

Mcleod Business Case

P-421/C-02-197

DOC 08-212

Trade Secret Attachment

Trade Secret Data Begins

Subject: Mcleod Business Case

Date: Sat, 21 Oct 2000 15:16:41 -0600

From: Kathleen Kochis <kkochis@uswest.net>


To: axmcken@uswest.com, dhult@tconln.com, aibarra@uswest.com, Robin.szeliga@qwest.com, kkochis@uswest.com

Attached for your review is the business case associated with the Mcleod negotiations. I have shown scenarios under the proposed pricing with and without capital costs as well as a view with the regulated UNE-P pricing.

Please call me if you have questions. I am at home today (303) 453-1967.

Thanks,

Kathy

| | |
|---|--|
|  Mcleoud Business Case.xls | Name: Mcleoud Business Case.xls Type: Excel File (application/msexcel) Encoding: base64 |
|---|--|

NONPUBLIC DOCUMENT
CONTAINS TRADE SECRET DATA

McLeod Under New UNE-P

| \$M | 2000 | 2001 | 2002 | 2003 | Total |
|---------------------------|------|------|------|------|-------|
| REVENUE | 220 | 198 | 246 | 288 | 952 |
| COGS | | | | | |
| Maintenance | 35 | 48 | 59 | 69 | 176 |
| Conversion Cost | 2 | 0 | 0 | 0 | 0 |
| Vendor Plan | 0 | 20 | 22 | 19 | 61 |
| UNE-P Policy Dispute | 33 | 0 | 0 | 0 | 33 |
| Depreciation - Loops | 21 | 27 | 33 | 39 | 119 |
| Earnings Before Taxes | 129 | 104 | 132 | 161 | 563 |
| Taxes | 49 | 39 | 50 | 61 | 200 |
| Net operating income | 80 | 64 | 82 | 100 | 326 |
| Add back Noncash expense | 21 | 27 | 33 | 39 | 119 |
| Cashflow from operations | 101 | 91 | 115 | 139 | 445 |
| Capital investments | 0 | (87) | (96) | (84) | (267) |
| Total projected cash flow | 101 | 4 | 19 | 54 | 178 |
| NPV (2001-2003) | 57 | | | | |
| NPV (2000-2003) | 141 | | | | |

DATA:

| | | | | |
|---|---------|---------|---------|---------|
| Volumes | 294,000 | 376,320 | 466,637 | 545,965 |
| Cost/Line/Month | | | | |
| Network | 9.50 | 9.50 | 9.50 | 9.50 |
| Wholesale | 1.05 | 1.05 | 1.05 | 1.05 |
| Total Recurring | 10.55 | 10.55 | 10.55 | 10.55 |
| Depreciation - \$1,060 per loop over 15 year life | 70.67 | 70.67 | 70.67 | 70.67 |
| Tax Rate | 38% | | | |
| Discount Rate | 10% | | | |
| Loop Cost | 1060 | | | |

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CONTAINS TRADE SECRET DATA

McLeod Under New UNE-P

| \$M | 2000 | 2001 | 2002 | 2003 | Total |
|---------------------------|------|------|------|------|-------|
| REVENUE | 220 | 198 | 246 | 288 | 952 |
| COGS | | | | | |
| Maintenance | 35 | 48 | 59 | 69 | 176 |
| Conversion Cost | 2 | 0 | 0 | 0 | 0 |
| Vendor Plan | 0 | 20 | 25 | 29 | 74 |
| UNE-P Policy Dispute | 33 | 0 | 0 | 0 | 33 |
| Depreciation - Loops | 21 | 27 | 33 | 39 | 119 |
| Earnings Before Taxes | 129 | 104 | 129 | 151 | 550 |
| Taxes | 49 | 39 | 49 | 57 | 195 |
| Net operating income | 80 | 64 | 80 | 94 | 318 |
| Add back Noncash expense | 21 | 27 | 33 | 39 | 119 |
| Cashflow from operations | 101 | 91 | 113 | 132 | 437 |
| Capital investments | 0 | (87) | (96) | (84) | (267) |
| Total projected cash flow | 101 | 4 | 17 | 48 | 170 |
| NPV (2001-2003) | 51 | | | | |
| NPV (2000-2003) | 136 | | | | |

DATA:

| | | | | |
|---|---------|---------|---------|---------|
| Volumes | 294,000 | 376,320 | 466,637 | 545,965 |
| Cost/Line/Month | | | | |
| Network | 9.50 | 9.50 | 9.50 | 9.50 |
| Wholesale | 1.05 | 1.05 | 1.05 | 1.05 |
| Total Recurring | 10.55 | 10.55 | 10.55 | 10.55 |
| Depreciation - \$1,060 per loop over 15 year life | 70.67 | 70.67 | 70.67 | 70.67 |
| Tax Rate | 38% | | | |
| Discount Rate | 10% | | | |
| Loop Cost | 1060 | | | |

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CONTAINS TRADE SECRET DATA

**McLeod Under New UNE-P
Without Sunk Cost**

| \$M | 2000 | 2001 | 2002 | 2003 | Total |
|---------------------------|------|------|------|------|-------|
| REVENUE | 220 | 198 | 246 | 288 | 952 |
| COGS | | | | | |
| Maintenance | 35 | 48 | 59 | 69 | 176 |
| Conversion Cost | 2 | 0 | 0 | 0 | 0 |
| Vendor Plan | 0 | 20 | 25 | 29 | 74 |
| UNE-P Policy Dispute | 33 | 0 | 0 | 0 | 33 |
| Depreciation - Loops | 0 | 0 | 0 | 0 | 0 |
| Earnings Before Taxes | 150 | 130 | 162 | 190 | 669 |
| Taxes | 57 | 50 | 62 | 72 | 240 |
| Net operating income | 93 | 81 | 100 | 118 | 392 |
| Add back Noncash expense | 0 | 0 | 0 | 0 | 0 |
| Cashflow from operations | 93 | 81 | 100 | 118 | 392 |
| Capital investments | 0 | 0 | 0 | 0 | 0 |
| Total projected cash flow | 93 | 81 | 100 | 118 | 392 |
| NPV (2001-2003) | 236 | | | | |
| NPV (2000-2003) | 294 | | | | |

DATA:

| | | | | |
|---|---------|---------|---------|---------|
| Volumes | 294,000 | 376,320 | 466,637 | 545,965 |
| Cost/Line/Month | | | | |
| Network | 9.50 | 9.50 | 9.50 | 9.50 |
| Wholesale | 1.05 | 1.05 | 1.05 | 1.05 |
| Total Recurring | 10.55 | 10.55 | 10.55 | 10.55 |
| Depreciation - \$1,060 per loop over 15 year life | 70.67 | 70.67 | 70.67 | 70.67 |
| Tax Rate | 38% | | | |
| Discount Rate | 12% | | | |
| Loop Cost | 1060 | | | |

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CONTAINS TRADE SECRET DATA

McLeod Under Regulated UNE-P

| \$M | 2000 | 2001 | 2002 | 2003 | Total |
|----------------------------------|------|------|------|------|-------|
| REVENUE | 167 | 174 | 216 | 253 | 811 |
| COGS | | | | | |
| Maintenance | 35 | 48 | 59 | 69 | 176 |
| Conversion Cost | 2 | 0 | 0 | 0 | 0 |
| Vendor Plan | 0 | 0 | 0 | 0 | 0 |
| UNE-P Policy Dispute | 0 | 0 | 0 | 0 | 0 |
| Depreciation - Loops | 21 | 27 | 33 | 39 | 119 |
| Earnings Before Taxes | 109 | 100 | 124 | 146 | 516 |
| Taxes | 42 | 38 | 47 | 55 | 182 |
| Net operating income | 68 | 62 | 77 | 90 | 297 |
| Add back Noncash expense | 21 | 27 | 33 | 39 | 119 |
| Cashflow from operations | 88 | 89 | 110 | 129 | 416 |
| Capital investments | 0 | (87) | (96) | (84) | (267) |
| Total projected cash flow | 88 | 1 | 14 | 45 | 149 |
| NPV (2001-2003) | 45 | | | | |
| NPV (2000-2003) | 119 | | | | |

DATA:

| | | | | |
|--|---------|---------|---------|---------|
| Volumes | 294,000 | 376,320 | 466,637 | 545,965 |
| Cost/Line/Month | | | | |
| Network | 9.50 | 9.50 | 9.50 | 9.50 |
| Wholesale | 1.05 | 1.05 | 1.05 | 1.05 |
| Total Recurring | 10.55 | 10.55 | 10.55 | 10.55 |
| Depreciation - \$1,060 per loop over 15 year life | 70.67 | 70.67 | 70.67 | 70.67 |
| Tax Rate | 38% | | | |
| Discount Rate | 12% | | | |
| Loop Cost | 1,060 | | | |

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CONTAINS TRADE SECRET DATA

Sent to McLeod
 B/4 Casey's
 Add'l Overlay

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 | |

Casey's
 10/19/00
 10/20/00
 105 175
 495
 little sketch
 \$ 5000

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 CONTAINS TRADE SECRET DATA

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

Hi Greg -

713
812-0438

① Attached is the
proposed internal

McLeod Summary that Arturo,
Dan, Freddie + I ~~got~~ together.
- I could not go to

12% for YR 2001

on any 4'Q 00

discount, (Wed-end

up w/ negative revenues
year to year)

② We reviewed the "mutual"
Preferred Vendor Plan with
Robin + she appeared to be OK
(w/ie long w/ Mark Link)
Kathy will review these #s w/
her tomorrow

③ We'll send eschelon to you in
a few hours.

Audrey

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CONTAINS TRADE SECRET DATA

**McLeod Under New UNE-P
Without Sunk Cost**

| \$M | 2000 | 2001 | 2002 | 2003 | Total |
|---------------------------|------|------|------|------|-------|
| REVENUE | 220 | 198 | 246 | 288 | 952 |
| COGS | | | | | |
| Maintenance | 35 | 48 | 59 | 69 | 176 |
| Conversion Cost | 2 | 0 | 0 | 0 | 0 |
| Vendor Plan | 0 | 20 | 22 | 19 | 61 |
| UNE-P Policy Dispute | 33 | 0 | 0 | 0 | 33 |
| Depreciation - Loops | 0 | 0 | 0 | 0 | 0 |
| Earnings Before Taxes | 150 | 130 | 165 | 200 | 682 |
| Taxes | 57 | 50 | 63 | 76 | 245 |
| Net operating income | 93 | 81 | 102 | 124 | 400 |
| Add back Noncash expense | 0 | 0 | 0 | 0 | 0 |
| Cashflow from operations | 93 | 81 | 102 | 124 | 400 |
| Capital investments | 0 | 0 | 0 | 0 | 0 |
| Total projected cash flow | 93 | 81 | 102 | 124 | 400 |
| NPV (2001-2003) | 242 | | | | |
| NPV (2000-2003) | 299 | | | | |

DATA:

| | | | | |
|---|---------|---------|---------|---------|
| Volumes | 294,000 | 376,320 | 466,637 | 545,965 |
| Cost/Line/Month | | | | |
| Network | 9.50 | 9.50 | 9.50 | 9.50 |
| Wholesale | 1.05 | 1.05 | 1.05 | 1.05 |
| Total Recurring | 10.55 | 10.55 | 10.55 | 10.55 |
| Depreciation - \$1,060 per loop over 15 year life | 70.67 | 70.67 | 70.67 | 70.67 |
| Tax Rate | 38% | | | |
| Discount Rate | 12% | | | |
| Loop Cost | 1060 | | | |

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CONTAINS TRADE SECRET DATA

McLeod Under Regulated UNE-P

| \$M | 2000 | 2001 | 2002 | 2003 | Total |
|----------------------------------|------|------|------|------|-------|
| REVENUE | 167 | 174 | 216 | 253 | 811 |
| COGS | | | | | |
| Maintenance | 35 | 48 | 59 | 69 | 176 |
| Conversion Cost | 2 | 0 | 0 | 0 | 0 |
| Vendor Plan | 0 | 0 | 0 | 0 | 0 |
| UNE-P Policy Dispute | 0 | 0 | 0 | 0 | 0 |
| Depreciation - Loops | 21 | 27 | 33 | 39 | 119 |
| Earnings Before Taxes | 109 | 100 | 124 | 146 | 516 |
| Taxes | 42 | 38 | 47 | 55 | 182 |
| Net operating income | 68 | 62 | 77 | 90 | 297 |
| Add back Noncash expense | 21 | 27 | 33 | 39 | 119 |
| Cashflow from operations | 88 | 89 | 110 | 129 | 416 |
| Capital investments | 0 | (87) | (96) | (84) | (267) |
| Total projected cash flow | 88 | 1 | 14 | 45 | 149 |
| NPV (2001-2003) | 45 | | | | |
| NPV (2000-2003) | 119 | | | | |

DATA:

| | | | | |
|--|---------|---------|---------|---------|
| Volumes | 294,000 | 376,320 | 466,637 | 545,965 |
| Cost/Line/Month | | | | |
| Network | 9.50 | 9.50 | 9.50 | 9.50 |
| Wholesale | 1.05 | 1.05 | 1.05 | 1.05 |
| Total Recurring | 10.55 | 10.55 | 10.55 | 10.55 |
| Depreciation - \$1,060 per loop over 15 year life | 70.67 | 70.67 | 70.67 | 70.67 |
| Tax Rate | 38% | | | |
| Discount Rate | 12% | | | |
| Loop Cost | 1,060 | | | |

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CONTAINS TRADE SECRET DATA

5 pos
(4)

Hi Greg -

Pls call me on

McLeod. Their

"Take or Pay" level +

Discount plan was

unacceptable to us.

Attached is their proposal

and our counter!

Thanks! Audrey

(303) 896-5851 (w)

437-0928 PCS

877-9254 ↓

841-7998 (Home)

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CONTAINS TRADE SECRET DATA

Saturday
4:00am
Version

QWEST COUNTERPROPOSAL

| Key Financial Indicators: (\$M's) | Mutual Preferred Vendor Plan | | | | Total 2001-2003 |
|--|------------------------------|------|------|------|--------------------|
| | 2000 | 2001 | 2002 | 2003 | |
| McLeod to Qwest | | | | | |
| 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 | 178-188 | 201-223 |
| Revenue ranges | 201-223 | 223-254 |
| Discount Rate | 6.5% | 6.0% |
| | | 5.0% |
| Tier 2 | 189-198 | 224-246 |
| Revenue ranges | 224-246 | 255-305 |
| Discount Rate | 8.0% | 8.0% |
| | | 8.0% |
| Tier 3 | over 199 | over 247 |
| Revenue ranges | over 247 | over 306 |
| Discount Rate | 10.0% | 10.0% |
| | | 10.0% |

Attorney Client Privilege

For Discussion Purposes Only. Data Exchanged Between The Parties
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CONTAINS TRADE SECRET DATA

Resale/UNE Settlement Impacts Summary

McLeod

Key Settlement Points:

Strategy:

- Strengthen business-to-business relations vs. regulatory
- Mitigate economic and regulatory risk related to "USW" Resale to UNE-P conversion policy
- Grow top-line revenue by keeping customer "on-net"
- Resolve 271 related issues

Structure:

- 2 separate contracts
- Amend interconnection agreements for new UNE-P product
- Mutual Preferred Vendor Plan

What this deal delivers:

- No objection to 271 -- will discuss business to business to resolve
- Additional \$44M in 2000 revenue -- \$11M cash related to "USW" business policy disputes
- 3 Year revenue agreement ranging from a required minimum of \$480M to up to \$730M

Key Financial Impacts: (\$M's)

| ILEC | Today's Billing |
|-----------------------------|-----------------|
| Resale | \$ 110 |
| Collocation (Non-Recurring) | 20 |
| Other Interconnect | 5 |
| Interconnect | 135 |
| SWACC/PLTS | 35 |
| Total ILEC | 170 |
| Out-of-Region | 5 |
| Total Qwest | \$ 175 |

| | 2000 | 2001 | 2002 | 2003 | 2001-2003 | Total |
|----------------------|--------|------|------|------|-----------|-------|
| Revenue | | | | | | |
| High | \$ 220 | 198 | 246 | 288 | 732 | |
| Low | 220 | 150 | 160 | 170 | 480 | |
| COGS | | | | | | |
| Maintenance | 35 | 36 | 37 | 39 | 112 | |
| Conversion Cost | 2 | - | - | - | - | |
| Purchase Accounting | | | | | | |
| Vendor Plan | | | | | | |
| High | - | 20 | 22 | 19 | 61 | |
| Low | - | 11 | 12 | 9 | 32 | |
| UNE-P Policy Dispute | 33 | | | | | |
| Total COGS-High | 70 | 56 | 59 | 58 | 173 | |
| Total COGS-Low | 70 | 47 | 49 | 48 | 144 | |

EBITDA-High

| | | | | | |
|-------------------------|-----|-----|-----|-----|-----|
| w/ Purchase Accounting | 150 | 142 | 187 | 230 | 559 |
| w/o Purchase Accounting | 183 | 162 | 209 | 249 | 620 |

Resale/UNE Settlement Impacts Summary McLeod

Key Settlement Points:

- Strategy:**
- Develop pricing package to keep customer from migrating from resale to unreasonably low UNE-P price prescribed by regulators
 - Obtain immediate cost recovery for features at TELRIC based pricing vs. "free" rate today
- Structure:**
- Allows for flat rate UNE-P with tiered usage
 - Full Non-recurring and 50% TLA's apply vs. nominal conversion charge
 - Nonclass features as package - \$2.60/line
 - Class features ala carte
 - VMS, DSL offered at retail
 - Customer gets access usage data
 - Review of service performance
 - Business-to-Business escalation process: if necessary civil court decides final outcome

What this deal delivers:

- Keep customer "on-net" and create disincentive to use other carriers
- Mitigates revenue loss from full UNE
- Settle past "USW" UNE-P business policy disputes and financial implications with customers
- Provides alternative solution for UNE Centrex product
- Cost avoidance of exhaustive regulatory processes and possible 8th Circuit Court appeals with customer
- Provides "100% flow through" for 271 metric
- Achieves customer partnership on advocacy Reciprocal Compensation Issues

Key Financial Impacts: (\$M's)

| | Resale to UNE-P | | | |
|---------------------|-----------------|-------------------|-------------|----------------------|
| | Resale (1) | Current Regulated | UNE-P B/(W) | Deal UNE-P (2) B/(W) |
| Total Volumes | 294,000 | 294,000 | - | 294,000 |
| Revenues | | | | |
| Recurring | \$ 110 | 84 | (26) | 95 |
| Non-Recurring | - | 2 | 2 | 44 |
| Total Revenue | 110 | 86 | (24) | 139 |
| Expense | | | | |
| Conversion Costs | - | 2 | (2) | 2 |
| Purchase Accounting | - | (32) | - | 33 |
| Maintenance Cost | 35 | (32) | - | (32) |
| Total Expense | 35 | 34 | (2) | 67 |

EBITDA

| | | | | |
|-------------------------|----|----|------|-----|
| w/o Purchase Accounting | 75 | 52 | (26) | 105 |
| w/Purchase Accounting | 75 | 52 | (26) | 72 |

Price/Line/Month

| | | | | |
|-------|----------|----------|-----------|----------|
| Loop | \$ 31.38 | \$ 26.11 | \$ (5.27) | \$ 29.69 |
| SWACC | \$ 5.13 | \$ 1.90 | \$ (3.23) | \$ 1.90 |
| Total | \$ 36.51 | \$ 28.01 | \$ (8.50) | \$ 31.59 |

Cost/Line/Month

| | | | | |
|-----------------|----------|----------|--|----------|
| Network | \$ 9.50 | \$ 9.50 | | \$ 9.50 |
| Wholesale | \$ 1.05 | \$ 1.05 | | \$ 1.05 |
| Total Recurring | \$ 10.55 | \$ 10.55 | | \$ 10.55 |

| | | | | |
|---------------------|----------|----------|-----------|----------|
| Net Recurring | \$ 25.96 | \$ 17.46 | \$ (8.50) | \$ 21.04 |
| One-Time Conversion | \$ - | \$ 5.75 | | \$ 5.75 |

(1) Includes SWACC from IXC's

(2) Excludes CLASS, DSL, VMS, AIN, DA, Listings

Resale/UNE Settlement Impacts Summary

McLeod

Key Settlement Points:

Strategy:

- Strengthen business-to-business relations through mutually beneficial arrangements

Structure:

- Mutual "Take or Pay" correlated to growth
- Required growth levels must be met before discounts apply

What this deal delivers:

- Keep customer "on-net" and create incentive to use each others services
- Incentive to grow world-wide networks
- Initial step forward to develop solid business to business relationships

| Key Financial Indicators: (\$M's) | Mutual Preferred Vendor Plan | | | | Total 2001-2003 |
|---|------------------------------|------|------|------|--------------------|
| | 2000 | 2001 | 2002 | 2003 | |
| <i>McLeod to Qwest - Before April 1st 2003</i> Projected Revenue | \$ 220 | | | | 732 |
| w/o NRC UNE-P | 175 | | | | |
| w/o 50% collocation | 165 | | | | |
| w/o 50% SWACC | 155 | | | | |
| Projected Growth Rate | 0% | 28% | 24% | 17% | |
| "Base"/Projected revenue | 155 | 198 | 246 | 288 | |
| Preferred Vendor -- "Take or Pay" | - | 150 | 160 | 170 | 480 |
| % of Projected Revenue | | 76% | 65% | 59% | 66% |

| | Qwest to McLeod | |
|---|-----------------|---------------|
| | Revenue ranges | Discount Rate |
| Preferred Vendor -- "Take or Pay" commitment ranges | 178-188 | 6.5% |
| Minimum for discount to apply | 201-223 | 6.0% |
| Tier 1 | 223-254 | 5.0% |
| Tier 2 | 189-198 | 8.0% |
| Tier 3 | 224-246 | 8.0% |
| Revenue ranges | 255-305 | 8.0% |
| Revenue ranges | over 199 | 10.0% |
| Revenue ranges | over 247 | 10.0% |
| Revenue ranges | over 306 | 10.0% |

Leads to 100% of 2003

QWEST COUNTERPROPOSAL

Executive Summary

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

McLeod to Qwest - Before Split Rock / other acquisitions

| | | | | | |
|--|-----|------------|------------|------------|------------|
| 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

| | Tier 1 | | | Tier 2 | | | Tier 3 | | |
|----------------|---|-----------------|------------------|-----------------|-------------------|-------------------|-------------------|------------------|-------------------|
| | 2001 Based on McLeod's Proposal to Qwest | 178-188 6.5% | Over 199 8.0% | 189-198 8.0% | Over 230 10.0% | Over 250 10.0% | Over 199 10.0% | Over 199 8.0% | Over 199 10.0% |
| Revenue ranges | | | | | | | | | |
| Discount Rate | | | | | | | | | |
| Revenue ranges | | | | | | | | | |
| Discount Rate | | | | | | | | | |
| Revenue ranges | | | | | | | | | |
| Discount Rate | | | | | | | | | |

The above level is an interim default level. Both Parties agree to negotiate final rates based on market conditions on an annual basis and for the integration of Split Rock / other acquisitions.

Attorney Client Privilege

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Resale/UNE Settlement Impacts Summary McLeod

Key Settlement Points:

Strategy:

- Strengthen business-to-business relations vs. regulatory
- Mitigate economic and regulatory risk related to "USW" Resale to UNE-P conversion policy
- Grow top-line revenue by keeping customer "on-net"
- Resolve 271 related issues

Structure:

- 2 separate contracts
- Amend interconnection agreements for new UNE-P product
- Mutual Preferred Vendor Plan

What this deal delivers:

- No objection to 271 -- will discuss business to business to resolve
- Additional \$44M in 2000 revenue -- \$11M cash related to "USW" business policy disputes
- 3 Year revenue agreement ranging from a required minimum of \$480M to up to \$730M

Key Financial Impacts: (\$M's)

| | | | | | |
|-----------------------------|-----------------|--|--|--|--|
| ILEC Resale | Today's Billing | | | | |
| Collocation (Non-Recurring) | \$ 110 | | | | |
| Other Interconnect | 20 | | | | |
| Interconnect | 5 | | | | |
| SWACC/PLTS | 135 | | | | |
| Total ILEC | 35 | | | | |
| Out-of-Region | 170 | | | | |
| Total Qwest | 5 | | | | |
| | \$ 175 | | | | |

| | 2000 | 2001 | 2002 | 2003 | 2001-2003 Total |
|--------------------------------|-----------|-----------|-----------|-----------|-----------------|
| Revenue | | | | | |
| High | \$ 220 | 198 | 246 | 288 | 732 |
| Low | 220 | 150 | 160 | 170 | 480 |
| COGS | | | | | |
| Maintenance | 35 | 48 | 59 | 69 | 176 |
| Conversion Cost | 2 | - | - | - | - |
| Purchase Accounting | | | | | |
| Vendor Plan | | | | | |
| High | - | 20 | 25 | 29 | 74 |
| Low | - | 11 | 12 | 9 | 32 |
| UNE-P Policy Dispute | 33 | | | | |
| Total COGS-High | 70 | 68 | 84 | 98 | 250 |
| Total COGS-Low | 70 | 59 | 71 | 78 | 208 |
| EBITDA-High | | | | | |
| w/o Purchase Accounting (Cash) | 150 | 130 | 162 | 190 | 482 |
| w Purchase Accounting | 183 | 150 | 187 | 219 | 556 |

Resale/UNE Settlement Impacts Summary McLeod

Key Settlement Points:

Strategy:

- Develop pricing package to keep customer from migrating from resale to unreasonably low UNE-P price prescribed by regulators
- Obtain immediate cost recovery for features at TELRIC based pricing vs. "free" rate today

Structure:

- Allows for flat rate UNE-P with tiered usage
- Full Non-recurring and 50% TLA's apply vs. nominal conversion charge
- Nonclass features as package - \$2.60/line
- Class features a la carte
- VMS, DSL offered at retail
- Customer gets access usage data
- Review of service performance
- Business-to-Business escalation process: If necessary civil court decides final outcome

What this deal delivers:

- Keep customer "on-net" and create disincentive to use other carriers
- Mitigates revenue loss from full UNE
- Settle past "USW" UNE-P business policy disputes and financial implications with customers
- Provides alternative solution for UNE Centrex product
- Cost avoidance of exhaustive regulatory processes and possible 8th Circuit Court appeals with customer
- Provides "100% flow through" for 271 metric
- Achieves customer partnership on advocacy Reciprocal Compensation Issues

Key Financial Impacts: (\$M's)

| | Resale to UNE-P | | | |
|---------------------|-----------------|-------------------|----------------|-------|
| | Resale (1) | Current Regulated | Deal UNE-P (2) | B/(W) |
| Total Volumes | 294,000 | 294,000 | 294,000 | - |
| Revenues | | | | |
| Recurring | \$ 110 | 84 | (26) | 95 |
| Non-Recurring | - | 2 | 2 | 44 |
| Total Revenue | 110 | 86 | (24) | 139 |
| 53 | | | | |
| Expense | | | | |
| Conversion Costs | - | 2 | (2) | 2 |
| Purchase Accounting | - | - | - | 33 |
| Maintenance Cost | 35 | 35 | 35 | 35 |
| Total Expense | 35 | 37 | (2) | 70 |
| (33) | | | | |

| EBITDA | | | | |
|-------------------------|----|----|------|-----|
| w/o Purchase Accounting | 75 | 49 | (26) | 102 |
| w/ Purchase Accounting | 75 | 49 | (26) | 69 |
| 20 | | | | |

| Avg. Price/Line/Month | | | | |
|-----------------------|----------|----------|-----------|----------|
| Loop | \$ 31.38 | \$ 26.11 | \$ (5.27) | \$ 29.69 |
| SWACC | \$ 5.13 | \$ 1.90 | \$ (3.23) | \$ 1.90 |
| Total | \$ 36.51 | \$ 28.01 | \$ (8.50) | \$ 31.59 |
| 3.58 | | | | |

| Avg. Cost/Line/Month | | | | |
|----------------------|----------|----------|----|----------|
| Network | \$ 9.50 | \$ 9.50 | \$ | \$ 9.50 |
| Wholesale | \$ 1.05 | \$ 1.05 | \$ | \$ 1.05 |
| Total Recurring | \$ 10.55 | \$ 10.55 | \$ | \$ 10.55 |

| | | | | |
|---------------------|----------|----------|-----------|----------|
| Net Recurring | \$ 25.96 | \$ 17.46 | \$ (8.50) | \$ 21.04 |
| One-Time Conversion | \$ - | \$ 5.75 | \$ | \$ 5.75 |
| 3.58 | | | | |

(1) Includes SWACC from IXCs
(2) Excludes CLASS, DSL, VMS, AIN, DA, Listings

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Resale/UNE Settlement Impacts Summary

McLeod

Key Settlement Points:

Strategy:
 - Strengthen business-to-business relations through mutually beneficial arrangements

Structure:
 - Mutual "Take or Pay" correlated to growth
 - Required growth levels must be met before discounts apply

What this deal delivers:
 - Keep customer "on-net" and create incentive to use each others services
 - Incentive to grow world-wide networks
 - Initial step forward to develop solid business to business relationships

| Mutual Preferred Vendor Plan | | | | | |
|-----------------------------------|------|------|------|------|-----------------|
| Key Financial Indicators: (\$M's) | 2000 | 2001 | 2002 | 2003 | Total 2001-2003 |

| | | | | | |
|--|--------|------------|------------|------------|------------|
| <u>McLeod to Qwest</u> | | | | | |
| Projected Revenue | \$ 220 | | | | |
| w/o NRC UNE-P | 175 | | | | |
| w/o 50% collocation | 165 | | | | |
| w/o 50% SWACC | 155 | | | | |
| Projected Growth Rate | 0% | 28% | 24% | 17% | |
| "Base"/Projected revenue | 155 | 198 | 246 | 288 | 732 |
| Preferred Vendor -- "Take or Pay" | | 150 | 160 | 170 | 480 |
| per Casey & Fisher | | | | | |
| % 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 | 178-188 | Over 199 | Over 199 |
| Revenue ranges | 6.5% | 8.0% | 8.0% |
| Discount Rate | | | |
| Tier 2 | 189-198 | Over 230 | Over 250 |
| Revenue ranges | 8.0% | 10.0% | 10.0% |
| Discount Rate | | | |
| Tier 3 | over 199 | over 199 | over 199 |
| Revenue ranges | 10.0% | 10.0% | 10.0% |
| Discount Rate | | | |

The above level is an interim default level. Both Parties agree to negotiate final rates based on market conditions on an annual basis and for the integration of Split Rock / other acquisitions.

Resale/UNE Settlement Impacts Summary

McLeod

Key Settlement Points:

- Develop pricing package to keep customer from migrating from resale to full UNE platform *price package to keep customer from migrating from resale to full UNE platform*
- Allows for deeper resale discount *not new UNY*
- Non-recurring and TLA's apply - Obtain immediate
- Nonclass features as package *cost allow*
- Class features ala carte *for TEL*
- VMS, DSL offered at retail *based pricing vs for even today's retail*
- GLEC gets access billing tape

Key Price Points:

- Line Resale UNE Proposed Retail Retail
 - Features
 - VMS
 - DSL
- What this deal delivers:
- Mitigates revenue loss from full UNE
 - Avoids need to develop UNE Centrex product which is not yet ready

Cost market

"Ubw"

UNEF

- Obtain 271 support
- Stable past business policy dispute
- Financial implications with customers related - Revenue RAC and TLA

Key Financial Impacts: (\$M's)

| Volumes | 3Q00 | 4Q00 | Total 2000 | Total 2001 |
|----------------|------|------|------------|------------|
| Resale-1FR | | | | |
| Resale-1FB | | | | |
| Resale Centrex | 24 | 24 | 49 | 13 |
| Total Volumes | 24 | 24 | 49 | 13 |

Revenues

| Current Resale Plan/CE | Recurring (incl. usage) | Non-Recurring | Total Current | Full UNE Revenues |
|------------------------|-------------------------|---------------|---------------|-------------------|
| 24 | 24 | 49 | 113 | 113 |
| 24 | 24 | 49 | 113 | 113 |

EBITDA Impact

| Pre-Merger | Post Merger | EBITDA Impact |
|------------|-------------|---------------|
| 24 | 24 | (49) |
| 24 | 24 | (49) |

Expense

| Recurring (incl. usage) | Non-Recurring (chg to merger) | Expense |
|-------------------------|-------------------------------|---------|
| - | - | (113) |
| - | - | (113) |

EBITDA Impact

| Pre-Merger | Post Merger | EBITDA Impact |
|------------|-------------|---------------|
| 24 | 24 | (49) |
| 24 | 24 | (49) |

Implications with customers - Revenue RAC and TLA

Handwritten notes: "Talk to...", "New...", "Revenue..."

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NONPUBLIC DOCUMENT
CONTAINS TRADE SECRET DATA



QWEST COUNTERPROPOSAL

[Trade Secret Data Begins

| Mutual Preferred Vendor Plan | | | | | |
|-----------------------------------|------|------|------|------|--------------------|
| | 2000 | 2001 | 2002 | 2003 | Total 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 - Before Split Rock / other acquisitions

| | | | | |
|-----------------------------------|-----|-----|-----|-----|
| Projected Growth Rate | 0% | 28% | 24% | 17% |
| "Base"/Projected revenue | 155 | 198 | 246 | 288 |
| Preferred Vendor -- "Take or Pay" | - | 150 | 160 | 170 |
| % of Projected Revenue | | 76% | 65% | 59% |

Qwest to McLeod

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

| Tier | Revenue ranges | Discount Rate |
|--------|----------------|---------------|
| Tier 1 | 178-188 | 6.5% |
| Tier 2 | 189-198 | 8.0% |
| Tier 3 | over 199 | 10.0% |

| | Over 199 | Over 199 | Over 199 |
|----------------------------|----------|----------|----------|
| Based on | 178-188 | Over 199 | Over 199 |
| McLeod's Proposal to Qwest | 6.5% | 8.0% | 8.0% |
| | 189-198 | Over 230 | Over 250 |
| | 8.0% | 10.0% | 10.0% |

The above level is an interim default level. Both Parties agree to negotiate final rates based on market conditions on an annual basis and for the integration of Split Rock / other acquisitions.

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Trade Secret Data Ends]

Attorney Client Privilege

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

[Trade Secret Data Begins

Perry Hooks - Service Plan

McLeod

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

Arturo - Pricing

Jim G - % of Local business / Regulatory participation

Freddie - platform to Perry
- SWACC
- process

Joe Dalton - Out of Region

Jim Shurburn 314 918 - 7966
St. Louis Switched service
PLTS

(314) 568-8133 cell

992 2525 Mark Boon
Lead Sales
on IP PLTS/Voice

- No Commitment
 - ↳ Month to Month
 - ↳ 1 yr

- 3 DS3 Voice (-w/ terminate)
Some TI

\$350K - 400K / Month

- ↳ New rates being introduced
 - ↳ send traffic to WLC
 - ↳ AT&T
 - ↳ Q is 3rd carrier

(Base rate / discount
revenue
↳ in SPR
↳ eminent

⇒ Max 14% - \$1m/mo for 3 yrs = 9%
4m/mo " 1. = 16%

directly
Access
switching
network

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Discount Structure - Jim (Hogland) ^{Roger}

982-5883

① Actual level of svc

400K / month
300K / month } floating discount

\$500K → locked in

for minutes
terminating
access
≈ \$300K

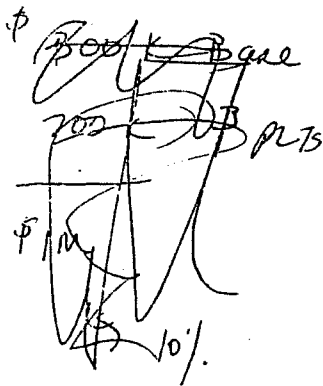
② All products contribute (Globals)

↳ ~~requires~~ \$1M ⇒ 10% overall
commitment

→ \$80K in PLTS
430

By product mix
↳ cross product
hibernation

3300



Voice \$11/mo
PIA
Data \$250K/mo
PLTS

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Key points w/ Joe

- ① Bus to Bus (Anchor client)
- ② Bus. important to Q
- ③

| | | | | |
|-------------|-----|---------------|------------|------------|
| Area Growth | 201 | 921 \$1.24 | 922 148 | 923 180 |
|-------------|-----|---------------|------------|------------|

Trade Secret Data Ends

DOC 332

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 the handwriting on Exhibit 10 to these requests is that of Audrey McKenney.

RESPONSE:

The handwriting on Exhibit 10 to these requests is that of Audrey McKenney.

Respondent: Audrey McKenney

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:

[TRADE SECRET DATA BEGINS Admit that the "Joe" referred to in the phrase "Key points to Joe" on the second page of Exhibit 10 to these request is Joe Nacchio. TRADE SECRET DATA ENDS]

RESPONSE:

To the best of Qwest's knowledge, [TRADE SECRET DATA BEGINS The "Joe" referred to in the phrase "Key points to Joe" on the second page of Exhibit 10 to these requests is Joe Nacchio TRADE SECRET DATA ENDS]

Respondent: Audrey McKenney

MPUC Docket No. P421/C-02-197
OAH Docket No. 6-2500-14782-2
MPUC Docket No. P421/CI-01-1371
OAH Docket No. 7-2500-14486-2

Exhibit 464 J
Contains Trade Secret Information

8

1588718

[Trade secret data begins

MINNESOTA
DOCKET NO. P121/CI-02-197
DOC 13-361 NON-PUBLIC
Trade Secret Attachment

I just finished a call with Audrey, Greg & Blake.
This document now needs a bunch of new changes. It has several things I
now
know are not the deal.
I'm sending what I have anyway. But if you want to wait to return
comments,
I
should have a new one out tonight sometime and it will be much closer to
where
we need to be.
(See attached file: QwestAmdmtDrft102100.doc)
Please call me at (319) 247-5252 to let me know you received this.
-RR

Trade secret data ends]

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CONTAINS TRADE SECRET DATA

7/23/2002

[Trade secret data begins

This Amendment Agreement ("Amendment") is made and entered into by and between McLeodUSA Telecommunications Services, Inc. ("McLeod") and Qwest Corporation ("Qwest") (collectively, the "Parties") on this ___ day of October, 2000.

The Parties agree to draft and file the following as an amendment to, and is intended to amend, all Interconnection Agreements ("Agreements" and, singularly, "Agreement") between them, now in effect or entered into prior to September 30, 2003, which contains the provisions set forth below.

INTERCONNECTION AGREEMENT AMENDMENT TERMS

1. Basis for Amendment: This Amendment is entered into between the Parties based on the following conditions, which are a material part of this agreement:

1.1 McLeodUSA has purchased, as of the end of each of the last 2 calendar years, at least xx,000 local exchange lines for resale from Qwest (throughout the 14-state area where Qwest is an incumbent local exchange carrier).

1.2 Qwest and McLeodUSA currently have an agreement, on a region-wide basis, to enter into agreements for the exchange of local traffic on a "bill and keep" basis, which provides for the mutual recovery of costs through the offsetting of reciprocal obligations, for local exchange traffic which originates with a customers of one company and terminates to a customer of the other company.

1.3 The Parties wish to establish a business-to-business relationship and have agreed that they will attempt to resolve all differences or issues which may arise under the Agreements or this Amendment under the escalation process in this section. The parties agree to utilize the following escalation process and time frames, and not proceed to a higher level of dispute resolution until completion of the prior level, and to complete all levels before seeking filing a proceeding before any court or administrative or governmental body:

- | | | |
|-------|---|------------------|
| 1.3.1 | Level 1 - Vice Presidents (Stacey Stewart/Judy Tinkham or successors) | 10 business days |
| 1.3.2 | Level 2 - Group/Senior Vice Presidents (Blake Fisher/Greg Casey or successors) | 10 business days |
| 1.3.3 | Level 3 - CEOs/Presidents (Steve Gray/Joe Nacchio or successors) | 5 business days |
| 1.3.4 | Level 4 - Arbitration according to the provisions of the Agreement. | |

1.3.5 If these steps do not resolve the dispute, then either party is may initiate litigation in federal court. The parties agree the exclusive venue for civil court actions by McLeodUSA is the United States District Court in Denver and the exclusive venue for civil court actions by Qwest is the United States District Court in Cedar Rapids. If any final order of dismissing a case is entered the court, and not reversed, then the party bringing the action shall be responsible for the reimbursement of attorneys fees incurred by the other party. If any final summary judgment is entered by the court then the party against whom the judgment is entered shall be responsible for the reimbursement of

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attorneys fees incurred by the party who obtained such judgment. In the event that either party files an action in court, the parties waive primary jurisdiction in any state utility or service commission and any contractual or tariff limitations on damages, and the Agreements are hereby amended accordingly. Neither party, however, waives its right to take disputes unresolved after the arbitration level to the appropriate state or federal regulatory body for resolution.

1.4 This Amendment shall be deemed effective upon approval by the appropriate state commission, but the parties agree to implement the terms of the Amendment effective October 1, 2000. This Amendment extends the termination date of all Agreements that would otherwise expire, and all effective amendments to those Agreements, until expiration of this Amendment. This Amendment and the underlying Agreement shall be binding on the successors and assigns of both Qwest and McLeodUSA.

1.5 In interpreting this Amendment, all attempts will be made to read the provisions of this Amendment consistent with Agreements and all effective amendments. In the event that there is a conflict between this Amendment and an Agreement or previous amendments, the terms and conditions of this Amendment shall supersede all previous documents.

1.6 Except as modified herein, the provisions of the Agreements shall remain in full force and effect. Neither the Agreements nor this Amendment may be further amended or altered except by written instrument executed by an authorized representative of both Parties. This specifically excludes amendments resulting from regulatory or judicial decisions regarding pricing of unbundled network elements, which shall have no effect on the pricing offered under this Amendment, prior to termination of this Amendment.

1.7 The Parties intending to be legally bound have executed this Amendment effective as of October 1, 2000, in multiple counterparts, each of which is deemed an original, but all of which shall constitute one and the same instrument.

1.8 Unless terminated as provided in this section, the initial term of this Amendment is three (3) years ("Initial Term") and this Amendment shall automatically renew for successive periods of one (1) year ("Successive Term"). This Amendment can only be terminated in the event of:

1.8.1 a material change in the current percentage of lines purchase by McLeodUSA in each of the various pricing zones of Qwest;

1.8.2 the average retail business rates across all Qwest states fall to within 15% of the average of the rates offered to McLeodUSA on attachment 1.8.2;
[Jim - this is intended to address the price squeeze concern we have raised. Attachment 1.8.2 will be the rates and discount.]

1.8.3 a material breach of the terms of the Agreements or this Amendment which remains unresolved and uncompensated following application of the dispute resolution provisions of this agreement;

1.8.4 a material change in the telecommunications industry not resulting from any actions within the control of either party; or

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1.8.5 either party giving written notice of termination at least six (6) months prior to the end of the Initial Term or any Successive Term.

1.9 In the event of termination, pricing, terms, and conditions for all services and network elements purchased under this Amendment shall immediately be converted either to other prevailing prices for combinations of network elements or, at McLeodUSA's option, to retail services purchased at the prevailing wholesale discount. In either case, no additional conversion or nonrecurring charges shall apply to the conversion. If the amendment is terminated by Qwest sooner than two months after it becomes effective, Qwest shall pay to McLeodUSA \$10 million. If the amendment is terminated by Qwest more than two months but less than six months after it becomes effective, Qwest shall pay to McLeodUSA \$5 million.

1.10 All factual preconditions and duties set forth in this Amendment are, are intended to be, and are considered by the parties to be, reasonably related to, and dependent upon each other.

1.11 If either party's performance of this Amendment or any obligation under this Amendment is prevented, restricted or interfered with by causes beyond such parties reasonable control, including but not limited to acts of God, fire, explosion, vandalism which reasonable precautions could not protect against, storm or other similar occurrence, any law, order, regulation, direction, action or request of any unit of federal, state or local government, or of any civil or military authority, or by national emergencies, insurrections, riots, wars, supplier failures, shortages, breach or delays, then such party shall be excused from such performance on a day-to-day basis to the extent of such prevention, restriction or interference (a "Force Majeure").

1.12 Provision of Products (as defined below) in accordance with sections 3.2 and 3.4 will be viewed by McLeodUSA as compliance with the requirements the 14-point checklist of Section 271 of the Telecommunications Act of 1996.

2. In consideration of the agreements and covenants set forth above and the entire group of covenants provided in section 3, all taken as a whole, with such consideration only being adequate if all such agreements and covenants are made and are enforceable, *[consider whether there are other specific terms or provisions to add to this language to avoid "pick & choose"]* McLeodUSA agrees to the following:

2.1 To pay Qwest \$38.5 million for conversion fees and termination charges.

2.2 To purchase, pursuant to the provisions of Attachment 2.2, from Qwest during the Initial Term of this Amendment, at least \$480 million worth of telecommunications, enhanced or information services, network elements, interconnection or collocation services or elements, capacity, termination or origination services, switching or fiber rights ("the Products").

2.3 To maintain, during each 12 month period of this Amendment (with such periods running from October 1 to September 30), no fewer than xx,000 local exchange lines purchased from Qwest throughout the territories where Qwest is currently the incumbent local exchange service provider, for the purpose of providing service to McLeodUSA's customers. For purposes of this provision, local exchange lines purchased include lines purchased for resale and unbundled loops. This minimum line commitment will be reduced proportionally in the even

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Qwest sells any exchanges where it is currently the incumbent local exchange service provider.

2.4 To maintain, during the term of this Amendment no fewer than x,000 local exchange lines purchased from Qwest in each state where Qwest is currently the incumbent local exchange service provider, for the purpose of providing service to McLeodUSA's customers. This minimum line commitment will be reduced proportionally in the even Qwest sells any exchanges where it is currently the incumbent local exchange service provider.

2.4 To place orders for the product offered in this amendment, and for features associated with the product, using (at McLeodUSA's option) either IMA or EDI electronic interfaces offered by Qwest, to the extent that those interfaces adequately support the product.

2.5 To remain on a "bill and keep" basis for the exchange of local traffic with Qwest, throughout the territories where Qwest is currently the incumbent local exchange service provider until _____ **[whatever date we previously agreed to]** or until this Amendment is terminated, whichever is later.

2.6 To enter into and maintain interconnection agreements, or one regional agreement, covering the provision of Products throughout the entire territory where Qwest is currently the incumbent local exchange service provider, except in those exchanges sold by Qwest.

3. In consideration of the agreements and covenants set forth above and the entire group of covenants provided in section 2, all taken as a whole, with such consideration only being adequate if all such agreements and covenants are made and are enforceable, **[same note as above]** Qwest agrees to the following:

3.1 To waive and release all charges and liability, other than those described in section 2.1, associated resale products purchased from Qwest prior to the effective date of this Amendment or for converting or terminating McLeodUSA services purchased from Qwest for resale to the UNE/switch port and loop combination product described in this amendment.

3.2 To provide throughout the term of this Amendment the product described on Attachments 3.2A and the Products required under the Agreements which are not inconsistent with Attachment 3.2A, at the prices provided on Attachment 1.8.2, which platform, products and services will be provided in accordance with the requirements of the PID described on Attachment 3.2B.

[I need help from some biz folks to do these attachments, but the concept is the same as suggested in your note. Consider whether the discount on the total can be in a side letter.]

3.3 To remain on a "bill and keep" basis for the exchange of local traffic with Qwest, throughout the territories where Qwest is currently the incumbent local exchange service provider until _____ **[whatever date we previously agreed to]** or until this Amendment is terminated, whichever is later.

3.4 To provide (at McLeodUSA's option) either IMA or EDI electronic interfaces to adequately support the product described in section 3.2.

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**McLeodUSA Telecommunications
Services, Inc.**

Authorized Signature

Name Printed/Typed

Title

Date

Qwest Corporation

Authorized Signature

Name Printed/Typed

Title

Date

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Attachment 2.2

[Consider whether this should be a side letter.]

- I. Subject to the provisions of this Attachment, during the period from October 1, 2000 to September 30, 2001, McLeodUSA will purchase at [\$150] million of Products described in section 2.2 and in the event that McLeodUSA's purchases do not meet this minimum, McLeodUSA agrees to make a payment to Qwest, no later than October 15, 2001 of the following year, in an amount equal to the difference between actual purchases and the purchase commitment.
- II. Subject to the provisions of this Attachment, during the period from October 1, 2001 to September 30, 2002, McLeodUSA will purchase at [\$160] million of Products described in section 2.2, provided however that if the purchases during the period described in paragraph I. exceed [\$150] million then such excess amount shall apply to the minimum commitment of this paragraph, and in the event that the combination of McLeodUSA's purchases and application of excess amounts, if any, do not meet this minimum, McLeodUSA agrees to make a payment to Qwest, no later than October 15, 2002 of the following year, in an amount equal to the difference between actual purchases and application of excess, if any, and the purchase commitment.
- III. Subject to the provisions of this Attachment, during the period from October 1, 2001 to September 30, 2002, McLeodUSA will purchase at [\$170] million of Products described in section 2.2, provided however that if the purchases during the periods described in paragraphs I. & II. exceed [\$210] million then such excess amount shall apply to the minimum commitment of this paragraph, and in the event that the combination of McLeodUSA's purchases and application of excess amounts, if any, do not meet this minimum, McLeodUSA agrees to make a payment to Qwest, no later than October 15, 2002 of the following year, in an amount equal to the difference between actual purchases and application of excess, if any, and the purchase commitment.
- IV. The minimum purchase requirements provided in this Attachment shall be reduced proportionally for each of the following which occur:
 - A. A reduction in the rates for any of the Products, by agreement or otherwise.
 - B. Any of the Products are no longer offered.
 - C. Any sale of current Qwest exchanges.
 - D. Any delay in the delivery of an ordered Product (which shall reduce the minimum dollar for dollar for Products ordered but not delivered).
 - E. Any outage or state of "out of service" when Products have been ordered or requested.
 - F. Release, sale, transfer or relinquishment of any current collocation back to Qwest.
 - G. McLeodUSA's business is prevented, restricted or interfered with by a Force Majeure as described in section 1.11.

Trade secret data ends]

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CONTAINS TRADE SECRET DATA

[Trade secret data begins]

MINNESOTA
DOCKET NO. P121/CI-02-197
DOC 13-361 NON-PUBLIC
Trade Secret Attachment

I just finished a call with Audrey, Greg & Blake.
This document now needs a bunch of new changes. It has several things I
now
know are not the deal.
I'm sending what I have anyway. But if you want to wait to return
comments,
I
should have a new one out tonight sometime and it will be much closer to
where
we need to be.
(See attached file: QwestAmdmtDrft102100.doc)
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-RR

Trade secret data ends]

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CONTAINS TRADE SECRET DATA

[Trade secret data begins

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1.2 Qwest and McLeodUSA currently have an agreement, on a region-wide basis, to enter into agreements for the exchange of local traffic on a "bill and keep" basis, which provides for the mutual recovery of costs through the offsetting of reciprocal obligations, for local exchange traffic which originates with a customers of one company and terminates to a customer of the other company.

1.3 The Parties wish to establish a business-to-business relationship and have agreed that they will attempt to resolve all differences or issues which may arise under the Agreements or this Amendment under the escalation process in this section. The parties agree to utilize the following escalation process and time frames, and not proceed to a higher level of dispute resolution until completion of the prior level, and to complete all levels before seeking filing a proceeding before any court or administrative or governmental body:

- | | | |
|-------|---|------------------|
| 1.3.1 | Level 1 - Vice Presidents (Stacey Stewart/Judy Tinkham or successors) | 10 business days |
| 1.3.2 | Level 2 - Group/Senior Vice Presidents (Blake Fisher/Greg Casey or successors) | 10 business days |
| 1.3.3 | Level 3 - CEOs/Presidents (Steve Gray/Joe Nacchio or successors) | 5 business days |
| 1.3.4 | Level 4 - Arbitration according to the provisions of the Agreement. | |

1.3.5 If these steps do not resolve the dispute, then either party is may initiate litigation in federal court. The parties agree the exclusive venue for civil court actions by McLeodUSA is the United States District Court in Denver and the exclusive venue for civil court actions by Qwest is the United States District Court in Cedar Rapids. If any final order of dismissing a case is entered the court, and not reversed, then the party bringing the action shall be responsible for the reimbursement of attorneys fees incurred by the other party. If any final summary judgment is entered by the court then the party against whom the judgment is entered shall be responsible for the reimbursement of

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attorneys fees incurred by the party who obtained such judgment. In the event that either party files an action in court, the parties waive primary jurisdiction in any state utility or service commission and any contractual or tariff limitations on damages, and the Agreements are hereby amended accordingly. Neither party, however, waives its right to take disputes unresolved after the arbitration level to the appropriate state or federal regulatory body for resolution.

1.4 This Amendment shall be deemed effective upon approval by the appropriate state commission, but the parties agree to implement the terms of the Amendment effective October 1, 2000. This Amendment extends the termination date of all Agreements that would otherwise expire, and all effective amendments to those Agreements, until expiration of this Amendment. This Amendment and the underlying Agreement shall be binding on the successors and assigns of both Qwest and McLeodUSA.

1.5 In interpreting this Amendment, all attempts will be made to read the provisions of this Amendment consistent with Agreements and all effective amendments. In the event that there is a conflict between this Amendment and an Agreement or previous amendments, the terms and conditions of this Amendment shall supersede all previous documents.

1.6 Except as modified herein, the provisions of the Agreements shall remain in full force and effect. Neither the Agreements nor this Amendment may be further amended or altered except by written instrument executed by an authorized representative of both Parties. This specifically excludes amendments resulting from regulatory or judicial decisions regarding pricing of unbundled network elements, which shall have no effect on the pricing offered under this Amendment, prior to termination of this Amendment.

1.7 The Parties intending to be legally bound have executed this Amendment effective as of October 1, 2000, in multiple counterparts, each of which is deemed an original, but all of which shall constitute one and the same instrument.

1.8 Unless terminated as provided in this section, the initial term of this Amendment is three (3) years ("Initial Term") and this Amendment shall automatically renew for successive periods of one (1) year ("Successive Term"). This Amendment can only be terminated in the event of:

1.8.1 a material change in the current percentage of lines purchase by McLeodUSA is each of the various pricing zones of Qwest;

1.8.2 the average retail business rates across all Qwest states fall to within 15% of the average of the rates offered to McLeodUSA on attachment 1.8.2;
[Jim – this is intended to address the price squeeze concern we have raised. Attachment 1.8.2 will be the rates and discount.]

1.8.3 a material breach of the terms of the Agreements or this Amendment which remains unresolved and uncompensated following application of the dispute resolution provisions of this agreement;

1.8.4 a material change in the telecommunications industry not resulting from any actions within the control of either party; or

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1.8.5 either party giving written notice of termination at least six (6) months prior to the end of the Initial Term or any Successive Term.

1.9 In the event of termination, pricing, terms, and conditions for all services and network elements purchased under this Amendment shall immediately be converted either to other prevailing prices for combinations of network elements or, at McLeodUSA's option, to retail services purchased at the prevailing wholesale discount. In either case, no additional conversion or nonrecurring charges shall apply to the conversion. If the amendment is terminated by Qwest sooner than two months after it becomes effective, Qwest shall pay to McLeodUSA \$10 million. If the amendment is terminated by Qwest more than two months but less than six months after it becomes effective, Qwest shall pay to McLeodUSA \$5 million.

1.10 All factual preconditions and duties set forth in this Amendment are, are intended to be, and are considered by the parties to be, reasonably related to, and dependent upon each other.

1.11 If either party's performance of this Amendment or any obligation under this Amendment is prevented, restricted or interfered with by causes beyond such parties reasonable control, including but not limited to acts of God, fire, explosion, vandalism which reasonable precautions could not protect against, storm or other similar occurrence, any law, order, regulation, direction, action or request of any unit of federal, state or local government, or of any civil or military authority, or by national emergencies, insurrections, riots, wars, supplier failures, shortages, breach or delays, then such party shall be excused from such performance on a day-to-day basis to the extent of such prevention, restriction or interference (a "Force Majeure").

1.12 Provision of Products (as defined below) in accordance with sections 3.2 and 3.4 will be viewed by McLeodUSA as compliance with the requirements the 14-point checklist of Section 271 of the Telecommunications Act of 1996.

2. In consideration of the agreements and covenants set forth above and the entire group of covenants provided in section 3, all taken as a whole, with such consideration only being adequate if all such agreements and covenants are made and are enforceable, ***consider whether there are other specific terms or provisions to add to this language to avoid "pick & choose"*** McLeodUSA agrees to the following:

2.1 To pay Qwest \$38.5 million for conversion fees and termination charges.

2.2 To purchase, pursuant to the provisions of Attachment 2.2, from Qwest during the Initial Term of this Amendment, at least \$480 million worth of telecommunications, enhanced or information services, network elements, interconnection or collocation services or elements, capacity, termination or origination services, switching or fiber rights ("the Products").

2.3 To maintain, during each 12 month period of this Amendment (with such periods running from October 1 to September 30), no fewer than xx,000 local exchange lines purchased from Qwest throughout the territories where Qwest is currently the incumbent local exchange service provider, for the purpose of providing service to McLeodUSA's customers. For purposes of this provision, local exchange lines purchased include lines purchased for resale and unbundled loops. This minimum line commitment will be reduced proportionally in the even

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Qwest sells any exchanges where it is currently the incumbent local exchange service provider.

2.4 To maintain, during the term of this Amendment no fewer than x,000 local exchange lines purchased from Qwest in each state where Qwest is currently the incumbent local exchange service provider, for the purpose of providing service to McLeodUSA's customers. This minimum line commitment will be reduced proportionally in the event Qwest sells any exchanges where it is currently the incumbent local exchange service provider.

2.4 To place orders for the product offered in this amendment, and for features associated with the product, using (at McLeodUSA's option) either IMA or EDI electronic interfaces offered by Qwest, to the extent that those interfaces adequately support the product.

2.5 To remain on a "bill and keep" basis for the exchange of local traffic with Qwest, throughout the territories where Qwest is currently the incumbent local exchange service provider until _____ **[whatever date we previously agreed to]** or until this Amendment is terminated, whichever is later.

2.6 To enter into and maintain interconnection agreements, or one regional agreement, covering the provision of Products throughout the entire territory where Qwest is currently the incumbent local exchange service provider, except in those exchanges sold by Qwest.

3. In consideration of the agreements and covenants set forth above and the entire group of covenants provided in section 2, all taken as a whole, with such consideration only being adequate if all such agreements and covenants are made and are enforceable, **[same note as above]** Qwest agrees to the following:

3.1 To waive and release all charges and liability, other than those described in section 2.1, associated resale products purchased from Qwest prior to the effective date of this Amendment or for converting or terminating McLeodUSA services purchased from Qwest for resale to the UNE/switch port and loop combination product described in this amendment.

3.2 To provide throughout the term of this Amendment the product described on Attachments 3.2A and the Products required under the Agreements which are not inconsistent with Attachment 3.2A, at the prices provided on Attachment 1.8.2, which platform, products and services will be provided in accordance with the requirements of the PID described on Attachment 3.2B.

[I need help from some biz folks to do these attachments, but the concept is the same as suggested in your note. Consider whether the discount on the total can be in a side letter.]

3.3 To remain on a "bill and keep" basis for the exchange of local traffic with Qwest, throughout the territories where Qwest is currently the incumbent local exchange service provider until _____ **[whatever date we previously agreed to]** or until this Amendment is terminated, whichever is later.

3.4 To provide (at McLeodUSA's option) either IMA or EDI electronic interfaces to adequately support the product described in section 3.2.

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**McLeodUSA Telecommunications
Services, Inc.**

Authorized Signature

Name Printed/Typed

Title

Date

Qwest Corporation

Authorized Signature

Name Printed/Typed

Title

Date

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Attachment 2.2

[Consider whether this should be a side letter.]

- I. Subject to the provisions of this Attachment, during the period from October 1, 2000 to September 30, 2001, McLeodUSA will purchase at [\$150] million of Products described in section 2.2 and in the event that McLeodUSA's purchases do not meet this minimum, McLeodUSA agrees to make a payment to Qwest, no later than October 15, 2001 of the following year, in an amount equal to the difference between actual purchases and the purchase commitment.
- II. Subject to the provisions of this Attachment, during the period from October 1, 2001 to September 30, 2002, McLeodUSA will purchase at [\$160] million of Products described in section 2.2, provided however that if the purchases during the period described in paragraph I. exceed [\$150] million then such excess amount shall apply to the minimum commitment of this paragraph, and in the event that the combination of McLeodUSA's purchases and application of excess amounts, if any, do not meet this minimum, McLeodUSA agrees to make a payment to Qwest, no later than October 15, 2002 of the following year, in an amount equal to the difference between actual purchases and application of excess, if any, and the purchase commitment.
- III. Subject to the provisions of this Attachment, during the period from October 1, 2001 to September 30, 2002, McLeodUSA will purchase at [\$170] million of Products described in section 2.2, provided however that if the purchases during the periods described in paragraphs I. & II. exceed [\$210] million then such excess amount shall apply to the minimum commitment of this paragraph, and in the event that the combination of McLeodUSA's purchases and application of excess amounts, if any, do not meet this minimum, McLeodUSA agrees to make a payment to Qwest, no later than October 15, 2002 of the following year, in an amount equal to the difference between actual purchases and application of excess, if any, and the purchase commitment.
- IV. The minimum purchase requirements provided in this Attachment shall be reduced proportionally for each of the following which occur:
 - A. A reduction in the rates for any of the Products, by agreement or otherwise.
 - B. Any of the Products are no longer offered.
 - C. Any sale of current Qwest exchanges.
 - D. Any delay in the delivery of an ordered Product (which shall reduce the minimum dollar for dollar for Products ordered but not delivered).
 - E. Any outage or state of "out of service" when Products have been ordered or requested.
 - F. Release, sale, transfer or relinquishment of any current collocation back to Qwest.
 - G. McLeodUSA's business is prevented, restricted or interfered with by a Force Majeure as described in section 1.11.

Trade secret data ends]

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Resale/UNE Settlement Impacts Summary

Trade Secret Data Begins

McLeod
Key Financial Impacts

P-421/C-02-197
DOC 08-211
TRADE SECRET ATTACHMENT

Key Settlement Points:

- Strengthen business-to-business relations vs. regulatory
- Mitigate economic and regulatory risk related to "USW" Resale to UNE-P conversion policy
- Grow top-line revenue by keeping customer "on-net"
- Resolve 271 related issues

Structure:

- Amend Interconnection agreements for new UNE-P product
- Mutual Preferred Vendor Plan

What this deal delivers:

- No objection to 271 -- will discuss business to business to resolve
- Additional \$44M in 2000 revenue -- \$11M cash related to "USW" business policy disputes
- 3 Year revenue agreement ranging from a required minimum of \$480M to up to \$730M

| \$M | Today's Billing | 2000 | 2001 | 2002 | 2003 | 2001-2003 Total |
|-----------------------------|-----------------|------|------|------|------|-------------------------|
| ILEC | \$ 110 | | | | | |
| Resale | 20 | | | | | |
| Collocation (Non-Recurring) | 5 | | | | | |
| Other Interconnect | 135 | | | | | |
| Interconnect | 35 | | | | | |
| SWACC/PLTS | 170 | | | | | |
| Total ILEC | 5 | | | | | |
| Out-of-Region | | | | | | |
| Total Qwest | \$ 175 | | | | | |
| | | | | | | + 45 Nonrecurring = 220 |

| Revenue | High | Low | 2000 | 2001 | 2002 | 2003 | 2001-2003 Total |
|--------------------|--------|-----|------|------|------|------|-----------------|
| High | \$ 220 | 198 | | | | | 732 |
| Low | 220 | 150 | | | | | 480 |
| COGS | | | | | | | |
| Maintenance | 35 | 48 | | | | | 176 |
| Conversion Cost | 2 | - | | | | | - |
| Vendor Plan - High | - | 20 | | | | | 74 |
| Vendor Plan - Low | | | | | | | |
| Total COGS-High | 37 | 68 | | | | | 250 |
| Total COGS-Low | 37 | 48 | | | | | 176 |

| EBITDA | High | Low | 183 | 130 | 162 | 190 | 482 |
|--------|------|-----|-----|-----|-----|-----|-----|
| High | 183 | 130 | | | | | 482 |
| Low | 183 | 102 | | | | | 304 |

UNE-P Policy Dispute 33

* Evaluating for possible purchase accounting treatment

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Resale/UNE Settlement Impacts Summary

McLeod

Pricing Impacts

\$M

Year: 2000

Total Volumes

| Resale (1) | Pricing on Resale Volumes | | UNE-P (2) | H/(L) |
|------------|---------------------------|-------|-----------|-------|
| | Current Regulated | UNE-P | | |
| 294,000 | 294,000 | - | 294,000 | - |

Revenues

| | | | | | | |
|---------------|--------|----|---|------|-----|----|
| Recurring | \$ 110 | 84 | 2 | (28) | 95 | 11 |
| Non-Recurring | - | 2 | 2 | - | 44 | 42 |
| Total Revenue | 110 | 86 | 2 | (24) | 139 | 53 |

Expense

| | | | | | | |
|------------------|----|----|---|---|----|---|
| Conversion Costs | - | 2 | 2 | - | 2 | - |
| Maintenance Cost | 35 | 35 | - | - | 35 | - |
| Total Expense | 35 | 37 | 2 | - | 37 | - |

EBITDA

| | | | | |
|----|----|------|-----|----|
| 75 | 49 | (28) | 102 | 53 |
|----|----|------|-----|----|

Avg. Price/Line/Month

| | | | | | |
|-------|----------|----------|-----------|----------|---------|
| Loop | \$ 31.38 | \$ 26.11 | \$ (5.27) | \$ 29.69 | \$ 3.58 |
| SWACC | \$ 5.13 | \$ 1.90 | \$ (3.23) | \$ 1.90 | \$ - |
| Total | \$ 36.51 | \$ 28.01 | \$ (8.50) | \$ 31.59 | \$ 3.58 |

Avg. Cost/Line/Month

| | | | | | |
|-----------------|----------|----------|------|----------|------|
| Network | \$ 9.50 | \$ 8.50 | \$ - | \$ 9.50 | \$ - |
| Wholesale | \$ 1.05 | \$ 1.05 | \$ - | \$ 1.05 | \$ - |
| Total Recurring | \$ 10.55 | \$ 10.55 | \$ - | \$ 10.55 | \$ - |

Net Recurring

| | | | | |
|----------|----------|-----------|----------|---------|
| \$ 25.96 | \$ 17.46 | \$ (8.50) | \$ 21.04 | \$ 3.58 |
|----------|----------|-----------|----------|---------|

One-Time Conversion

| | | | | |
|------|---------|------|---------|------|
| \$ - | \$ 5.75 | \$ - | \$ 5.75 | \$ - |
|------|---------|------|---------|------|

(1) Includes SWACC from IXC's
 (2) Excludes CLASS, DSL, VMS, AM, DA, Litings

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Resale/UNE Settlement Impacts Summary

McLeod

Mutual Preferred Vendor Plan

| \$M | 2000 | 2001 | 2002 | 2003 | Total 2001-2003 |
|-----|------|------|------|------|--------------------|
|-----|------|------|------|------|--------------------|

| | | | | | |
|---|--------|-----|-----|-----|-----|
| McLeod to Qwest | | | | | |
| Projected Revenue | \$ 220 | | | | |
| w/o NRC UNE-P | 175 | | | | |
| w/o 50% collocation | 165 | | | | |
| w/o 50% SWACC | 155 | | | | |
| Projected Growth Rate | 0% | 28% | 24% | 17% | |
| *Base*/Projected revenue | 155 | 198 | 246 | 288 | 732 |
| Preferred Vendor - "Take or Pay" | | 150 | 180 | 170 | 480 |
| per Casey & Fisher | | | | | |
| % of Projected Revenue | | 76% | 65% | 59% | 68% |

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

| | 2001 Based on McLeod's Proposal to Qwest | 178-188 6.5% | Over 199 8.0% | Over 199 8.0% | Over 199 8.0% |
|--|---|-----------------|------------------|------------------|------------------|
| | Over 199 10.0% | | | | |

\$M's

The above level is an interim default level. Both Parties agree to negotiate final rates based on market conditions on an annual basis and for the integration of Spitt Rock / other acquisitions.

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Financial Impacts Summary
McLeod
 Change from Mandated Pricing Plan
 \$M

| H/(L) | Total Deal | 2000 | 2001 |
|-----------|------------|------|------|
| High End: | | | |
| Revenue | 141 | 53 | 24 |
| EBITDA | 67 | 53 | 4 |
| NPV | 17 | | |
| Low End: | | | |
| Revenue | 111 | 53 | 18 |
| EBITDA | 111 | 53 | 18 |
| NPV | 36 | | |

Nonrecurring:

| | |
|--|----|
| Revenue (Term, Liability/Conversion Payments) | 44 |
| One Time Charge (UNE-P Dispute Settlement) | 33 |

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Page 4

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Economic Analysis McLeod High Revenue Projection

McLeod Under New UNE-P

| \$M | 2000 | 2001 | 2002 | 2003 | Total |
|---------------------------|------|------|------|------|-------|
| REVENUE | 220 | 198 | 248 | 288 | 952 |
| COGS | | | | | |
| Maintenance | 35 | 48 | 68 | 69 | 211 |
| Conversion Cost | 2 | 0 | 0 | 0 | 2 |
| Vendor Plan | 0 | 20 | 25 | 28 | 74 |
| UNE-P Policy Dispute | 33 | 0 | 0 | 0 | 33 |
| EBITDA | 150 | 130 | 162 | 190 | 632 |
| Depreciation - Loops | 21 | 27 | 33 | 39 | 119 |
| Earnings Before Taxes | 129 | 104 | 129 | 161 | 513 |
| Taxes | 49 | 39 | 49 | 67 | 195 |
| Net operating Income | 80 | 64 | 80 | 94 | 318 |
| Add back Noncash expense | 21 | 27 | 33 | 39 | 119 |
| Cashflow from operations | 101 | 91 | 113 | 132 | 437 |
| Capital Investments | 0 | (87) | (96) | (84) | (267) |
| Total projected cash flow | 101 | 4 | 17 | 48 | 170 |
| NPV (2001-2003) | 51 | | | | |
| NPV (2000-2003) | 136 | | | | |

McLeod Under Regulated UNE-P

| \$M | 2000 | 2001 | 2002 | 2003 | Total |
|---------------------------|------|------|------|------|-------|
| REVENUE | 167 | 174 | 216 | 253 | 811 |
| COGS | | | | | |
| Maintenance | 35 | 48 | 68 | 69 | 211 |
| Conversion Cost | 2 | 0 | 0 | 0 | 2 |
| Vendor Plan | 0 | 0 | 0 | 0 | 0 |
| UNE-P Policy Dispute | 0 | 0 | 0 | 0 | 0 |
| EBITDA | 130 | 127 | 167 | 184 | 598 |
| Depreciation - Loops | 21 | 27 | 33 | 39 | 119 |
| Earnings Before Taxes | 109 | 100 | 124 | 146 | 479 |
| Taxes | 42 | 38 | 47 | 55 | 182 |
| Net operating Income | 68 | 62 | 77 | 90 | 297 |
| Add back Noncash expense | 21 | 27 | 33 | 39 | 119 |
| Cashflow from operations | 88 | 89 | 110 | 129 | 416 |
| Capital Investments | 0 | (87) | (96) | (84) | (267) |
| Total projected cash flow | 88 | 2 | 14 | 45 | 149 |
| NPV (2001-2003) | 45 | | | | |
| NPV (2000-2003) | 119 | | | | |

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Economic Analysis McLeod Low Revenue Projection

McLeod Under New UNE-P

| \$M | 2000 | 2001 | 2002 | 2003 | Total |
|---------------------------|------|------|------|------|-------|
| REVENUE | 220 | 150 | 180 | 170 | 700 |
| COGS | | | | | |
| Maintenance | 35 | 37 | 40 | 42 | 164 |
| Conversion Cost | 2 | 0 | 0 | 0 | 2 |
| Vendor Plan | 0 | 0 | 0 | 0 | 0 |
| UNE-P Policy Dispute | 33 | 0 | 0 | 0 | 33 |
| EBITDA | 150 | 113 | 120 | 128 | 511 |
| Depreciation - Loops | 21 | 21 | 22 | 24 | 87 |
| Earnings Before Taxes | 129 | 92 | 98 | 104 | 423 |
| Taxes | 49 | 35 | 37 | 40 | 161 |
| Net operating income | 80 | 57 | 61 | 65 | 263 |
| Add back Noncash expense | 21 | 21 | 22 | 24 | 87 |
| Cashflow from operations | 101 | 78 | 83 | 88 | 350 |
| Capital Investments | 0 | 0 | (22) | (20) | (42) |
| Total projected cash flow | 101 | 78 | 61 | 68 | 308 |
| NPV (2001-2003) | 167 | | | | |
| NPV (2000-2003) | 239 | | | | |

McLeod Under Regulated UNE-P

| \$M | 2000 | 2001 | 2002 | 2003 | Total |
|---------------------------|------|------|------|------|-------|
| REVENUE | 187 | 132 | 141 | 150 | 589 |
| COGS | | | | | |
| Maintenance | 35 | 37 | 40 | 42 | 164 |
| Conversion Cost | 2 | 0 | 0 | 0 | 2 |
| Vendor Plan | 0 | 0 | 0 | 0 | 0 |
| UNE-P Policy Dispute | 0 | 0 | 0 | 0 | 0 |
| EBITDA | 130 | 95 | 101 | 108 | 433 |
| Depreciation - Loops | 21 | 21 | 22 | 24 | 88 |
| Earnings Before Taxes | 109 | 74 | 79 | 84 | 346 |
| Taxes | 42 | 28 | 30 | 32 | 131 |
| Net operating income | 68 | 46 | 49 | 52 | 214 |
| Add back Noncash expense | 21 | 21 | 22 | 24 | 88 |
| Cashflow from operations | 88 | 67 | 71 | 76 | 302 |
| Capital Investments | 0 | 0 | (22) | (20) | (42) |
| Total projected cash flow | 88 | 67 | 49 | 56 | 280 |
| NPV (2001-2003) | 138 | | | | |
| NPV (2000-2003) | 203 | | | | |

Trade Secret Data Ends

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Implementation Plan w/ McLeod (Tinkham / Seville?)

CD-41 (UT-051682)

- Network
- PRI
- Out of Region LD
- Exec to Exec
- Regulatory
- Finance

↳ 1/01??

P-421/C-02-197
DOC 08-212

Trade Secret Attachment

Stacy - overall "B"
- Need to look @ current issues

New Issues - Stacy

① ANI over T-1

- Desire in Center (UNE-M)

↳ Trunking dedicated TA b/hand to LH provider

↳ Reconcile LD records

↳ org. call detail for billing from LD carrier

SMDR records - match to LD records

\$3M/yr 4-6% call fall out

↳ revenue

↳ being shy from LD carriers

Next 2 weeks

→ Pass ANI to dedicated T-1

• Policy decision - ANI ~~records~~ records on "PLTs" vs SWACC

↳ ordered T-1s from Excs (not willing to put T-1s on Q)

- Can we do it?
- What is the cost?
- Limited to UNE-M

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② HESTON / Poole issues

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③ Billing Issues 4 o/s

issues - 1 yr ago

- Rec. Comp - Bill Keep

(a) o/s bal for \$2.7M in MN

(b) o/s bal. for center data 4.7M

(c) owes \$460K for meet pt

(d) LTO Trunking

(e) Records

- ④ Reconciliation process monthly line rate true-up (L1V5-M)
- ⑤ Reconciliation process 10% vendor pymnt
- ⑥ Ala Carte features

Monthly line Rate T/Up

- launch a Arturo is working except Ala Carte

Ala Carte feature

- ↳ Flat rate vs UNE - feature
 - ↳ Didn't want to pay more
 - ↳ IA no rate chg
- ⇒ Discount 10% off top

Trade Secret Data Ends]

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State of Minnesota
DEPARTMENT OF COMMERCE

Utility Information Request

Docket Number: P421/C-02-197

Date of Request: July 10, 2002

Requested From: Qwest Corporation

Response Due: July 17, 2002

Analyst Requesting Information: Michelle Rebholz

| | | | |
|------------------|--|---|---|
| Type of Inquiry: | <input type="checkbox"/> Financial | <input type="checkbox"/> Rate of Return | <input type="checkbox"/> Rate Design |
| | <input type="checkbox"/> Engineering | <input type="checkbox"/> Forecasting | <input type="checkbox"/> Conservation |
| | <input type="checkbox"/> Cost of Service | <input type="checkbox"/> CIP | <input type="checkbox"/> Other |

If you feel your responses are trade secret or privileged, please indicate this on your response.

Request
No.

345 Admit that the handwriting on Exhibit 16 to these requests is that of Audrey McKenney.

Response by: _____

List sources of information:

Title: _____

Department: _____

Telephone: _____

Implementation Plan w/ McLeod (Tinkham / Seville?)

- Network
- PRI
- Out of Region LD
- Exec to Exec
- Regulatory
- Finance

↳ 11/01??

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

Stacy - Overall "B"
- Need to look @ current issues

New Issues - Stacy

① ANI over T-1

- Desire in Centex (UNE-M)
- ↳ Training dedicated to b/had to LH provider
- ↳ Reconcile LD records
- ↳ org. call detail for billing from LD carrier
- SMDR records - match to LD records
- 4-6% call fall out
- \$3M/yr
- ↳ keep chg from LD carriers

Next weeks

→ Pass ANI to dedicated T-1

Policy decision - ANI records on "PLTS" vs SWACC

↳ ordered T-1s from Exco (not willing to put T-1s on Q)

- ② Can we do it?
- ③ What is the cost?
- ④ Limited to UNE-M

NONPUBLIC DOCUMENT

② #STON / Poole issues

CONTAINS TRADE SECRET DATA

③ Billing Issues
4 o/s

- issues - 1 yr ago
- Rec-Comp - Bill keep
- ① o/s bal for \$2.7M in MN
- ② o/s bal. for interstate 4.7M
- ③ owes \$460K for meet pt
- ④ LTO Tinkham
- ⑤ account

- ④ Reconciliation process monthly line rate true-up (L1V0-M)
- ⑤ Reconciliation process 10% vendor pymnt
- ⑥ Ala Carte features

Monthly line Rate T/Up

- because a Arturo is working except Ala Carte

Ala Carte feature

- ↳ Flat rate vs UNE - feature
 - ↳ Didn't want to pay more
 - ↳ IA no rate chg
- Discount 10% off top

Trade Secret Data Ends

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CONTAINS TRADE SECRET DATA

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 the handwriting on Exhibit 16 to these request is that of Audrey McKenney.

RESPONSE:

The handwriting on Exhibit 16 to these requests is that of Audrey McKenney.

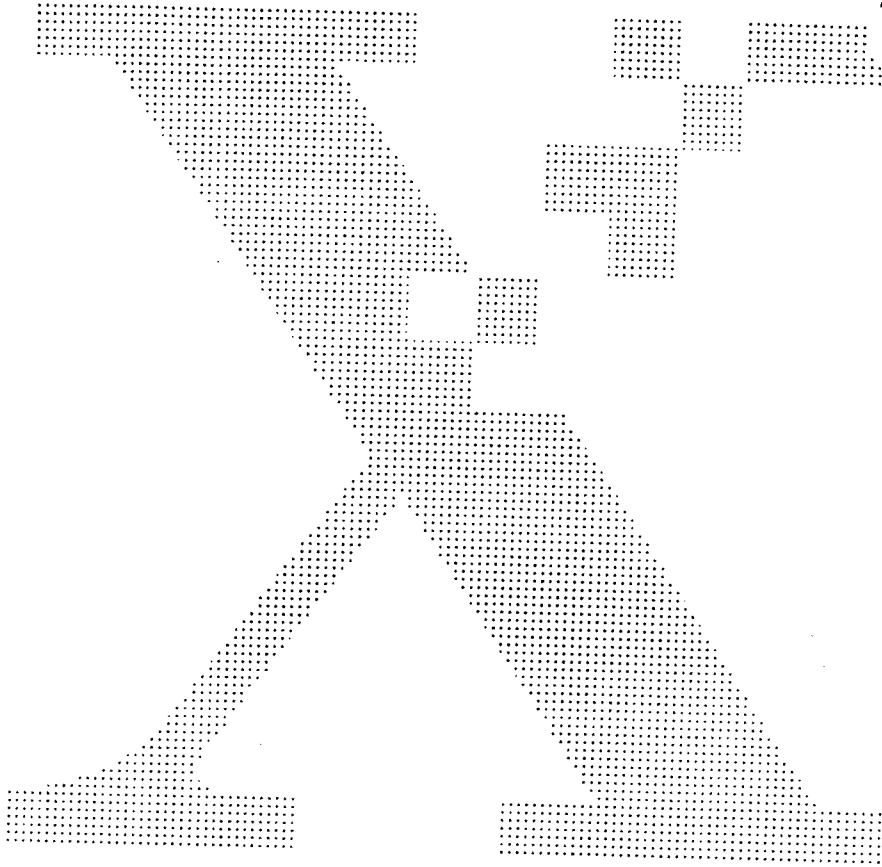
Respondent: Audrey McKenney

MABDULQ

MABDULQ

UNE DEAL REFUNDS.xls
06/24/02 11:04 AM

P-421/C-02-197
DOC 08-210
TRADE SECRET ATTACHMENT



NONPUBLIC DOCUMENT
CONTAINS TRADE SECRET DATA

MEMORANDUM

To: Suzy Francis

From: Shanna Davis

Date: June 1, 2001

[Trade Secret Data Begins

Re: Resale Revenue Reclass to UNE-Star Revenue

cc: Bill Easton, Mario Mendoza, Shanna Davis

To reclass McLeod and Eschelon revenue booked in resale USOAs to UNE-Star revenue USOAs

| RC: TBL000000 | Debit / (Credit) | |
|---------------|------------------|--------------|
| | 5001.4110 | 5240.5210 |
| State | | |
| AZ | 778,694 | (778,694) |
| CO | 3,761,352 | (3,761,352) |
| IA | 3,898,667 | (3,898,667) |
| ID | 481,307 | (481,307) |
| MN | 3,169,572 | (3,169,572) |
| MT | 58,905 | (58,905) |
| ND | 801,687 | (801,687) |
| NE | 337,577 | (337,577) |
| NM | 210,244 | (210,244) |
| OR | 478,993 | (478,993) |
| SD | 559,994 | (559,994) |
| UT | 647,999 | (647,999) |
| WA | 803,492 | (803,492) |
| WY | 628,375 | (628,375) |
| TOTAL | 16,616,859 | (16,616,859) |

Please call if you have questions – 303-965-4324. Thank you.

NONPUBLIC DOCUMENT
CONTAINS TRADE SECRET DATA

| | Oct-00 | Nov-00 | Dec-00 | Jan-01 | Feb-01 | Mar-01 | Apr-01 | May-01 | Jun-01 | Jul-01 | Aug-01 | Sep-01 | YTD |
|-------|-----------|-----------|-----------|-----------|-----------|-------------|--------|--------|--------|--------|--------|--------|-------------|
| A07 | | | | | | | | | | | | | |
| AZ | | | | | | (75,920) | | | | | | | (75,920) |
| CO | | | | | | (39,937) | | | | | | | (39,937) |
| IA | | | | | | | | | | | | | |
| ID | | | | | | | | | | | | | |
| IP | | | | | | | | | | | | | |
| MN | | | | | | (115,572) | | | | | | | (115,572) |
| MT | | | | | | | | | | | | | |
| ND | | | | | | (181) | | | | | | | (181) |
| NE | | | | | | | | | | | | | |
| NM | | | | | | | | | | | | | |
| OR | | | | | | (19,663) | | | | | | | (19,663) |
| SD | | | | | | | | | | | | | |
| UT | | | | | | (65,409) | | | | | | | (65,409) |
| WA | | | | | | (4,862) | | | | | | | (4,862) |
| WY | | | | | | | | | | | | | |
| Total | | | | | | (321,526) | | | | | | | (321,526) |
| M01 | | | | | | | | | | | | | |
| AZ | (8,123) | (12,292) | (17,576) | (31,754) | (43,728) | (62,016) | | | | | | | (175,469) |
| CO | (123,167) | (136,895) | (137,938) | (126,104) | (200,555) | (209,919) | | | | | | | (934,996) |
| IA | 273,205 | 270,481 | 294,647 | 296,430 | 228,763 | 273,065 | | | | | | | 1,636,582 |
| ID | (17,754) | (21,346) | (26,808) | (35,585) | (44,904) | (53,475) | | | | | | | (199,872) |
| IP | | | | | | | | | | | | | |
| MN | (609,180) | (631,317) | (614,240) | (630,339) | (626,789) | (638,423) | | | | | | | (3,750,289) |
| MT | (120) | (122) | (209) | (141) | (141) | (335) | | | | | | | (1,068) |
| ND | 8,534 | 8,261 | 11,882 | 11,821 | 10,125 | 7,399 | | | | | | | 57,822 |
| NE | (35,119) | (39,168) | (43,593) | (47,178) | (49,739) | (50,911) | | | | | | | (265,707) |
| NM | (1,143) | (3,835) | (7,286) | (16,172) | (26,947) | (34,773) | | | | | | | (92,255) |
| OR | (2,302) | (3,138) | (5,714) | (9,167) | (12,617) | (14,886) | | | | | | | (47,824) |
| SD | 32,162 | 32,048 | 34,204 | 35,212 | 34,035 | 34,021 | | | | | | | 201,681 |
| UT | (50,916) | (59,032) | (113,665) | (137,466) | (156,901) | (166,195) | | | | | | | (684,175) |
| WA | (14,607) | (21,555) | (27,198) | (43,548) | (57,326) | (67,010) | | | | | | | (231,241) |
| WY | | | | | | | | | | | | | |
| Total | (548,549) | (618,010) | (653,493) | (736,186) | (946,724) | (983,459) | | | | | | | (4,486,422) |
| Total | | | | | | | | | | | | | |
| AZ | (8,123) | (12,292) | (17,576) | (31,754) | (43,728) | (137,936) | | | | | | | (251,410) |
| CO | (123,167) | (136,895) | (137,938) | (126,104) | (200,555) | (249,856) | | | | | | | (974,536) |
| IA | 273,205 | 270,481 | 294,647 | 296,430 | 228,763 | 273,065 | | | | | | | 1,636,582 |
| ID | (17,754) | (21,346) | (26,808) | (35,585) | (44,904) | (53,475) | | | | | | | (199,872) |
| IP | | | | | | | | | | | | | |
| MN | (609,180) | (631,317) | (614,240) | (630,339) | (626,789) | (753,995) | | | | | | | (3,865,861) |
| MT | (120) | (122) | (209) | (141) | (141) | (335) | | | | | | | (1,068) |
| ND | 8,534 | 8,261 | 11,882 | 11,821 | 10,125 | 7,237 | | | | | | | 57,860 |
| NE | (35,119) | (39,168) | (43,593) | (47,178) | (49,739) | (50,911) | | | | | | | (265,707) |
| NM | (1,143) | (3,835) | (7,286) | (16,172) | (26,947) | (34,773) | | | | | | | (92,255) |
| OR | (2,302) | (3,138) | (5,714) | (9,167) | (12,617) | (34,549) | | | | | | | (67,487) |
| SD | 32,162 | 32,048 | 34,204 | 35,212 | 34,035 | 34,021 | | | | | | | 201,681 |
| UT | (50,916) | (59,032) | (113,665) | (137,466) | (156,901) | (231,604) | | | | | | | (749,584) |
| WA | (14,607) | (21,555) | (27,198) | (43,548) | (57,326) | (71,872) | | | | | | | (236,104) |
| WY | | | | | | | | | | | | | |
| Total | (548,549) | (618,010) | (653,493) | (736,186) | (946,724) | (1,304,985) | | | | | | | (4,807,948) |

NONPUBLIC DOCUMENT
CONTAINS TRADE SECRET DATA

10% DISCOUNT

Prior Month Apr
Current Month May

| | | Apr YTD Accrual True-up | | | May Accrual | | | Total | May YTD |
|----------|----|-------------------------|-------------|----------|-------------|--------|---------|----------|-----------|
| | | AccrOnBks | AccrPerActs | Change | Resale | Other | Total | May Accr | Accrual |
| Eschelon | | | | | | | | | |
| Vicki | AZ | 183,013 | 211,435 | 28,422 | 28,369 | 11,677 | 40,046 | 68,468 | 251,481 |
| Vicki | CO | 389,860 | 393,141 | 3,281 | 59,526 | 76 | 59,602 | 62,883 | 452,743 |
| | IA | - | - | - | - | - | - | - | - |
| | ID | - | - | - | - | - | - | - | - |
| Vicki | MN | 561,987 | 531,753 | (30,233) | 48,175 | 30,057 | 78,232 | 47,998 | 609,985 |
| | MT | - | - | - | - | - | - | - | - |
| | ND | - | - | - | - | - | - | - | - |
| | NE | - | - | - | - | - | - | - | - |
| | NM | - | - | - | - | - | - | - | - |
| | OR | 296,587 | 298,288 | 1,702 | 20,090 | 22,795 | 42,886 | 44,588 | 341,174 |
| Julie | SD | - | - | - | - | - | - | - | - |
| Vicki | UT | 165,221 | 162,509 | (2,712) | 18,163 | 6,204 | 24,367 | 21,656 | 186,876 |
| Julie | WA | 390,446 | 386,070 | (4,377) | 29,751 | 27,067 | 56,818 | 52,441 | 442,888 |
| | WY | - | - | - | - | - | - | - | - |
| | | 1,987,113 | 1,983,196 | (3,916) | 204,074 | 97,877 | 301,950 | 298,034 | 2,285,147 |

McLeod

| | | Apr YTD Accrual True-up | | | May Accrual | | | Total | May YTD |
|----|-------|-------------------------|-------------|-----------|-------------|-----------|-------|----------|---------|
| | | AccrOnBks | AccrPerActs | Change | Resale Act | Other Est | Total | May Accr | Accrual |
| AZ | #REF! | #REF! | #REF! | 40,910 | #REF! | #REF! | #REF! | #REF! | |
| CO | #REF! | #REF! | #REF! | 297,241 | #REF! | #REF! | #REF! | #REF! | |
| IA | #REF! | #REF! | #REF! | 383,925 | #REF! | #REF! | #REF! | #REF! | |
| ID | #REF! | #REF! | #REF! | 40,715 | #REF! | #REF! | #REF! | #REF! | |
| MN | #REF! | #REF! | #REF! | 256,095 | #REF! | #REF! | #REF! | #REF! | |
| MT | #REF! | #REF! | #REF! | 2,934 | #REF! | #REF! | #REF! | #REF! | |
| ND | #REF! | #REF! | #REF! | 76,655 | #REF! | #REF! | #REF! | #REF! | |
| NE | #REF! | #REF! | #REF! | 32,706 | #REF! | #REF! | #REF! | #REF! | |
| NM | #REF! | #REF! | #REF! | 16,631 | #REF! | #REF! | #REF! | #REF! | |
| OR | #REF! | #REF! | #REF! | 22,879 | #REF! | #REF! | #REF! | #REF! | |
| SD | #REF! | #REF! | #REF! | 54,694 | #REF! | #REF! | #REF! | #REF! | |
| UT | #REF! | #REF! | #REF! | 54,991 | #REF! | #REF! | #REF! | #REF! | |
| WA | #REF! | #REF! | #REF! | 44,329 | #REF! | #REF! | #REF! | #REF! | |
| WY | #REF! | #REF! | #REF! | 84,387 | #REF! | #REF! | #REF! | #REF! | |
| | #REF! | #REF! | #REF! | 1,409,091 | #REF! | #REF! | #REF! | #REF! | |

TOTAL

| | | Apr YTD Accrual True-up | | | May Accrual | | | Total | May YTD |
|----|-------|-------------------------|-------------|-----------|-------------|-------|-------|----------|---------|
| | | AccrOnBks | AccrPerActs | Change | Resale | Other | Total | May Accr | Accrual |
| AZ | #REF! | #REF! | #REF! | 69,279 | #REF! | #REF! | #REF! | #REF! | |
| CO | #REF! | #REF! | #REF! | 356,766 | #REF! | #REF! | #REF! | #REF! | |
| IA | #REF! | #REF! | #REF! | 383,925 | #REF! | #REF! | #REF! | #REF! | |
| ID | #REF! | #REF! | #REF! | 40,715 | #REF! | #REF! | #REF! | #REF! | |
| MN | #REF! | #REF! | #REF! | 304,270 | #REF! | #REF! | #REF! | #REF! | |
| MT | #REF! | #REF! | #REF! | 2,934 | #REF! | #REF! | #REF! | #REF! | |
| ND | #REF! | #REF! | #REF! | 76,655 | #REF! | #REF! | #REF! | #REF! | |
| NE | #REF! | #REF! | #REF! | 32,706 | #REF! | #REF! | #REF! | #REF! | |
| NM | #REF! | #REF! | #REF! | 16,631 | #REF! | #REF! | #REF! | #REF! | |
| OR | #REF! | #REF! | #REF! | 42,969 | #REF! | #REF! | #REF! | #REF! | |
| SD | #REF! | #REF! | #REF! | 54,694 | #REF! | #REF! | #REF! | #REF! | |
| UT | #REF! | #REF! | #REF! | 73,154 | #REF! | #REF! | #REF! | #REF! | |
| WA | #REF! | #REF! | #REF! | 74,079 | #REF! | #REF! | #REF! | #REF! | |
| WY | #REF! | #REF! | #REF! | 84,387 | #REF! | #REF! | #REF! | #REF! | |
| | #REF! | #REF! | #REF! | 1,613,164 | #REF! | #REF! | #REF! | #REF! | |

ess 3/30/01 Wire to A07 (707,185)
#REF!
ess 4/27/01 Wire to A07 (101,403)
Current Balance #REF!

-707185
#REF!
-101403
#REF!

NONPUBLIC DOCUMENT

MEMORANDUM

To: Suzy Francis
From: Arturo Ibarra, Jr.
Date: June 1, 2001
Re: Resale Revenue Reclass to UNE-Star Revenue
cc: Bill Easton, Mario Mendoza, Shanna Davis

To reclass McLeod and Eschelon revenue booked in resale USOAs to UNE-Star revenue USOAs

| RC: TBL000000 | Debit / (Credit) | |
|---------------|------------------|--------------|
| | 5001.4110 | 5240.5210 |
| State | | |
| AZ | 631,348 | (631,348) |
| CO | 3,444,761 | (3,444,761) |
| IA | 3,779,828 | (3,779,828) |
| ID | 332,984 | (332,984) |
| MN | 2,923,295 | (2,923,295) |
| MT | (223) | 223 |
| ND | 731,412 | (731,412) |
| NE | 316,536 | (316,536) |
| NM | 122,377 | (122,377) |
| OR | 383,216 | (383,216) |
| SD | 533,886 | (533,886) |
| UT | 852,851 | (852,851) |
| WA | 665,936 | (665,936) |
| WY | 1,059,373 | (1,059,373) |
| TOTAL | 15,777,580 | (15,777,580) |

Please call if you have questions – 303-965-4324. Thank you.

NONPUBLIC DOCUMENT
CONTAINS TRADE SECRET DATA

| | Booked In March | | | What s/h been booked | | | Change | Booking For April | | | Total Reclass |
|----|-----------------|-----------|-----------|----------------------|------------|------------|-------------|-------------------|------------|------------|---------------|
| | Eschelon | McLeod | Total | Eschelon | McLeod | Total | | Eschelon | McLeod | Total | |
| AZ | 264,798 | #REF! | #REF! | 3 | 412,432 | 412,435 | #REF! | 262,936 | 409,101 | 672,038 | #REF! |
| CO | 541,916 | #REF! | #REF! | 563,205 | 2,886,764 | 3,449,969 | #REF! | 563,205 | 2,972,407 | 3,535,613 | #REF! |
| IA | - | #REF! | #REF! | | 3,894,877 | 3,894,877 | #REF! | | 3,839,247 | 3,839,247 | #REF! |
| ID | - | #REF! | #REF! | | 402,386 | 402,386 | #REF! | | 407,146 | 407,146 | #REF! |
| MN | 489,348 | #REF! | #REF! | 482,759 | 2,515,378 | 2,998,137 | #REF! | 482,759 | 2,560,952 | 3,043,711 | #REF! |
| MT | - | #REF! | #REF! | | 3,812 | 3,812 | #REF! | | 29,341 | 29,341 | #REF! |
| ND | - | #REF! | #REF! | | 749,005 | 749,005 | #REF! | | 766,550 | 766,550 | #REF! |
| NE | - | #REF! | #REF! | | 335,856 | 335,856 | #REF! | | 327,057 | 327,057 | #REF! |
| NM | - | #REF! | #REF! | | 165,460 | 165,460 | #REF! | | 166,310 | 166,310 | #REF! |
| OR | 219,968 | #REF! | #REF! | 208,371 | 224,267 | 432,638 | #REF! | 208,371 | 228,788 | 437,159 | #REF! |
| SD | - | #REF! | #REF! | | 560,338 | 560,338 | #REF! | | 546,940 | 546,940 | #REF! |
| UT | 59,163 | #REF! | #REF! | 187,873 | 771,913 | 959,786 | #REF! | 187,873 | 549,910 | 737,782 | #REF! |
| WA | 282,789 | #REF! | #REF! | 292,190 | 414,402 | 706,593 | #REF! | 292,190 | 443,286 | 735,476 | #REF! |
| WY | - | 3,638,428 | 3,638,428 | | 639,966 | 639,966 | (2,998,461) | | 843,874 | 843,874 | (2,154,587) |
| | 1,857,983 | #REF! | #REF! | 1,734,402 | 13,976,857 | 15,711,259 | #REF! | 1,997,335 | 14,090,908 | 16,088,244 | #REF! |

Est = Mar This is an actual
 excpt AZ
 Used Feb
 b/c Mar was
 only \$3

NONPUBLIC DOCUMENT

CONTAINS TRADE SECRET

| | Oct-00 | Nov-00 | Dec-00 | Jan-01 | Feb-01 | Mar-01 | Apr-01 | May-01 | Jun-01 | Jul-01 | Aug-01 | Sep-01 | YTD |
|--------|--------|--------|--------|--------|--------|-----------|--------|--------|--------|--------|--------|--------|-----------|
| A07 AZ | | | | | | (75,920) | | | | | | | (75,920) |
| CO | | | | | | (39,937) | | | | | | | (39,937) |
| IA | | | | | | | | | | | | | |
| ID | | | | | | | | | | | | | |
| IP | | | | | | | | | | | | | |
| MN | | | | | | (115,572) | | | | | | | (115,572) |
| MT | | | | | | | | | | | | | |
| ND | | | | | | (161) | | | | | | | (161) |
| NE | | | | | | | | | | | | | |
| NM | | | | | | | | | | | | | |
| OR | | | | | | (19,663) | | | | | | | (19,663) |
| SD | | | | | | | | | | | | | |
| UT | | | | | | (65,409) | | | | | | | (65,409) |
| WA | | | | | | (4,862) | | | | | | | (4,862) |
| WY | | | | | | | | | | | | | |
| Total | | | | | | (321,526) | | | | | | | (321,526) |

| | | | | | | | | | | | | | |
|--------|-----------|-----------|-----------|-----------|-----------|-----------|--|--|--|--|--|--|-------------|
| M01 AZ | (8,123) | (12,292) | (17,576) | (31,754) | (43,728) | (62,018) | | | | | | | (175,489) |
| CO | (123,187) | (136,895) | (137,938) | (126,104) | (200,555) | (209,919) | | | | | | | (934,598) |
| IA | 273,205 | 270,481 | 294,647 | 296,430 | 228,763 | 273,065 | | | | | | | 1,636,592 |
| ID | (17,754) | (21,348) | (26,808) | (35,585) | (44,904) | (53,475) | | | | | | | (199,872) |
| IP | | | | | | | | | | | | | |
| MN | (609,180) | (631,317) | (614,240) | (630,339) | (628,789) | (638,423) | | | | | | | |
| MT | (120) | (122) | (209) | (141) | (141) | (335) | | | | | | | (3,750,288) |
| ND | 8,534 | 8,261 | 11,882 | 11,821 | 10,125 | 7,399 | | | | | | | (1,068) |
| NE | (35,119) | (39,168) | (43,593) | (47,178) | (49,739) | (50,911) | | | | | | | 57,822 |
| NM | (1,143) | (3,835) | (7,286) | (18,172) | (26,947) | (34,773) | | | | | | | (265,707) |
| OR | (2,302) | (3,138) | (5,714) | (9,167) | (12,617) | (14,886) | | | | | | | (92,255) |
| SD | 32,162 | 32,048 | 34,204 | 35,212 | 34,035 | 34,021 | | | | | | | (47,824) |
| UT | (50,916) | (59,032) | (113,665) | (137,466) | (156,901) | (188,195) | | | | | | | 201,681 |
| WA | (14,607) | (21,555) | (27,198) | (43,546) | (57,326) | (67,010) | | | | | | | (684,175) |
| WY | | | | | | | | | | | | | (231,241) |
| Total | (548,549) | (618,010) | (653,493) | (736,188) | (946,724) | (983,459) | | | | | | | (4,486,422) |

| | | | | | | | | | | | | | |
|----------|-----------|-----------|-----------|-----------|-----------|-------------|--|--|--|--|--|--|-------------|
| Total AZ | (8,123) | (12,292) | (17,576) | (31,754) | (43,728) | (137,938) | | | | | | | (251,410) |
| CO | (123,187) | (136,895) | (137,938) | (126,104) | (200,555) | (249,856) | | | | | | | (974,536) |
| IA | 273,205 | 270,481 | 294,647 | 296,430 | 228,763 | 273,065 | | | | | | | 1,636,592 |
| ID | (17,754) | (21,348) | (26,808) | (35,585) | (44,904) | (53,475) | | | | | | | (199,872) |
| IP | | | | | | | | | | | | | |
| MN | (609,180) | (631,317) | (614,240) | (630,339) | (628,789) | (753,896) | | | | | | | (3,865,861) |
| MT | (120) | (122) | (209) | (141) | (141) | (335) | | | | | | | (1,068) |
| ND | 8,534 | 8,261 | 11,882 | 11,821 | 10,125 | 7,237 | | | | | | | 57,880 |
| NE | (35,119) | (39,168) | (43,593) | (47,178) | (49,739) | (50,911) | | | | | | | (265,707) |
| NM | (1,143) | (3,835) | (7,286) | (18,172) | (26,947) | (34,773) | | | | | | | (92,255) |
| OR | (2,302) | (3,138) | (5,714) | (9,167) | (12,617) | (34,549) | | | | | | | (67,487) |
| SD | 32,162 | 32,048 | 34,204 | 35,212 | 34,035 | 34,021 | | | | | | | 201,681 |
| UT | (50,916) | (59,032) | (113,665) | (137,466) | (156,901) | (231,604) | | | | | | | (749,584) |
| WA | (14,607) | (21,555) | (27,198) | (43,546) | (57,326) | (71,872) | | | | | | | (236,104) |
| WY | | | | | | | | | | | | | |
| Total | (548,549) | (618,010) | (653,493) | (736,188) | (946,724) | (1,304,965) | | | | | | | (4,807,948) |

NONPUBLIC DOCUMENT
CONTAINS TRADE SECRET DATA

MEMORANDUM

To: Suzy Francis
From: Arturo Ibarra, Jr.
Date: April 3, 2001
Re: Accrual For UNE Star/Resale Rate Differential
cc: Bill Easton, Mario Mendoza, Shanna Davis

This is to reclass McLeod and Eschelon revenue booked resale USOAs to UNE-Star revenue

Below is the state and account detail. Please use RC TBL000000.

| State | Debit / (Credit) | |
|-------|------------------|-------------|
| | 5001.4110 | 5240.5210 |
| AZ | #REF! | #REF! |
| CO | #REF! | #REF! |
| IA | #REF! | #REF! |
| ID | #REF! | #REF! |
| MN | #REF! | #REF! |
| MT | #REF! | #REF! |
| ND | #REF! | #REF! |
| NE | #REF! | #REF! |
| NM | #REF! | #REF! |
| OR | #REF! | #REF! |
| SD | #REF! | #REF! |
| UT | #REF! | #REF! |
| WA | #REF! | #REF! |
| WY | 3,638,428 | (3,638,428) |
| TOTAL | #REF! | #REF! |

Please call if you have questions – 303-965-4324
Thank you.

NONPUBLIC DOCUMENT
CONTAINS TRADE SECRET DATA

MEMORANDUM

To: Suzy Francis
From: Arturo Ibarra, Jr.
Date: April 3, 2001
Re: Accrual For UNE Star/Resale Rate Differential
cc: Bill Easton, Mario Mendoza, Shanna Davis

This is to reduce UNE-Star revenues for 10% discount that will be issued to Eschelon and McLeod should they meet they're revenue/volume commitments per the UNE-Star contract. Below is the state and account detail. Please use RC TBL000000.

| State | Debit / (Credit) | |
|-------|------------------|-----------|
| | 5240.5210 | 4010.2199 |
| AZ | #REF! | #REF! |
| CO | #REF! | #REF! |
| IA | #REF! | #REF! |
| ID | #REF! | #REF! |
| MN | #REF! | #REF! |
| MT | #REF! | #REF! |
| ND | #REF! | #REF! |
| NE | #REF! | #REF! |
| NM | #REF! | #REF! |
| OR | #REF! | #REF! |
| SD | #REF! | #REF! |
| UT | #REF! | #REF! |
| WA | #REF! | #REF! |
| WY | #REF! | #REF! |
| TOTAL | #REF! | #REF! |

#REF!

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Thank you.

NONPUBLIC DOCUMENT
CONTAINS TRADE SECRET DATA

MEMORANDUM

To: Suzy Francis
From: Arturo Ibarra, Jr.
Date: April 3, 2001
Re: Accrual For UNE Star/Resale Rate Differential
cc: Bill Easton, Mario Mendoza, Shanna Davis

This is to reduce resale revenues in order to align them with billing per the UNE-Star contract with Eschelon and McLeod.

Below is the state and account detail. Please use RC TBL000000.

| State | Debit / (Credit) | |
|-------|------------------|-----------|
| | 5240.5210 | 4010.2199 |
| AZ | #REF! | #REF! |
| CO | #REF! | #REF! |
| IA | #REF! | #REF! |
| ID | #REF! | #REF! |
| MN | #REF! | #REF! |
| MT | #REF! | #REF! |
| ND | #REF! | #REF! |
| NE | #REF! | #REF! |
| NM | #REF! | #REF! |
| OR | #REF! | #REF! |
| SD | #REF! | #REF! |
| UT | #REF! | #REF! |
| WA | #REF! | #REF! |
| WY | #REF! | #REF! |
| TOTAL | #REF! | #REF! |

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Thank you.

NONPUBLIC DOCUMENT
CONTAINS TRADE SECRET DATA

10% DISCOUNT

| Escheaton | Feb YTD Accrual True-up | | | 0.7% | | | Mar-01 10% |
|-----------|-------------------------|-------------|---------|----------------|---------|-----------|---------------|
| | | | | Est of Mar Act | | | |
| | AccrOnBkls | AccrPerAcbs | Change | Resale | Other | Total | |
| Vicks AZ | 115,968 | 145,987 | 29,080 | 284,798 | 82,746 | 347,845 | 34,754.45 |
| Vicks IA | 251,817 | 321,921 | 70,304 | 541,916 | 168,343 | 711,259 | 71,125.90 |
| Vicks ID | - | - | - | - | - | - | - |
| Vicks MN | 253,810 | 324,233 | 70,422 | 480,348 | 152,816 | 642,263 | 64,226.32 |
| Vicks MT | - | - | - | - | - | - | - |
| Vicks ND | - | - | - | - | - | - | - |
| Vicks NE | - | - | - | - | - | - | - |
| Vicks NM | - | - | - | - | - | - | - |
| Vicks OR | 101,853 | 162,526 | 60,673 | 219,088 | 129,824 | 348,782 | 34,878.18 |
| Vicks SD | - | - | - | - | - | - | - |
| Vicks UT | 88,030 | 94,172 | 6,142 | 60,163 | 18,488 | 77,851 | 7,785.11 |
| Vicks WA | 154,937 | 241,027 | 86,080 | 262,780 | 163,814 | 448,404 | 44,840.38 |
| Vicks WY | - | - | - | - | - | - | - |
| TOTAL | 955,945 | 1,289,848 | 323,900 | 1,857,863 | 717,830 | 2,575,913 | 257,591 |

McLeod

| Escheaton | Feb YTD Accrual True-up | | | 0.0% | | | Mar-01 10% |
|-----------|-------------------------|-------------|--------|----------------|-------|-------|---------------|
| | | | | Est of Mar Act | | | |
| | AccrOnBkls | AccrPerAcbs | Change | Resale | Other | Total | |
| AZ | 83,885 | #REF! | #REF! | #REF! | #REF! | #REF! | #REF! |
| CO | 1,414,421 | #REF! | #REF! | #REF! | #REF! | #REF! | #REF! |
| IA | 1,860,282 | #REF! | #REF! | #REF! | #REF! | #REF! | #REF! |
| ID | 108,217 | #REF! | #REF! | #REF! | #REF! | #REF! | #REF! |
| MN | 1,330,886 | #REF! | #REF! | #REF! | #REF! | #REF! | #REF! |
| MT | 111 | #REF! | #REF! | #REF! | #REF! | #REF! | #REF! |
| ND | 389,820 | #REF! | #REF! | #REF! | #REF! | #REF! | #REF! |
| NE | 164,044 | #REF! | #REF! | #REF! | #REF! | #REF! | #REF! |
| NM | 23,745 | #REF! | #REF! | #REF! | #REF! | #REF! | #REF! |
| OR | 144,873 | #REF! | #REF! | #REF! | #REF! | #REF! | #REF! |
| SD | 212,184 | #REF! | #REF! | #REF! | #REF! | #REF! | #REF! |
| UT | 263,871 | #REF! | #REF! | #REF! | #REF! | #REF! | #REF! |
| WA | 181,032 | #REF! | #REF! | #REF! | #REF! | #REF! | #REF! |
| WY | 482,563 | #REF! | #REF! | 3,828,428 | #REF! | #REF! | #REF! |
| TOTAL | 8,880,384 | #REF! | #REF! | #REF! | #REF! | #REF! | #REF! |

TOTAL

| Escheaton | Feb YTD Accrual True-up | | | 0.0% | | | Mar-01 10% |
|-----------|-------------------------|-------------|--------|----------------|-------|-------|---------------|
| | | | | Est of Mar Act | | | |
| | AccrOnBkls | AccrPerAcbs | Change | Resale | Other | Total | |
| AZ | 179,883 | #REF! | #REF! | #REF! | #REF! | #REF! | #REF! |
| CO | 1,888,038 | #REF! | #REF! | #REF! | #REF! | #REF! | #REF! |
| IA | 1,950,397 | #REF! | #REF! | #REF! | #REF! | #REF! | #REF! |
| ID | 108,217 | #REF! | #REF! | #REF! | #REF! | #REF! | #REF! |
| MN | 1,584,508 | #REF! | #REF! | #REF! | #REF! | #REF! | #REF! |
| MT | 111 | #REF! | #REF! | #REF! | #REF! | #REF! | #REF! |
| ND | 389,820 | #REF! | #REF! | #REF! | #REF! | #REF! | #REF! |
| NE | 164,044 | #REF! | #REF! | #REF! | #REF! | #REF! | #REF! |
| NM | 23,745 | #REF! | #REF! | #REF! | #REF! | #REF! | #REF! |
| OR | 248,228 | #REF! | #REF! | #REF! | #REF! | #REF! | #REF! |
| SD | 212,184 | #REF! | #REF! | #REF! | #REF! | #REF! | #REF! |
| UT | 371,001 | #REF! | #REF! | #REF! | #REF! | #REF! | #REF! |
| WA | 254,874 | #REF! | #REF! | #REF! | #REF! | #REF! | #REF! |
| WY | 482,563 | #REF! | #REF! | 3,828,428 | #REF! | #REF! | #REF! |
| TOTAL | 7,848,328 | #REF! | #REF! | #REF! | #REF! | #REF! | #REF! |

UNEvsREALE

| Escheaton | Mar-01 |
|-----------|---------|
| AZ | 24,384 |
| CO | 63,880 |
| IA | - |
| ID | - |
| MN | 170,514 |
| MT | - |
| ND | - |
| NE | - |
| NM | - |
| OR | - |
| SD | 26,813 |
| UT | 28,144 |
| WA | 7,307 |
| WY | - |
| TOTAL | 318,102 |

McLeod

| Escheaton | Mar-01 |
|-----------|--------|
| AZ | #REF! |
| CO | #REF! |
| IA | #REF! |
| ID | #REF! |
| MN | #REF! |
| MT | #REF! |
| ND | #REF! |
| NE | #REF! |
| NM | #REF! |
| OR | #REF! |
| SD | #REF! |
| UT | #REF! |
| WA | #REF! |
| WY | #REF! |

TOTAL UNEvsResale

| Escheaton | Mar-01 |
|-----------|--------|
| AZ | #REF! |
| CO | #REF! |
| IA | #REF! |
| ID | #REF! |
| MN | #REF! |
| MT | #REF! |
| ND | #REF! |
| NE | #REF! |
| NM | #REF! |
| OR | #REF! |
| SD | #REF! |
| UT | #REF! |
| WA | #REF! |
| WY | #REF! |

NONPUBLIC DOCUMENT
CONTAINS TRADE SECRET DATA

MEMORANDUM

To: Suzy Francis
From: Arturo Ibarra, Jr.
Date: March 5, 2001
Re: Accrual For UNE Star/Resale Rate Differential
cc: Bill Easton, Mario Mendoza, Shanna Davis

This is to reduce UNE-Star revenues for 10% discount that will be issued to Eschelon and McLeod should they meet they're revenue/volume commitments per the UNE-Star contract. Below is the state and account detail. Please use RC TBL000000.

| State | Debit / (Credit) | |
|-------|------------------|-------------|
| | 5001.4110 | 4010.2199 |
| AZ | (90,263) | 90,263 |
| CO | (217,229) | 217,229 |
| IA | 1,538,118 | (1,538,118) |
| ID | (14,835) | 14,835 |
| MN | (1,095,407) | 1,095,407 |
| MT | (332) | 332 |
| ND | 59,919 | (59,919) |
| NE | (33,285) | 33,285 |
| NM | 9,703 | (9,703) |
| SD | (42,731) | 42,731 |
| OR | 102,298 | (102,298) |
| UT | (342,795) | 342,795 |
| WA | (64,120) | 64,120 |
| WY | 383,732 | (383,732) |
| TOTAL | 192,774 | (192,774) |

Please call if you have questions – 303-965-4324
Thank you.

NONPUBLIC DOCUMENT
CONTAINS TRADE SECRET DATA

MEMORANDUM

To: Suzy Francis
From: Arturo Ibarra, Jr.
Date: March 5, 2001
Re: Accrual For UNE Star/Resale Rate Differential
cc: Bill Easton, Mario Mendoza, Shanna Davis

This is to reduce resale revenues in order to align them with billing per the UNE-Star contract with Eschelon and McLeod.

Below is the state and account detail. Please use RC TBL000000.

| State | Debit / (Credit) | |
|-------|------------------|-------------|
| | 5001.4110 | 4010.2199 |
| AZ | 177,157 | (177,157) |
| CO | 1,028,854 | (1,028,854) |
| IA | (1,608,040) | 1,608,040 |
| ID | 115,470 | (115,470) |
| MN | 4,297,820 | (4,297,820) |
| MT | 687 | (687) |
| ND | (58,737) | 58,737 |
| NE | 215,496 | (215,496) |
| NM | 19,374 | (19,374) |
| SD | 16,648 | (16,648) |
| OR | 3,571 | (3,571) |
| UT | 444,237 | (444,237) |
| WA | 148,169 | (148,169) |
| WY | - | - |
| TOTAL | 4,800,705 | (4,800,705) |

Please call if you have questions – 303-965-4324
Thank you.

NONPUBLIC DOCUMENT
CONTAINS TRADE SECRET DATA

MEMORANDUM

To: Suzy Francis
From: Arturo Ibarra, Jr.
Date: March 5, 2001
Re: Accrual For UNE Star/Resale Rate Differential
cc: Bill Easton, Mario Mendoza, Shanna Davis

This is to reclass McLeod and Eschelon revenue booked resale USOAs to UNE-Star revenue

Below is the state and account detail. Please use RC TBL000000.

| State | Debit / (Credit) | |
|-------|------------------|--------------|
| | 5001.4110 | 5240.5210 |
| AZ | 926,002 | (926,002) |
| CO | 4,541,094 | (4,541,094) |
| IA | 3,666,105 | (3,666,105) |
| ID | 452,432 | (452,432) |
| MN | 2,865,852 | (2,865,852) |
| MT | (139) | 139 |
| ND | 780,302 | (780,302) |
| NE | 361,064 | (361,064) |
| NM | 168,184 | (168,184) |
| SD | 223,716 | (223,716) |
| OR | 551,874 | (551,874) |
| UT | 1,249,831 | (1,249,831) |
| WA | 755,938 | (755,938) |
| WY | 2,368,037 | (2,368,037) |
| TOTAL | 18,910,291 | (18,910,291) |

Please call if you have questions – 303-965-4324
Thank you.

NONPUBLIC DOCUMENT
CONTAINS TRADE SECRET DATA

18% DISCOUNT

| Escheaton | | Est | | | | | Total | 10% |
|-----------|----|-----------|-----------|-----------|-----------|-----------|-----------|---------|
| | | Oct-00 | Nov-00 | Dec-00 | Jan-01 | Feb-01 | | |
| Visti | AZ | 148,784 | 184,504 | 285,292 | 278,895 | 204,852 | 1,188,878 | 115,898 |
| Visti | CO | 472,779 | 396,800 | 824,844 | 834,358 | 687,784 | 2,518,175 | 251,817 |
| | IA | | | | | | | |
| | ID | | | | | | | |
| Visti | MN | 528,867 | 486,741 | 484,202 | 490,740 | 639,814 | 2,638,103 | 253,810 |
| | MT | | | | | | | |
| | ND | | | | | | | |
| | NE | | | | | | | |
| | NM | | | | | | | |
| | SD | | | | | | | |
| Julie | OR | 185,598 | 200,884 | 180,184 | 204,172 | 224,589 | 1,015,528 | 101,553 |
| Visti | UT | 138,454 | 150,178 | 176,465 | 187,742 | 217,818 | 880,295 | 88,030 |
| Julie | WA | 285,514 | 318,372 | 311,211 | 302,888 | 333,288 | 1,549,374 | 154,937 |
| | WY | | | | | | | |
| | | 1,787,717 | 1,715,379 | 1,861,938 | 2,008,868 | 2,207,563 | 8,859,453 | 865,945 |

| McLeod | | Est | | | | | Total | 10% |
|--------|----|------------|------------|------------|------------|------------|------------|-----------|
| | | Oct-00 | Nov-00 | Dec-00 | Jan-01 | Feb-01 | | |
| | AZ | 59,549 | 68,471 | 100,437 | 200,482 | 208,884 | 636,882 | 63,685 |
| | CO | 2,754,724 | 2,385,898 | 2,883,824 | 2,888,587 | 3,133,301 | 14,144,208 | 1,414,421 |
| | IA | 3,728,523 | 3,891,820 | 3,869,788 | 3,862,356 | 4,051,886 | 19,503,873 | 1,950,387 |
| | ID | 144,279 | 147,814 | 215,771 | 281,228 | 284,284 | 1,063,175 | 106,317 |
| | MN | 2,743,825 | 2,504,810 | 2,580,237 | 2,873,383 | 2,784,783 | 13,308,858 | 1,330,886 |
| | MT | 238 | 206 | 539 | 84 | 86 | 1,110 | 111 |
| | ND | 828,461 | 744,545 | 782,781 | 787,217 | 833,389 | 3,986,283 | 398,629 |
| | NE | 273,838 | 304,821 | 337,807 | 354,896 | 370,278 | 1,840,441 | 184,044 |
| | NM | 7,107 | 16,487 | 32,867 | 88,782 | 83,001 | 237,456 | 23,745 |
| | SD | 81,118 | 83,422 | 123,413 | 575,888 | 603,108 | 1,448,729 | 144,873 |
| | OR | 808,241 | 558,358 | 582,581 | 182,317 | 188,484 | 2,121,838 | 212,184 |
| | UT | 427,707 | 413,288 | 848,020 | 888,841 | 720,754 | 2,838,711 | 283,871 |
| | WA | 108,318 | 130,438 | 183,881 | 288,281 | 512,288 | 1,010,285 | 101,029 |
| | WY | 883,281 | 818,882 | 838,280 | 871,883 | 1,015,748 | 4,835,834 | 483,583 |
| | | 12,757,885 | 12,224,508 | 13,228,487 | 13,871,858 | 14,421,828 | 68,803,842 | 6,880,384 |

| TOTAL | Oct-00 | Nov-00 | Dec-00 | Jan-01 | Feb-01 | Mar-01 | Total | 10% | \$ Acct | \$ in \$201 |
|-------|-----------|------------|------------|------------|------------|------------|------------|-----------|-----------|-------------|
| AZ | 208,383 | 238,976 | 385,729 | 477,327 | 514,448 | - | 1,796,838 | 179,683 | 289,848 | (89,263) |
| CO | 3,237,843 | 2,782,558 | 3,418,299 | 3,538,958 | 3,721,994 | - | 18,686,381 | 1,868,638 | 1,863,287 | (217,228) |
| IA | 3,728,523 | 3,891,820 | 3,869,788 | 3,862,356 | 4,051,886 | - | 19,503,873 | 1,950,387 | 412,379 | 1,538,118 |
| ID | 144,279 | 147,814 | 215,771 | 281,228 | 284,284 | - | 1,063,175 | 106,317 | 123,182 | (14,833) |
| MN | 3,278,432 | 2,991,851 | 3,064,438 | 3,184,123 | 3,334,817 | - | 18,848,642 | 1,884,866 | 3,878,913 | (1,988,687) |
| MT | 238 | 206 | 539 | 84 | 86 | - | 1,110 | 111 | 443 | (332) |
| ND | 828,461 | 744,545 | 782,781 | 787,217 | 833,389 | - | 3,986,283 | 398,629 | 328,718 | 68,918 |
| NE | 273,838 | 304,821 | 337,807 | 354,896 | 370,278 | - | 1,840,441 | 184,044 | 187,329 | (23,286) |
| NM | 7,107 | 16,487 | 32,867 | 88,782 | 83,001 | - | 237,456 | 23,745 | 14,842 | 8,783 |
| SD | 81,118 | 83,422 | 123,413 | 575,888 | 603,108 | - | 1,448,729 | 144,873 | 187,484 | (42,731) |
| OR | 808,241 | 558,358 | 582,581 | 182,317 | 188,484 | - | 3,137,464 | 313,747 | 211,448 | 102,298 |
| UT | 427,707 | 413,288 | 848,020 | 888,841 | 720,754 | - | 3,718,066 | 371,881 | 714,888 | (342,795) |
| WA | 108,318 | 130,438 | 183,881 | 288,281 | 512,288 | - | 2,588,739 | 258,874 | 328,884 | (64,128) |
| WY | 883,281 | 818,882 | 838,280 | 871,883 | 1,015,748 | - | 4,835,834 | 483,583 | 88,831 | 383,752 |
| | | 14,525,882 | 13,928,887 | 15,189,488 | 16,877,822 | 18,828,479 | 78,483,295 | 7,848,329 | 7,483,558 | 182,774 |

UNEVSRESALE

| Escheaton | Oct-00 | Nov-00 | Dec-00 | Jan-01 | Feb-01 | Mar-01 | Total |
|-----------|---------|---------|---------|---------|---------|---------|-----------|
| AZ | 21,893 | 21,893 | 21,893 | 21,893 | 21,182 | - | 112,784 |
| CO | 87,737 | 87,737 | 87,737 | 87,737 | 83,511 | - | 294,469 |
| IA | | | | | | - | |
| ID | | | | | | - | |
| MN | 183,823 | 153,823 | 153,823 | 153,823 | 188,315 | - | 785,007 |
| MT | | | | | | - | |
| ND | | | | | | - | |
| NE | | | | | | - | |
| NM | | | | | | - | |
| SD | | | | | | - | |
| OR | 38,304 | 38,304 | 38,304 | 24,204 | 28,824 | - | 168,740 |
| UT | 23,800 | 23,800 | 23,800 | 23,800 | 25,980 | - | 120,380 |
| WA | 8,586 | 8,586 | 8,586 | 8,586 | 7,258 | - | 33,840 |
| WY | | | | | | - | |
| | | 303,183 | 303,153 | 303,153 | 288,053 | 318,858 | 1,514,370 |

| McLeod | Oct-00 | Nov-00 | Dec-00 | Jan-01 | Feb-01 | Mar-01 | Total |
|--------|-----------|-----------|-----------|-----------|-----------|---------|-------------|
| AZ | 8,123 | 12,258 | 13,484 | 14,832 | 18,318 | - | 64,983 |
| CO | 118,888 | 132,802 | 148,983 | 180,448 | 178,484 | - | 734,385 |
| IA | (323,718) | (321,880) | (321,880) | (321,880) | (321,880) | - | (1,808,640) |
| ID | 17,554 | 21,888 | 23,208 | 25,328 | 28,042 | - | 115,478 |
| MN | 804,546 | 828,847 | 889,311 | 784,242 | 834,087 | - | 3,512,813 |
| MT | 128 | 122 | 134 | 148 | 183 | - | 687 |
| ND | (11,889) | (11,882) | (11,882) | (11,882) | (11,882) | - | (68,737) |
| NE | 34,893 | 38,918 | 42,888 | 47,887 | 51,798 | - | 218,486 |
| NM | 1,138 | 3,829 | 4,322 | 4,784 | 8,230 | - | 18,374 |
| SD | 2,277 | 3,088 | 3,488 | 3,747 | 4,121 | - | 18,648 |
| OR | (33,120) | (33,010) | (33,010) | (33,010) | (33,010) | - | (165,170) |
| UT | 60,788 | 58,844 | 64,728 | 71,201 | 78,321 | - | 325,877 |
| WA | 14,580 | 21,834 | 23,887 | 26,088 | 28,882 | - | 114,528 |
| WY | | | | | | - | |
| | | 484,177 | 553,263 | 645,167 | 748,282 | 857,487 | 3,288,335 |

| TOTAL UNEVSRESALE | Oct-00 | Nov-00 | Dec-00 | Jan-01 | Feb-01 | Mar-01 | Total | \$ Acct | \$ in \$201 |
|-------------------|-----------|-----------|-----------|-----------|-----------|-----------|-------------|---------|-------------|
| AZ | 30,016 | 34,151 | 35,471 | 36,725 | 39,586 | - | 177,187 | - | 177,187 |
| CO | 178,726 | 190,329 | 283,886 | 218,186 | 246,968 | - | 1,028,954 | - | 1,028,954 |
| IA | (323,718) | (321,880) | (321,880) | (321,880) | (321,880) | - | (1,808,640) | - | (1,808,640) |
| ID | 17,884 | 21,888 | 23,208 | 25,328 | 28,882 | - | 115,478 | - | 115,478 |
| MN | 758,489 | 788,879 | 843,234 | 812,185 | 1,083,382 | - | 4,297,820 | - | 4,297,820 |
| MT | 128 | 122 | 134 | 148 | 183 | - | 687 | - | 687 |
| ND | (11,889) | (11,882) | (11,882) | (11,882) | (11,882) | - | (68,737) | - | (68,737) |
| NE | 34,893 | 38,918 | 42,888 | 47,887 | 51,798 | - | 218,486 | - | 218,486 |
| NM | 1,138 | 3,829 | 4,322 | 4,784 | 8,230 | - | 18,374 | - | 18,374 |
| SD | 2,277 | 3,088 | 3,488 | 3,747 | 4,121 | - | 18,648 | - | 18,648 |
| OR | 6,174 | 8,284 | 6,284 | (8,886) | (8,388) | - | 3,571 | - | 3,571 |
| UT | 74,385 | 82,444 | 88,328 | 84,881 | 104,281 | - | 444,237 | - | 444,237 |
| WA | 21,186 | 28,138 | 30,283 | 32,832 | 35,817 | - | 148,189 | - | 148,189 |
| WY | | | | | | - | | - | |
| | | 787,338 | 858,416 | 948,320 | 1,034,315 | 1,174,325 | 4,888,785 | - | 4,888,785 |

NONPUBLIC DOCUMENT
CONTAINS TRADE SECRET D

10% DISCOUNT

| Eschelon | Mar YTD Accrual True-up | | | Apr Accrual | | | Total Apr Accr | AprYTD Accrual | |
|----------|-------------------------|-------------|-----------|-------------|---------|---------|-------------------|-------------------|-----------|
| | AccrOnBks | AccrPerActs | Change | Resale | Other | Total | | | |
| Vicki | AZ | 180,721 | 172,038 | (8,683) | 0 | 10,974 | 10,975 | 2,292 | 183,013 |
| Vicki | CO | 393,047 | 333,539 | (59,508) | 56,321 | - | 56,321 | (3,188) | 389,860 |
| | IA | - | - | - | - | - | - | - | - |
| | ID | - | - | - | - | - | - | - | - |
| Vicki | MN | 388,459 | 478,888 | 90,429 | 48,276 | 34,823 | 83,099 | 173,528 | 561,987 |
| | MT | - | - | - | - | - | - | - | - |
| | ND | - | - | - | - | - | - | - | - |
| | NE | - | - | - | - | - | - | - | - |
| | NM | - | - | - | - | - | - | - | - |
| | OR | 197,405 | 255,402 | 57,997 | 20,837 | 20,347 | 41,184 | 99,181 | 296,587 |
| Julie | SD | - | - | - | - | - | - | - | - |
| Vicki | UT | 101,937 | 138,142 | 36,205 | 18,787 | 8,292 | 27,079 | 63,283 | 185,221 |
| Julie | WA | 285,867 | 334,492 | 48,624 | 29,219 | 26,736 | 55,955 | 104,579 | 390,446 |
| | WY | - | - | - | - | - | - | - | - |
| | | 1,547,437 | 1,712,501 | 165,064 | 173,440 | 101,172 | 274,612 | 439,676 | 1,987,113 |

McLeod

| | March YTD Accrual True-up | | | Apr Accrual | | | Total Apr Accr | AprYTD Accrual | |
|----|---------------------------|-------------|-----------|-------------|-----------|---------|-------------------|-------------------|-------|
| | AccrOnBks | AccrPerActs | Change | Resale Act | Other Est | Total | | | |
| AZ | #REF! | 130,459 | #REF! | 41,243 | 2,279 | 43,522 | #REF! | #REF! | |
| CO | #REF! | 1,994,754 | #REF! | 288,676 | 27,987 | 316,663 | #REF! | #REF! | |
| IA | #REF! | 2,337,026 | #REF! | 389,488 | 23,694 | 413,181 | #REF! | #REF! | |
| ID | #REF! | 154,113 | #REF! | 40,239 | 6,588 | 46,827 | #REF! | #REF! | |
| MN | #REF! | 1,745,137 | #REF! | 251,538 | 54,532 | 306,070 | #REF! | #REF! | |
| MT | #REF! | 22,716 | #REF! | 381 | 11,304 | 11,685 | #REF! | #REF! | |
| ND | #REF! | 476,380 | #REF! | 74,901 | 7,258 | 82,159 | #REF! | #REF! | |
| NE | #REF! | 194,877 | #REF! | 33,586 | 2,938 | 36,524 | #REF! | #REF! | |
| NM | #REF! | 53,340 | #REF! | 16,546 | 2,131 | 18,677 | #REF! | #REF! | |
| OR | #REF! | 104,477 | #REF! | 22,427 | 1,816 | 24,243 | #REF! | #REF! | |
| SD | #REF! | 354,968 | #REF! | 56,034 | 4,698 | 60,732 | #REF! | #REF! | |
| UT | #REF! | 429,783 | #REF! | 77,191 | 5,144 | 82,336 | #REF! | #REF! | |
| WA | #REF! | 165,271 | #REF! | 41,440 | (6,816) | 34,624 | #REF! | #REF! | |
| WY | #REF! | 774,920 | #REF! | 63,997 | 11,997 | 75,994 | #REF! | #REF! | |
| | | #REF! | 8,938,222 | #REF! | 1,397,686 | 155,550 | 1,553,236 | #REF! | #REF! |

TOTAL

| | Mar YTD Accrual True-up | | | Apr Accrual | | | Total Apr Accr | AprYTD Accrual | |
|----|-------------------------|-------------|------------|-------------|-----------|---------|-------------------|-------------------|-------|
| | AccrOnBks | AccrPerActs | Change | Resale | Other | Total | | | |
| AZ | #REF! | 302,497 | #REF! | 41,244 | 13,254 | 54,497 | #REF! | #REF! | |
| CO | #REF! | 2,328,293 | #REF! | 344,997 | 27,987 | 372,984 | #REF! | #REF! | |
| IA | #REF! | 2,337,026 | #REF! | 389,488 | 23,694 | 413,181 | #REF! | #REF! | |
| ID | #REF! | 154,113 | #REF! | 40,239 | 6,588 | 46,827 | #REF! | #REF! | |
| MN | #REF! | 2,224,025 | #REF! | 299,814 | 89,355 | 389,169 | #REF! | #REF! | |
| MT | #REF! | 22,716 | #REF! | 381 | 11,304 | 11,685 | #REF! | #REF! | |
| ND | #REF! | 476,380 | #REF! | 74,901 | 7,258 | 82,159 | #REF! | #REF! | |
| NE | #REF! | 194,877 | #REF! | 33,586 | 2,938 | 36,524 | #REF! | #REF! | |
| NM | #REF! | 53,340 | #REF! | 16,546 | 2,131 | 18,677 | #REF! | #REF! | |
| OR | #REF! | 359,880 | #REF! | 43,264 | 22,163 | 65,427 | #REF! | #REF! | |
| SD | #REF! | 354,968 | #REF! | 56,034 | 4,698 | 60,732 | #REF! | #REF! | |
| UT | #REF! | 567,925 | #REF! | 95,979 | 13,436 | 109,415 | #REF! | #REF! | |
| WA | #REF! | 499,762 | #REF! | 70,659 | 19,920 | 90,579 | #REF! | #REF! | |
| WY | #REF! | 774,920 | #REF! | 63,997 | 11,997 | 75,994 | #REF! | #REF! | |
| | | #REF! | 10,650,723 | #REF! | 1,571,126 | 256,722 | 1,827,848 | #REF! | #REF! |

ess 3/30/01 Wire to A07

(707,185)

-707185

#REF!

#REF!

ess 4/27/01 Wire to A07

(101,403)

-101403

Current Balance

#REF!

#REF!

NONPUBLIC DOCUMENT

| M01 Collocation Billing | | | | | | |
|-------------------------|----------|----------|----------|----------|----------|----------|
| Oct-00 | Nov-00 | Dec-00 | Jan-01 | Feb-01 | Mar-01 | Total |
| #REF! | #REF! | #REF! | #REF! | #REF! | #REF! | #REF! |
| #REF! | #REF! | #REF! | #REF! | #REF! | #REF! | #REF! |
| #REF! | #REF! | #REF! | #REF! | #REF! | #REF! | #REF! |
| #REF! | #REF! | #REF! | #REF! | #REF! | #REF! | #REF! |
| #REF! | #REF! | #REF! | #REF! | #REF! | #REF! | #REF! |
| #REF! | #REF! | #REF! | #REF! | #REF! | #REF! | #REF! |
| #REF! | #REF! | #REF! | #REF! | #REF! | #REF! | #REF! |
| #REF! | #REF! | #REF! | #REF! | #REF! | #REF! | #REF! |
| #REF! | #REF! | #REF! | #REF! | #REF! | #REF! | #REF! |
| #REF! | #REF! | #REF! | #REF! | #REF! | #REF! | #REF! |
| #REF! | #REF! | #REF! | #REF! | #REF! | #REF! | #REF! |
| #REF! | #REF! | #REF! | #REF! | #REF! | #REF! | #REF! |
| #REF! | #REF! | #REF! | #REF! | #REF! | #REF! | #REF! |
| #REF! | #REF! | #REF! | #REF! | #REF! | #REF! | #REF! |
| #REF! | #REF! | #REF! | #REF! | #REF! | #REF! | #REF! |
| #REF! | #REF! | #REF! | #REF! | #REF! | #REF! | #REF! |
| #REF! | #REF! | #REF! | #REF! | #REF! | #REF! | #REF! |
| #REF! | #REF! | #REF! | #REF! | #REF! | #REF! | #REF! |
| From LSP | From LSP | Estimate | Estimate | Estimate | Estimate | Estimate |

NONPUBLIC DOCUMENT

CONTAINS TRADE SECRET DATA

M01 CURRENT CHARGES PER LINDA PIKE

RESALE BILLING

| CurrChgs | Month | Oct-00 | Nov-00 | Dec-00 | Jan-01 | Feb-01 | Mar-01 | Apr-01 | May-01 | Grand Total | Thru March |
|-------------|-------|------------|------------|------------|------------|------------|------------|------------|------------|-------------|------------|
| AZ | | 40,526 | 61,893 | 88,617 | 188,642 | 229,608 | 326,912 | 412,432 | 409,101 | 1,757,732 | 936,198 |
| CO | | 2,331,360 | 2,264,292 | 2,631,109 | 2,734,082 | 2,866,981 | 2,817,452 | 2,886,764 | 2,972,407 | 21,504,448 | 15,645,277 |
| IA | | 3,728,523 | 3,840,089 | 3,794,023 | 3,786,591 | 3,452,971 | 3,779,828 | 3,894,877 | 3,839,247 | 30,116,148 | 22,382,023 |
| ID | | 111,857 | 139,828 | 195,667 | 261,124 | 329,106 | 332,984 | 402,386 | 407,146 | 2,180,096 | 1,370,565 |
| MN | | 2,345,521 | 2,409,162 | 2,343,261 | 2,426,407 | 2,333,597 | 2,442,559 | 2,515,378 | 2,560,952 | 19,376,836 | 14,300,507 |
| MT | | 202 | 198 | 518 | 43 | 251 | (223) | 3,812 | 29,341 | 34,142 | 969 |
| ND | | 708,784 | 715,821 | 718,590 | 723,046 | 730,657 | 731,412 | 749,005 | 766,550 | 5,843,864 | 4,328,309 |
| NE | | 224,437 | 292,830 | 307,461 | 323,649 | 307,578 | 316,536 | 335,856 | 327,057 | 2,435,403 | 1,772,490 |
| NM | | | 14,790 | 27,660 | 84,375 | 100,491 | 122,377 | 165,460 | 166,310 | 681,464 | 539,694 |
| OR | | 37,813 | 53,024 | 96,562 | 142,934 | 163,850 | 189,779 | 224,267 | 228,788 | 1,137,017 | 683,962 |
| SD | | 545,728 | 543,103 | 543,178 | 548,817 | 553,107 | 533,886 | 560,338 | 546,940 | 4,375,096 | 3,267,818 |
| UT | | 342,739 | 392,884 | 535,334 | 636,255 | 642,119 | 677,458 | 771,913 | 549,910 | 4,548,612 | 3,226,789 |
| WA | | 76,076 | 123,174 | 144,299 | 279,539 | 332,978 | 363,111 | 414,402 | 443,286 | 2,176,865 | 1,319,176 |
| WY | | 857,828 | 897,289 | 848,541 | 881,904 | 2,484,442 | 1,059,373 | 639,966 | 843,874 | 8,513,218 | 7,029,377 |
| Grand Total | | 11,351,394 | 11,748,377 | 12,274,820 | 13,017,408 | 14,527,735 | 13,693,443 | 13,976,857 | 14,090,908 | 104,680,941 | 76,613,176 |

NONPUBLIC DOCUMENT

CONTAINS TRADE SECRET DATA

M01 CURRENT CHARGES PER LINDA PIKE

NONPUBLIC DOCUMENT
CONTAINS TRADE SECRET DATA

M01 BILLING FOR IABS PRODUCTS

OTHER

Product (All)

| Rev | MonYr | | | | | | Grand Total |
|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-------------|
| State | Oct-00 | Nov-00 | Dec-00 | Jan-01 | Feb-01 | Mar-01 | |
| AZ | (4,760) | (4,420) | (4,105) | (4,084) | (4,049) | (5,139) | (26,557) |
| CO | 419,837 | (68,130) | (95,967) | (142,795) | (107,240) | (45,803) | (40,298) |
| IA | (118,107) | 177,760 | (140,914) | (98,537) | (103,518) | (86,078) | (369,394) |
| ID | (1,627) | (529) | (419) | (506) | (2,126) | (12,367) | (17,572) |
| MN | (118,127) | (115,327) | (94,738) | (100,554) | (121,995) | (149,292) | (700,032) |
| MT | 0 | | | | 0 | | 0 |
| ND | (1,068) | (884) | (30) | (35) | (597) | (271) | (2,884) |
| NE | 12 | (14,975) | (5) | (1,222) | (1,184) | (9,838) | (27,213) |
| NM | (4,645) | (3,805) | (1,438) | (2,497) | (2,139) | (1,377) | (15,901) |
| OR | (3,600) | (4,947) | (5,885) | (2,348) | (5,525) | (6,890) | (29,194) |
| SD | (14,492) | 3,824 | (4,916) | (8,358) | (9,364) | (14,570) | (47,876) |
| UT | (36,078) | (20,911) | (16,282) | (23,564) | (20,961) | (23,850) | (141,643) |
| WA | (6,216) | (6,275) | (17,843) | (5,570) | (5,889) | (5,477) | (47,271) |
| WY | (5) | | | (49) | 1 | (1) | (54) |
| Grand Total | 110,927 | (58,618) | (382,541) | (390,118) | (384,586) | (360,954) | (1,465,889) |

PLTS

Product PLTS

| Rev | MonYr | | | | | | Grand Total |
|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| State | Oct-00 | Nov-00 | Dec-00 | Jan-01 | Feb-01 | Mar-01 | |
| AZ | (43,521) | (43,216) | (39,234) | (41,561) | (46,384) | (51,224) | (265,142) |
| CO | (87,693) | (126,029) | (118,463) | (116,370) | (127,251) | (151,536) | (727,341) |
| IA | (316,322) | (305,200) | (338,136) | (424,543) | (433,455) | (412,805) | (2,230,260) |
| ID | (57,876) | (58,697) | (56,602) | (60,231) | (60,618) | (69,851) | (363,875) |
| MN | (516,401) | (503,905) | (468,888) | (516,558) | (515,415) | (555,153) | (3,078,319) |
| MT | (73) | (73) | (73) | (73) | (73) | (73) | (439) |
| ND | (17,474) | (13,607) | (9,212) | (11,650) | (8,749) | (8,788) | (69,480) |
| NE | (8,273) | (10,060) | (25,911) | (34,772) | (30,219) | (33,206) | (142,441) |
| NM | (5,385) | (5,738) | (4,567) | (4,968) | (4,984) | (6,602) | (32,244) |
| OR | (33,331) | (34,098) | (35,355) | (33,489) | (31,144) | (31,556) | (198,973) |
| SD | (10,374) | (10,989) | (12,443) | (11,875) | (13,625) | (18,208) | (77,515) |
| UT | (123,297) | (136,978) | (166,389) | (143,933) | (148,240) | (144,503) | (863,339) |
| WA | (47,476) | (47,514) | (46,582) | (49,508) | (47,398) | (50,134) | (288,612) |
| WY | (5,476) | (5,176) | (4,452) | (5,028) | (5,091) | (4,801) | (30,024) |
| Grand Total | (1,272,972) | (1,301,279) | (1,326,308) | (1,454,560) | (1,472,644) | (1,538,240) | (8,366,004) |

PLTS

Product SWACC

| Rev | MonYr | | | | | | Grand Total |
|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| State | Oct-00 | Nov-00 | Dec-00 | Jan-01 | Feb-01 | Mar-01 | |
| AZ | (192,915) | (180,158) | (206,936) | (241,990) | (188,233) | (275,452) | (1,285,685) |
| CO | (412,435) | (369,018) | (409,664) | (369,131) | (237,153) | (640,334) | (2,437,736) |
| IA | (355,180) | (337,820) | (367,995) | (128,089) | (13,755) | (275,722) | (1,478,562) |
| ID | (215,881) | (207,929) | (210,591) | (202,952) | (188,710) | (182,256) | (1,208,319) |
| MN | (195,915) | (235,987) | (245,256) | (111,112) | (204,482) | (165,391) | (1,158,145) |
| MT | (6) | (4) | (5) | (4) | (6) | (8) | (34) |
| ND | (24,961) | (38,119) | (37,281) | (17,211) | (9,032) | (26,004) | (152,608) |
| NE | (29,415) | (52,082) | (37,225) | (44,098) | (23,713) | (30,516) | (217,049) |
| NM | (149,462) | (123,400) | (198,264) | (112,917) | (139,396) | (153,381) | (876,820) |
| OR | (164,430) | (171,752) | (142,518) | (161,052) | (137,075) | (168,805) | (945,632) |
| SD | (116,966) | (112,844) | (107,345) | (40,261) | (29,466) | (74,794) | (481,676) |
| UT | (221,757) | (221,795) | (222,415) | (209,628) | (128,098) | (224,690) | (1,228,384) |
| WA | (348,545) | (317,871) | (301,087) | (282,012) | (227,664) | (279,807) | (1,756,985) |
| WY | (27,547) | (22,641) | (22,642) | (9,655) | (12,810) | (27,752) | (123,046) |
| Grand Total | (2,455,417) | (2,391,422) | (2,509,275) | (1,930,113) | (1,539,594) | (2,524,911) | (13,350,680) |

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CONTAINS TRADE SECRET DATA

Trade Secret Data Ends]