kept
Reported Revenue		179	209	230			618	15.6% Effective Discount
Effective Annual Growth %		15%	5%	-6%				
	Today	2001	2002	2003	2004	2005	Total	
Annual Revenue	155	198	246	288			732	Q Proposal 1 (QP1)
Growth %		28%	24%	17%				
Growth \$		43	48	42			133	18.1%
Discount Rate		12.0%	10.0%	8.0%				
Discount \$ (base)		24	25	23			71	53.8% % Growth Refunded
Net Growth		20	23	19			61	46.2% % Growth Kept
Reported Revenue		175	221	265			661	9.8% Effective Discount
Effective Annual Growth %		13%	12%	8%				
	Today	2001	2002	2003	2004	2005	Total	
Annual Revenue	155	191	229	262			682	QP1 Floor
Growth %		23%	20%	14%				
Growth \$		36	37	33			107	15.7%
Discount Rate		10.0%	8.0%	6.0%				
Discount \$ (base)		19	18	16			53	49.7% % Growth Refunded
Net Growth		17	19	17			54	50.3% % Growth Kept
Reported Revenue		172	211	246			629	7.8% Effective Discount
Effective Annual Growth %		11%	10%	8%				
	Today	2001	2002	2003	2004	2005	Total	
Annual Revenue	155	184	212	238			635	QP1 Floor Break-Even
Growth %		19%	15%	12%				
Growth \$		29	28	25			83	13.0%
Discount Rate		10.0%	8.0%	6.0%				
Discount \$ (base)		18	17	14			50	60.1% % Growth Refunded
Net Growth		11	11	11			33	39.9% % Growth Kept
Reported Revenue		166	195	223			585	7.8% Effective Discount
Effective Annual Growth %		7%	6%	5%				

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MCLEOD GROWTH & DISCOUNT SCENARIOS

	Today	2001	2002	2003	2004	2005	Total	
Annual Revenue	155	198	246	288			732	Q Proposal II (QP2)
Growth %		28%	24%	17%				
Growth \$		43	48	42			133	18.1%
Discount Rate		14.0%	10.0%	7.0%				
Discount \$ (base)		28	25	20			73	54.6% % Growth Refunded
Net Growth		16	23	22			60	45.4% % Growth Kept
Reported Revenue		171	221	268			660	9.9% Effective Discount
Effective Annual Growth %		10%	12%	9%				

	Today	2001	2002	2003	2004	2005	Total	
Annual Revenue	155	194	232	264			689	QP2 Floor
Growth %		25%	20%	14%				
Growth \$		39	38	32			109	15.9%
Discount Rate		12.0%	8.0%	5.0%				
Discount \$ (base)		23	19	13			55	50.5% % Growth Refunded
Net Growth		16	19	19			54	49.5% % Growth Kept
Reported Revenue		171	213	251			634	8.0% Effective Discount
Effective Annual Growth %		10%	10%	8%				

	Today	2001	2002	2003	2004	2005	Total	
Annual Revenue	155	189	217	240			646	QP2 Break Even
Growth %		22%	15%	11%				
Growth \$		34	28	23			85	13.2%
Discount Rate		12.0%	8.0%	5.0%				
Discount \$ (base)		23	17	12			52	61.2% % Growth Refunded
Net Growth		11	11	11			33	38.8% % Growth Kept
Reported Revenue		166	200	228			594	8.1% Effective Discount
Effective Annual Growth %		7%	6%	5%				

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MCLEOD GROWTH & DISCOUNT SCENARIOS

	Today	2001	2002	2003	2004	2005	Total	
Annual Revenue	155	198	246	288			732	Q Proposal 3 (QP3) Indexing discount w/grwth 2001 10% = McLeod discount schedule for \$50M
Growth %		28%	24%	17%				
Growth \$		43	48	42			133	18.1%
Discount Rate		10.0%	8.5%	7.0%				
Discount \$ (base)		20	21	20			61	45.8% % Growth Refunded
Net Growth		24	27	22			72	54.2% % Growth Kept
Reported Revenue		179	225	268			671	8.3% Effective Discount
Effective Annual Growth %		15%	13%	9%				

	Today	2001	2002	2003	2004	2005	Total	
Annual Revenue	155	189	225	256			671	QP3 Floor Indexing discount w/grwth 2001 10% = McLeod discount schedule for \$47M
Growth %		22%	19%	14%				
Growth \$		34	35	31			101	15.1%
Discount Rate		8.5%	6.5%	5.0%				
Discount \$ (base)		16	15	13			44	43.0% % Growth Refunded
Net Growth		18	21	19			58	57.0% % Growth Kept
Reported Revenue		173	210	243			627	6.5% Effective Discount
Effective Annual Growth %		12%	11%	8%				

	Today	2001	2002	2003	2004	2005	Total	
Annual Revenue	155	180	205	227			612	QP3 Break Even Indexing discount w/grwth
Growth %		16%	13%	11%				
Growth \$		25	24	22			72	11.8%
Discount Rate		8.5%	6.5%	5.0%				
Discount \$ (base)		15	13	11			40	55.5% % Growth Refunded
Net Growth		10	11	11			32	44.5% % Growth Kept
Reported Revenue		165	191	216			572	6.5% Effective Discount
Effective Annual Growth %		7%	6%	5%				
Features		8.7	8.7	8.7				
VMS		1.5	3.0	4.7				
Total		10.2	11.7	13.4				
% of Total revenue		6%	6%	6%				

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MCLEOD TAKE-OR-PAY SUMMARY

	Today	2001	2002	2003	2004	2005	Total	McLeod Proposed Take-or-Pay View
Annual Revenue	155	140	126	113			378	80% of (\$155M * 3)
Growth %		-10%	-10%	-10%				Proposal results in 27% mkt share
Growth \$		(16)	(14)	(13)			(42)	loss. ((\$113M - \$155M) / \$155M)

	Today	2001	2002	2003	2004	2005	Total	Qwest Proposal
Annual Revenue	155	198	246	288			732	
Growth %		28%	24%	17%				
Growth \$		43	48	42			133	
Take or Pay		78%	63%	54%				
Take or Pay Revenue		155	155	155			465	

	Today	2001	2002	2003	2004	2005	Total	Qwest Proposal
Annual Revenue	135	173	214	251			638	
Growth %		28%	24%	17%				
Growth \$		38	41	36			116	
Take or Pay		90%	72%	62%				
Take or Pay Revenue		155	155	155			465	

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MCLEOD GROWTH & DISCOUNT SCENARIOS

	Today	2001	2002	2003	2004	2005	Total	McLeod Base View
Annual Revenue	155	198	246	288			732	
Growth %		28%	24%	17%				
Growth \$		43	48	42			133	
Discount Rate		10%	15%	20%				
Discount \$ (base)		20	37	58			114	
Net Growth		24	11	(16)			19	
Reported Revenue		179	209	230			618	
Effective Annual Growth %		15%	5%	-6%				

	Today	2001	2002	2003	2004	2005	Total	Qwest Proposal
Annual Revenue	155	198	246	288			732	Indexing discount w/grwth
Growth %		28%	24%	17%				2001 10% = McLeod discount
Growth \$		43	48	42			133	schedule for \$50M
Discount Rate		10.0%	8.5%	7.0%				
Discount \$ (base)		20	21	20			61	
Net Growth		24	27	22			72	
Reported Revenue		179	225	268			671	
Effective Annual Growth %		15%	13%	9%				

	Today	2001	2002	2003	2004	2005	Total	Qwest Proposal Floor
Annual Revenue	155	189	225	257			671	Indexing discount w/grwth
Growth %		22%	19%	14%				2001 8.5% = McLeod discount
Growth \$		34	36	32			102	schedule for \$47M
Discount Rate		8.5%	6.5%	5.0%				
Discount \$ (base)		16	15	13			44	
Net Growth		18	21	19			58	
Reported Revenue		173	210	244			627	
Effective Annual Growth %		12%	11%	8%				

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MCLEOD WEIGHTED PRICING POINTS FOR NEW OFFERING

	10/17/2000 M01 Counter	Qwest "UNE-M" Offer	Diff	Additional charge for each 100 Minute Increment > 525 MOU / Month
AZ	30.80	30.80	-	0.56
CO	32.81	34.00	1.19	0.59
IA*	26.04	28.30	2.26	0.54
ID	25.97	33.15	7.18	0.59
MIN	29.94	27.00	(2.94)	0.41
MT	30.07	34.95	4.88	0.60
ND	28.31	28.30	(0.01)	0.52
NE	30.73	35.95	5.22	0.60
NM	29.70	27.15	(2.55)	0.28
OR	26.90	26.90	-	0.34
SD	29.14	29.45	0.31	0.69
UT	22.58	22.60	0.02	0.54
WA	26.79	24.00	(2.79)	0.39
WY	30.05	33.40	3.35	0.72
Avg	28.56	29.71	1.15	

* Verifying legality of offering monthly rate of \$26.04, with an identified opportunity in the event \$26.04 cannot be offered

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MCLEOD WEIGHTED PRICING POINTS FOR NEW OFFERING

	10/17/2000 M01 Counter	Qwest "UNE-M" Offer	Diff	Additional charge for each 100 Minute Increment > 525 MOU / Month
AZ	30.80	30.80	-	0.56
CO	32.81	34.00	1.19	0.59
IA*	26.04	28.30	2.26	0.54
ID	25.97	33.15	7.18	0.59
MN	29.94	27.00	(2.94)	0.41
MT	30.07	34.95	4.88	0.60
ND	28.31	28.30	(0.01)	0.52
NE	30.73	35.95	5.22	0.60
NM	29.70	27.15	(2.55)	0.28
OR	26.90	26.90	-	0.34
SD	29.14	29.45	0.31	0.69
UT	22.58	22.60	0.02	0.54
WA	26.79	24.00	(2.79)	0.39
WY	30.05	33.40	3.35	0.72
Avg	28.56	29.71	1.15	

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MCLEOD TAKE-OR-PAY SUMMARY

	Today	2001	2002	2003	2004	2005	Total	McLeod Proposed Take-or-Pay View
Annual Revenue	155	140	126	113			378	80% of (\$155M * 3)
Growth %		-10%	-10%	-10%				Proposal results in 27% mkt share loss. ((\$113M - \$155M) / \$155M)
Growth \$		(16)	(14)	(13)			(42)	

	Today	2001	2002	2003	2004	2005	Total	Qwest Proposal
Annual Revenue	155	198	246	288			732	Minimum level is today's \$155M annual revenue stream
Growth %		28%	24%	17%				
Growth \$		43	48	42			133	
Take or Pay		78%	67%	61%				
Take or Pay Revenue		155	165	175			495	

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MCLEOD GROWTH & DISCOUNT SCENARIOS

	Today	2001	2002	2003	2004	2005	Total	McLeod Base View
Annual Revenue	155	198	246	288			732	
Growth %		28%	24%	17%				
Growth \$		43	48	42			133	
Discount Rate		10%	15%	20%				
Discount \$ (base)		20	37	58			114	
Net Growth		24	11	(16)			19	
Reported Revenue		179	209	230			618	
Effective Annual Growth %		15%	17%	10%				

	Today	2001	2002	2003	2004	2005	Total	Qwest Proposal
Annual Revenue	155	188	246	288			732	Indexing discount w/grwth
Growth %		28%	24%	17%				2001 10% = McLeod discount
Growth \$		43	48	42			133	schedule for \$50M
Discount Rate		10.0%	8.5%	7.0%				Discount will not exceed 10%
Discount \$ (base)		20	21	20			61	for any year
Net Growth		24	27	22			72	
Reported Revenue		179	225	268			671	
Effective Annual Growth %		15%	26%	19%				

	Today	2001	2002	2003	2004	2005	Total	Qwest Proposal Floor
Annual Revenue	155	189	225	257			671	Indexing discount w/grwth
Growth %		22%	19%	14%				2001 8.5% = McLeod discount
Growth \$		34	36	32			102	schedule for \$47M
Discount Rate		8.5%	6.5%	5.0%				
Discount \$ (base)		16	15	13			44	
Net Growth		18	21	19			58	
Reported Revenue		173	210	244			627	
Effective Annual Growth %		12%	22%	16%				

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MCLEOD WEIGHTED PRICING POINTS FOR NEW OFFERING

	10/17/2000 M01 Counter	Qwest "UNE-M" Offer	Diff	Additional charge for each 100 Minute Increment > 525 MOU / Month
AZ	30.80	30.80	-	0.56
CO	32.81	34.00	1.19	0.59
IA*	26.04	28.30	2.26	0.54
ID	25.97	33.15	7.18	0.59
MN	29.94	27.00	(2.94)	0.41
MT	30.07	34.95	4.88	0.60
ND	28.31	28.30	(0.01)	0.52
NE	30.73	35.95	5.22	0.60
NM	29.70	27.15	(2.55)	0.28
OR	26.90	26.90	-	0.34
SD	28.14	29.45	0.31	0.69
UT	22.58	22.60	0.02	0.54
WA	26.79	24.00	(2.79)	0.39
WY	30.05	33.40	3.35	0.72
Avg	28.56	29.71	1.15	

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- Line rates based upon forecasted volumes
- Prices reflect up to maximum of 525 Minutes per line per month for Local Usage. Usage greater than 525 Minutes will be charged
- Prices exclude Local Usage charges related to toll traffic
- Figures exclude Listings, Voice Messaging, AIN & Non-CLASS features services and DSL.

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MCLEOD TAKE-OR-PAY SUMMARY

	Today	2001	2002	2003	2004	2005	Total	McLeod Proposed Take-or-Pay View
Annual Revenue	155	140	126	113			378	80% of (\$155M * 3)
Growth %		-10%	-10%	-10%				Proposal results in 27% mkt share
Growth \$		(16)	(14)	(13)			(42)	loss. ((\$113M - \$155M) / \$155M)

	Today	2001	2002	2003	2004	2005	Total	Qwest Proposal
Annual Revenue	155	198	246	288			732	Minimum level is today's
Growth %		28%	24%	17%				\$155M annual revenue
Growth \$		43	48	42			133	stream
Take or Pay		78%	67%	61%				
Take or Pay Revenue		155	165	175			495	

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MCLEOD GROWTH & DISCOUNT SCENARIOS

	Today	2001	2002	2003	2004	2005	Total	McLeod Base View
Annual Revenue	155	198	246	288			732	
Growth %		28%	24%	17%				
Growth \$		43	48	42			133	
Discount Rate		10%	15%	20%				
Discount \$ (base)		20	37	58			114	
Net Growth		24	11	(16)			19	
Reported Revenue		179	209	230			618	
Effective Annual Growth %		15%	17%	10%				

	Today	2001	2002	2003	2004	2005	Total	Qwest Proposal
Annual Revenue	155	198	246	288			732	Indexing discount w/grwth
Growth %		28%	24%	17%				2001 10% = McLeod discount
Growth \$		43	48	42			133	schedule for \$50M
Discount Rate		10.0%	8.5%	7.0%				Discount will not exceed 10%
Discount \$ (base)		20	21	20			61	for any year.
Net Growth		24	27	22			72	
Reported Revenue		179	225	268			671	
Effective Annual Growth %		15%	26%	19%				

	Today	2001	2002	2003	2004	2005	Total	Qwest Proposal Floor
Annual Revenue	155	189	225	257			671	Indexing discount w/grwth
Growth %		22%	19%	14%				2001 8.5% = McLeod discount
Growth \$		34	36	32			102	schedule for \$47M
Discount Rate		8.5%	6.5%	5.0%				
Discount \$ (base)		16	15	13			44	
Net Growth		18	21	19			58	
Reported Revenue		173	210	244			627	
Effective Annual Growth %		12%	22%	18%				

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MCLEOD GROWTH & DISCOUNT SCENARIOS

	Today	2001	2002	2003	2004	2005	Total	McLeod Base View
Annual Revenue	155	198	246	288			732	
Growth %		28%	24%	17%				
Growth \$		43	48	42			133	
Discount Rate		10%	15%	20%				
Discount \$ (base)		20	37	58			114	
Net Growth		24	11	(16)			19	
Reported Revenue		179	209	230			618	
Effective Annual Growth %		15%	17%	10%				

	Today	2001	2002	2003	2004	2005	Total	Qwest Proposal
Annual Revenue	155	188	248	288			732	Indexing discount w/grwth
Growth %		28%	24%	17%				2001 10% = McLeod discount
Growth \$		43	48	42			133	schedule for \$50M
Discount Rate		10.0%	8.5%	7.0%				Discount will not exceed 10%
Discount \$ (base)		20	21	20			61	for any year.
Net Growth		24	27	22			72	
Reported Revenue		179	225	268			671	
Effective Annual Growth %		15%	26%	19%				

	Today	2001	2002	2003	2004	2005	Total	Qwest Proposal Floor
Annual Revenue	155	189	225	257			671	Indexing discount w/grwth
Growth %		22%	19%	14%				2001 8.5% = McLeod discount
Growth \$		34	36	32			102	schedule for \$47M
Discount Rate		8.5%	6.5%	5.0%				
Discount \$ (base)		16	15	13			44	
Net Growth		18	21	19			50	
Reported Revenue		173	210	244			627	
Effective Annual Growth %		12%	22%	16%				

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MCLEOD GROWTH & DISCOUNT SCENARIOS

	Today	2001	2002	2003	2004	2005	Total	
Annual Revenue	155	198	246	288			732	McLeod Base View
Growth %		28%	24%	17%				
Growth \$		43	48	42			133	18.1%
Discount Rate		10%	15%	20%				
Discount \$ (base)		20	37	58			114	86.1% % Growth Refunded
Net Growth		24	11	(16)			19	13.9% % Growth Kept
Reported Revenue		179	209	230			618	15.6% Effective Discount
Effective Annual Growth %		15%	5%	-6%				

	Today	2001	2002	2003	2004	2005	Total	
Annual Revenue	155	198	246	288			732	Q Proposal 1 (QP1)
Growth %		26%	24%	17%				
Growth \$		43	48	42			133	18.1%
Discount Rate		12.0%	10.0%	8.0%				
Discount \$ (base)		24	25	23			71	53.8% % Growth Refunded
Net Growth		20	23	19			61	46.2% % Growth Kept
Reported Revenue		175	221	265			661	9.8% Effective Discount
Effective Annual Growth %		13%	12%	8%				

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MCLEOD WEIGHTED AVERAGE PRICES

	Volumes	%	UNE		Centrex Resale		New UNE	
			Rate	Wghid	Rate	Wghid	Rate	Wghid
CO	43,948	15.6%	24.31	3.84	32.43	5.12	31.75	5.02
IA	131,862	47.4%	24.56	11.64	24.56	11.64	26.14	12.39
MN	49,445	17.8%	21.54	3.83	40.53	7.20	24.86	4.42
ND	20,011	7.2%	24.16	1.74	27.56	1.98	25.39	1.83
SD	16,091	5.8%	26.97	1.56	27.53	1.59	27.39	1.58
WY	16,835	6.1%	35.40	2.14	33.54	2.03	31.55	1.91
Total	278,193	100.0%	26.16	24.75	31.02	29.57	27.85	27.14

PreDeave Line
Port
Usage
LNP

Post Deave Line
Port
Usage
LNP
Features

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10/20/00 11:30 PM

MCLEOD GROWTH & DISCOUNT SCENARIOS

	Today	2001	2002	2003	2004	2005	Total	
Annual Revenue	155	198	246	288			732	Q Proposal 3 (QP3) Indexing discount w/grwth 2001 10% = McLeod discount schedule for \$50M
Growth %		28%	24%	17%				
Growth \$		43	48	42			133	18.1%
Discount Rate		10.0%	8.5%	7.0%				
Discount \$ (base)		20	21	20			61	45.8% % Growth Refunded
Net Growth		24	27	22			72	54.2% % Growth Kept
Reported Revenue		179	225	268			671	8.3% Effective Discount
Effective Annual Growth %		15%	13%	9%				

	Today	2001	2002	2003	2004	2005	Total	
Annual Revenue	155	189	225	256			671	QP3 Floor Indexing discount w/grwth 2001 10% = McLeod discount schedule for \$47M
Growth %		22%	19%	14%				
Growth \$		34	35	31			101	15.1%
Discount Rate		8.5%	6.5%	5.0%				
Discount \$ (base)		16	15	13			44	43.0% % Growth Refunded
Net Growth		18	21	19			58	57.0% % Growth Kept
Reported Revenue		173	210	243			627	6.5% Effective Discount
Effective Annual Growth %		12%	11%	8%				

	Today	2001	2002	2003	2004	2005	Total	
Annual Revenue	155	180	205	227			612	QP3 Break Even Indexing discount w/grwth
Growth %		16%	13%	11%				
Growth \$		25	24	22			72	11.8%
Discount Rate		8.5%	6.5%	5.0%				
Discount \$ (base)		15	13	11			40	55.5% % Growth Refunded
Net Growth		10	11	11			32	44.5% % Growth Kept
Reported Revenue		165	191	216			572	6.5% Effective Discount
Effective Annual Growth %		7%	6%	5%				
Features		8.7	8.7	8.7				
VMS		1.5	3.0	4.7				
Total		10.2	11.7	13.4				
% of Total revenue		6%	6%	6%				

NONPUBLIC DOCUMENT
CONTAINS TRADE SECRET DATA

MCLEOD WEIGHTED PRICING POINTS FOR NEW OFFERING

	10/17/2000 M01 Counter	Qwest "UNE-M" Offer	Diff	Additional charge for each 100 Minute Increment > 525 MOU / Month
AZ	30.80	30.80	-	0.56
CO	32.81	34.00	1.19	0.59
IA*	26.04	28.30	2.26	0.54
ID	25.97	33.15	7.18	0.59
MIN	29.94	27.00	(2.94)	0.41
MT	30.07	34.95	4.88	0.60
ND	28.31	28.30	(0.01)	0.52
NE	30.73	35.95	5.22	0.60
NM	29.70	27.15	(2.55)	0.28
OR	26.90	26.90	-	0.34
SD	29.14	29.45	0.31	0.69
UT	22.58	22.60	0.02	0.54
WA	26.79	24.00	(2.79)	0.39
WY	30.05	33.40	3.35	0.72
Avg	28.56	29.71	1.15	

* Verifying legality of offering monthly rate of \$26.04, with an identified opportunity in the event \$26.04 cannot be offered

- RATES APPLY TO EMBEDDED BASE AS OF 10/31/00 AND ASSUME THAT 1FB IS PURCHASED GOING FORWARD
- 1FR IS NOT ELIGIBLE FOR THESE RATES
- Line rates based upon forecasted volumes
- Prices reflect up to maximum of 525 Minutes per line per month for Local Usage. Usage greater than 525 Minutes will be charged
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10/21/00 12:57 AM

McLeodregVrsn2 M01Vlew 10_19_00 (2)

MCLEOD WEIGHTED AVERAGE PRICES

	Centrex		UNE		Centrex Resale		New UNE	
	Volumes	%	Rate	Wghtd	Rate	Wghtd	Rate	Wghtd
CO	43,949	15.8%	24.31	3.84	32.43	5.12	34.00	5.37
IA*	131,062	47.4%	24.56	11.64	24.56	11.64	26.04	12.34
MN	49,445	17.8%	21.54	3.83	40.53	7.20	27.00	4.80
ND	20,011	7.2%	24.16	1.74	27.56	1.98	28.30	2.04
SD	16,091	5.8%	26.97	1.56	27.53	1.59	29.45	1.70
WY	16,835	6.1%	35.40	2.14	33.54	2.03	33.40	2.02
Total	278,193	100.0%	26.16	24.75	31.02	29.57	29.70	28.27

	1FB Resale		UNE		1FB Resale		New UNE	
	Volumes	%	Rate	Wghtd	Rate	Wghtd	Rate	Wghtd
AZ	10	0.1%	26.96	0.02	40.42	0.03	30.80	0.02
CO	5,458	34.1%	24.31	8.28	42.69	14.54	34.00	11.58
IA*	948	5.9%	24.56	1.45	32.70	1.93	26.04	1.54
ID	1,264	7.9%	30.37	2.40	33.99	2.68	33.15	2.61
MN	492	3.1%	21.54	0.66	39.45	1.21	27.00	0.83
MT	8	0.0%	32.42	0.02	40.45	0.02	34.95	0.02
ND	63	0.4%	24.16	0.09	36.84	0.14	28.30	0.11
NE	3,605	22.5%	26.05	5.86	40.16	9.04	35.95	8.09
NM	25	0.2%	23.77	0.04	39.36	0.06	27.15	0.04
OR	137	0.9%	18.34	0.16	35.51	0.30	26.90	0.23
SD	86	0.5%	26.97	0.14	37.95	0.20	29.45	0.16
UT	3,401	21.2%	18.58	3.94	29.76	6.32	22.60	4.80
WA	533	3.3%	21.68	0.72	35.08	1.17	24.00	0.80
WY	4	0.0%	35.40	0.01	40.06	0.01	33.40	0.01
Total	16,024	100.0%	25.37	23.79	37.46	37.65	29.55	30.83

28.05

	Centrex		UNE		Centrex Resale		New UNE	
	Volumes	%	Rate	Wghtd	Rate	Wghtd	Rate	Wghtd
Centrex	278,193	94.6%	26.16	24.73	31.02	29.33	29.70	28.08
1FB	16,024	5.4%	25.37	1.38	37.46	2.04	29.55	1.61
Total	294,217	100%	25.76	26.11	34.24	31.38	29.62	29.69

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10/21/00 1:21 AM

MCLEOD WEIGHTED PRICING POINTS FOR NEW OFFERING

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CO	32.81	34.00	1.19	0.59
IA*	26.04	28.30	2.26	0.54
ID	25.97	33.15	7.18	0.59
MN	29.94	27.00	(2.94)	0.41
MT	30.07	34.95	4.88	0.60
ND	28.31	28.30	(0.01)	0.52
NE	30.73	35.95	5.22	0.60
NM	29.70	27.15	(2.55)	0.28
OR	26.90	26.90	-	0.34
SD	29.14	29.45	0.31	0.69
UT	22.58	22.60	0.02	0.54
WA	26.79	24.00	(2.79)	0.39
WY	30.05	33.40	3.35	0.72
Avg	28.56	29.71	1.15	

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10/21/00 12:57 AM

McLeodregVrsn2 M01View 10_19_00 (2)

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CONTAINS TRADE SECRET DATA

MCLEOD GROWTH & DISCOUNT SCENARIOS

	Today	2001	2002	2003	2004	2005	Total	
Annual Revenue	155	198	246	305			749	Q CounterProposal Tier3
Growth %		28%	24%	24%				
Growth \$		43	48	59			150	20.0%
Discount Rate		10.0%	10.0%	10.0%				
Discount \$ (base)		20	25	31			75	49.9% % Growth Refunded
Net Growth		24	23	29			75	50.1% % Growth Kept
Reported Revenue		179	221	275			675	10.0% Effective Discount
Effective Annual Growth %		15%	12%	12%				

	Today	2001	2002	2003	2004	2005	Total	
Annual Revenue	155	188	223	262			672	Q CounterProposal Tier2
Growth %		21%	18%	18%				
Growth \$		33	35	39			107	15.9%
Discount Rate		8.0%	8.0%	8.0%				
Discount \$ (base)		15	18	21			54	50.4% % Growth Refunded
Net Growth		18	17	18			53	49.6% % Growth Kept
Reported Revenue		173	205	241			619	8.0% Effective Discount
Effective Annual Growth %		12%	9%	8%				

	Today	2001	2002	2003	2004	2005	Total	
Annual Revenue	155	178	201	223			601	Q CounterProposal Tier3
Growth %		15%	13%	11%				
Growth \$		23	23	22			68	11.3%
Discount Rate		6.5%	6.0%	5.0%				
Discount \$ (base)		12	12	11			35	51.3% % Growth Refunded
Net Growth		11	11	11			33	48.7% % Growth Kept
Reported Revenue		166	189	212			566	5.8% Effective Discount
Effective Annual Growth %		7%	6%	5%				

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MCLEOD GROWTH & DISCOUNT SCENARIOS

	Today	2001	2002	2003	2004	2005	Total	
Annual Revenue	155	198	246	288			732	gCasey Proposal
Growth %		28%	24%	17%				
Growth \$		43	48	42			133	18.1%
Discount Rate		10.0%	10.0%	8.0%				
Discount \$ (base)		20	25	23			67	50.8% % Growth Refunded
Net Growth		24	23	19			65	49.2% % Growth Kept
Reported Revenue		179	221	265			665	9.2% Effective Discount
Effective Annual Growth %		15%	12%	8%				
Features		8.7	8.7	8.7				
VMS		1.5	3.0	4.7				
Total		10.2	11.7	13.4				
% of Total revenue		5%	5%	5%				

	Today	2001	2002	2003	2004	2005	Total	
Annual Revenue	155	194	232	264			689	gCasey Proposal Floor
Growth %		25%	20%	14%				
Growth \$		39	38	32			109	15.8%
Discount Rate		10.0%	10.0%	8.0%				
Discount \$ (base)		19	23	21			64	58.4% % Growth Refunded
Net Growth		19	15	11			45	41.6% % Growth Kept
Reported Revenue		174	208	243			626	9.2% Effective Discount
Effective Annual Growth %		13%	8%	5%				
Features		8.7	8.7	8.7				
VMS		1.5	3.0	4.7				
Total		10.2	11.7	13.4				
% of Total revenue		5%	5%	5%				

	Today	2001	2002	2003	2004	2005	Total	
Annual Revenue	155	184	217	248			650	gCasey Proposal Brk-Even
Growth %		19%	18%	14%				
Growth \$		29	33	31			93	14.3%
Discount Rate		10.0%	10.0%	8.0%				
Discount \$ (base)		18	22	20			60	64.5% % Growth Refunded
Net Growth		11	11	11			33	35.5% % Growth Kept
Reported Revenue		166	195	228			590	9.2% Effective Discount
Effective Annual Growth %		7%	6%	5%				
Features		8.7	8.7	8.7				
VMS		1.5	3.0	4.7				
Total		10.2	11.7	13.4				
% of Total revenue		6%	5%	5%				

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MCLEOD GROWTH & DISCOUNT SCENARIOS

	Today	2001	2002	2003	2004	2005	Total	
Annual Revenue	155	198	246	288			732	
Growth %		28%	24%	17%				
Growth \$		43	48	42				
Discount Rate		10.0%	8.5%	7.0%				
Discount \$ (base)		20	21	20			61	45.8% % Growth Refunded
Net Growth		24	27	22			72	54.2% % Growth Kept
Reported Revenue		179	225	268			671	8.3% Effective Discount
Effective Annual Growth %		15%	13%	9%				
Features		8.7	8.7	8.7				
VMS		1.5	3.0	4.7				
Total		10.2	11.7	13.4				
% of Total revenue		5%	5%	5%				

Q Proposal 3 (QP3)
 Indexing discount w/grwth
 2001 10% = McLeod discount
 schedule for \$50M

	Today	2001	2002	2003	2004	2005	Total	
Annual Revenue	155	189	225	256			671	
Growth %		22%	19%	14%				
Growth \$		34	35	31				
Discount Rate		8.5%	6.5%	5.0%				
Discount \$ (base)		16	15	13			44	43.0% % Growth Refunded
Net Growth		18	21	19			58	57.0% % Growth Kept
Reported Revenue		173	210	243			627	6.5% Effective Discount
Effective Annual Growth %		12%	11%	8%				
Features		8.7	8.7	8.7				
VMS		1.5	3.0	4.7				
Total		10.2	11.7	13.4				
% of Total revenue		5%	5%	5%				

QP3 Floor
 Indexing discount w/grwth
 2001 10% = McLeod discount
 schedule for \$47M

	Today	2001	2002	2003	2004	2005	Total	
Annual Revenue	155	180	205	227			612	
Growth %		16%	13%	11%				
Growth \$		25	24	22				
Discount Rate		8.5%	6.5%	5.0%				
Discount \$ (base)		15	13	11			40	55.5% % Growth Refunded
Net Growth		10	11	11			32	44.5% % Growth Kept
Reported Revenue		165	191	216			572	6.5% Effective Discount
Effective Annual Growth %		7%	6%	5%				
Features		8.7	8.7	8.7				
VMS		1.5	3.0	4.7				
Total		10.2	11.7	13.4				
% of Total revenue		6%	6%	6%				

QP3 Break Even
 Indexing discount w/grwth

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MCLEOD GROWTH & DISCOUNT SCENARIOS

	Today	2001	2002	2003	2004	2005	Total	
Annual Revenue	155	198	246	288			732	McLeod Base View
Growth %		28%	24%	17%				
Growth \$		43	48	42			133	18.1%
Discount Rate		10%	15%	20%				
Discount \$ (base)		20	37	58			114	86.1% % Growth Refunded
Net Growth		24	11	(16)			19	13.9% % Growth Kept
Reported Revenue		179	209	230			618	15.6% Effective Discount
Effective Annual Growth %		15%	5%	-5%				

	Today	2001	2002	2003	2004	2005	Total	
Annual Revenue	155	198	246	288			732	Q Proposal 1 (QP1)
Growth %		28%	24%	17%				
Growth \$		43	48	42			133	18.1%
Discount Rate		12.0%	10.0%	8.0%				
Discount \$ (base)		24	25	23			71	53.8% % Growth Refunded
Net Growth		20	23	19			61	46.2% % Growth Kept
Reported Revenue		175	221	265			661	9.8% Effective Discount
Effective Annual Growth %		13%	12%	8%				

	Today	2001	2002	2003	2004	2005	Total	
Annual Revenue	155	191	229	262			682	QP1 Floor
Growth %		23%	20%	14%				
Growth \$		36	37	33			107	15.7%
Discount Rate		10.0%	8.0%	6.0%				
Discount \$ (base)		19	18	16			53	49.7% % Growth Refunded
Net Growth		17	19	17			54	50.3% % Growth Kept
Reported Revenue		172	211	246			629	7.8% Effective Discount
Effective Annual Growth %		11%	10%	8%				

	Today	2001	2002	2003	2004	2005	Total	
Annual Revenue	155	184	212	238			635	QP1 Floor Break-Even
Growth %		19%	15%	12%				
Growth \$		29	28	25			83	13.0%
Discount Rate		10.0%	8.0%	6.0%				
Discount \$ (base)		18	17	14			50	60.1% % Growth Refunded
Net Growth		11	11	11			33	39.9% % Growth Kept
Reported Revenue		166	195	223			585	7.8% Effective Discount
Effective Annual Growth %		7%	6%	5%				

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MCLEOD GROWTH & DISCOUNT SCENARIOS - SATURDAY, 10/21/00, 12:10PM COUNTER PROPOSAL

	Q Counter Proposal			Total
	2001	2002	2003	
Annual Revenue	155	198	246	305
Growth %	28%	24%	24%	24%
Growth \$	43	48	59	150
Discount Rate	10.0%	10.0%	10.0%	20.0%
Discount \$ (base)	20	25	31	75
Net Growth	24	23	29	75
Reported Revenue	179	221	275	675
Effective Annual Growth %	15%	12%	12%	10.0%
				% Growth Refunded
				49.8%
				% Growth Kept
				50.1%
				10.0% Effective Discount

	Q Counter Proposal			Total
	2001	2002	2003	
Annual Revenue	155	178	198	246
Growth %	15%	11%	11%	25%
Growth \$	23	20	48	91
Discount Rate	8.0%	8.0%	8.0%	14.7%
Discount \$ (base)	14	16	20	50
Net Growth	9	4	29	42
Reported Revenue	164	102	227	573
Effective Annual Growth %	6%	2%	15%	8.0%
				% Growth Refunded
				54.5%
				% Growth Kept
				45.5%
				8.0% Effective Discount

	Q Counter Proposal			Total
	2001	2002	2003	
Annual Revenue	155	157	158	160
Growth %	1%	1%	1%	1%
Growth \$	2	2	2	5
Discount Rate	0.0%	0.0%	0.0%	1.0%
Discount \$ (base)	-	-	-	-
Net Growth	2	2	2	5
Reported Revenue	157	150	160	474
Effective Annual Growth %	1%	1%	1%	0.0%
				% Growth Refunded
				0.0%
				% Growth Kept
				100.0%
				0.0% Effective Discount

	Year1	Year2	Year3
Tier 1 Revenue	157	158	160
Tier 1 Discount	0.0%	0.0%	0.0%
Tier 2 Revenue	179	199	247
Tier 2 Discount	8.0%	8.0%	8.0%
Tier 3 Revenue	199	246	305
Tier 3 Discount	10.0%	10.0%	10.0%

Trade Secret Data Ends

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CONTAINS TRADE SECRET DATA

Qwest Counterproposal

Trade Secret Data Begins

Subject: Qwest Counterproposal
Date: Sat, 21 Oct 2000 04:00:27 -0600
From: Arturo Ibarra Jr <aibarra@uswest.com>
Organization: U S WEST Communications, Inc
To: "jbalvanz@mcleodusa.com" <jbalvanz@mcleodusa.com>
CC: Audrey McKenney <axmcken@uswest.com>

REC'D

21 2000

P-421/C-02-197

DOC 08-212

Trade Secret Attachment

Please see attached.

Arturo

10_21_00_Qcounter.xls	Name: 10_21_00_Qcounter.xls Type: Microsoft Excel Worksheet (application/vnd.ms-excel) Encoding: base64
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NONPUBLIC DOCUMENT
CONTAINS TRADE SECRET DATA

QWEST COUNTERPROPOSAL

Mutual Preferred Vendor Plan				Total	
	2000	2001	2002	2003	2001-2003
Projected Growth Rate	0%	28%	24%	17%	
"Base"/Projected revenue	155	198	246	288	732
Preferred Vendor - "Take or Pay"	-	150	160	170	480
% of Projected Revenue		76%	65%	59%	66%

McLeod to Qwest

Projected Growth Rate

"Base"/Projected revenue

Preferred Vendor - "Take or Pay"

% of Projected Revenue

Qwest to McLeod

Preferred Vendor - "Take or Pay" commitment ranges

Minimum for discount to apply

Tier 1

Revenue ranges

Discount Rate

Tier 2

Revenue ranges

Discount Rate

Tier 3

Revenue ranges

Discount Rate

	\$M's	
Revenue ranges	178-188	201-223
Discount Rate	6.5%	6.0%
Revenue ranges	189-198	224-246
Discount Rate	8.0%	8.0%
Revenue ranges	over 199	over 247
Discount Rate	10.0%	10.0%
		over 306
		10.0%

Trade Secret Data Ends

Attorney Client Privilege

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CONTAINS TRADE SECRET DATA

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Counter Proposal

[Trade Secret Data Begins

Subject: Counter Proposal

Date: Sat, 21 Oct 2000 12:38:37 -0600

RECD 2 2000

From: Arturo Ibarra Jr <aibarra@uswest.com>

Organization: U S WEST Communications, Inc

To: bfisher@mcleodusa.com, rrings@mcleodusa.com,
"jbalvanz@mcleodusa.com" <jbalvanz@mcleodusa.com>

CC: Audrey McKenney <axmcken@uswest.com>

P-421/C-02-197
DOC 08-212
Trade Secret Attachment

Please see attached.

10_22_00 Qcounter.xls	Name: 10_22_00 Qcounter.xls Type: Microsoft Excel Worksheet (application/vnd.ms-excel) Encoding: base64
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NONPUBLIC DOCUMENT

CONTAINS TRADE SECRET DATA

QWEST COUNTERPROPOSAL

Mutual Preferred Vendor Plan					
	2000	2001	2002	2003	Total 2001-2003

<u>McLeod to Qwest</u>					
Projected Growth Rate	0%	28%	24%	17%	
"Base"/Projected revenue	155	198	246	288	732
Preferred Vendor -- "Take or Pay"	-	150	160	170	480
% of Projected Revenue		76%	65%	59%	66%

Qwest to McLeod

Preferred Vendor -- "Take or Pay" commitment ranges
Minimum for discount to apply

	\$M's	
Tier 1		
Revenue ranges	179-198	199-246 247-305
Discount Rate	8.0%	8.0% 8.0%
Tier 2		
Revenue ranges	199 or >	247 or > 306 or >
Discount Rate	10.0%	10.0% 10.0%

Trade Secret Data Ends]

Attorney Client Privilege

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