opinions, the consideration to be received by Qwest in the transaction is fair to the Company from a financial point of view.

Q. WITH THE NEGOTIATION OF ARCA AND THE CLOSING OF DEXTER, IS THERE STILL A NEED TO COMPLETE THE RODNEY PHASE OF THE TRANSACTION?

A. Yes. Unless QCI completes the Rodney portion of the Dex sale transaction, it will be in great jeopardy of not being able to pay off its maturing debt. A portion of the Dexter proceeds have been used to pay the first installment of the ARCA loan, reducing QCI's indebtedness under the ARCA from $3.4 billion to $2.0 billion. See Mr. Cummings' debt maturity charts. However, QCI's financial position remains precarious. Without the proceeds from the second phase of the Dex sale, the only other source of cash is cash flow from internal operations. Even if it were to drastically reduce its capital budgets and operating expenditures, QCI would likely have insufficient cash from internal operations to meet upcoming ARCA payments and long-term debt maturities.

After the recent closing of the Dexter phase of the transaction, Standard and Poor's commented to the same effect:

> [T]he company still faces the challenge of obtaining state regulatory approvals for the close of the western region, and the close of this $4.3 billion transaction is expected to occur in 2003. These additional proceeds are critical in enabling the company to meet upcoming maturities both on the bank and public debt, which total about $7 billion from 2003 through 2005, of which about $4.8 billion is due through 2004, after the $1.4 billion pay-down of the $3.4 billion bank loan.[5]

[5] Standard and Poor's Press Release, November 12, 2002. ~~See Exhibit PCC-6.~~