



Qwest
1801 California Street
Suite 5200
Denver, CO 80202
Telephone: 303-992-2787
Facsimile: 303-992-2789



Greg Casey
Executive Vice President
Wholesale Markets

October 26, 2000

CONFIDENTIAL AGREEMENT

VIA ELECTRONIC MAIL AND FACSIMILE

Blake Fisher
McLeodUSA
6400 C Street SW
Post Office Box 3177
Cedar Rapids, Iowa 52506-3177

Re: Escalation procedures and business solutions

Dear Blake:
[Trade Secret Data Begins

As a result of ongoing discussions between McLeodUSA and Qwest in recent days, the parties have addressed numerous proposals intended to better the parties' business relationship. In principle, the parties have agreed to: (1) develop an implementation plan by which the parties agree to implement their Interconnection Agreements; (2) arrange quarterly meetings between executives of each company to address unresolved and/or anticipated business issues; and (3) establish and follow escalation procedures designed to facilitate and expedite business-to-business dispute solutions.

1. **IMPLEMENTATION PROCESS**

By no later than November 15, 2000, the parties agree to meet together (via telephone, live conference or otherwise), and as necessary thereafter, to develop an Implementation Process. The purpose of the Implementation Process will be to establish processes and procedures to better implement the parties' Interconnection Agreements. Both parties agree to dedicate the necessary time and resources to the development of the Implementation Process, and to finalize an Implementation Process by no later than December 15, 2000.

2. **QUARTERLY MEETINGS**

Beginning in 2001 and continuing through the end of 2003, the parties agree to attend and participate in quarterly executive meetings, the purpose of which will be to address, discuss and attempt to resolve unresolved business issues and disputes, adjustments to the Purchase Agreements, if any, the Implementation Process, and any anticipated business issues. The meetings will be attended by executives from both companies at the vice-president and/or above level.

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3. ESCALATION PROCEDURES

The parties wish to establish a business-to-business relationship and agree that they will resolve any and all business issues and/or disputes that arise between them in accordance with the escalation procedures set forth herein. The parties agree, subject to any subsequent written agreement between the parties, to: (1) utilize the following escalation process and time frames to resolve disputes; (2) commit the time, resources and good faith necessary to meaningful dispute resolution; (3) not proceed to a higher level of dispute resolution until expiration of the time frame for the prior level of dispute resolution; and (4) complete all levels of dispute resolution before seeking resolution from the American Arbitration Association or any regulatory or judicial forum.

<u>Level</u>	<u>Participants</u>	<u>Time frame for discussions</u>
LEVEL 1	Vice Presidents (Stacey Stewart/Judy Tinkham or successors)	10 business days
LEVEL 2	Senior Vice Presidents (Blake Fisher/Greg Casey or successors)	10 business days
LEVEL 3	CEOs	10 business days
LEVEL 4	Arbitration according to the provisions of the parties' Interconnection Agreements	
LEVEL 5	CEOs	5 business days

LEVEL 6A If a dispute is not resolved in Levels 1 through 5, and involves either a technical telecommunications issue requiring telecommunications expertise or an interpretation of legislative or regulatory requirements, and does not involve a determination of penalties or damages, then each party has the right to take such disputes, unresolved after arbitration, to the appropriate state or federal regulatory body for resolution.

LEVEL 6B If a dispute is not resolved in Levels 1 through 6A, either party may initiate litigation in federal court, with all questions of fact and law to be submitted for determination to the judge, not a jury. The parties agree that the exclusive venue for civil court actions initiated by McLeodUSA is the United States District Court for the District of Colorado and the exclusive venue for civil court actions initiated by Qwest is the United States District Court for the District of Iowa. If a court issues a final order of dismissal or summary judgment, and such order is not reversed on appeal, then the party bringing the action (in the case of dismissal) or the party that did not prevail on summary judgment shall be responsible for reimbursement to the other party of the reasonable attorneys' fees incurred by the other party. In the event that either party files an action in court, the parties waive: (a) primary jurisdiction in any state utility or service commission, and (b) any tariff limitations on damages or other limitation on actual damages, to the extent that such damages are reasonably foreseeable and acknowledging each party's duty to mitigate damages; and the Interconnection Agreements are hereby amended accordingly.

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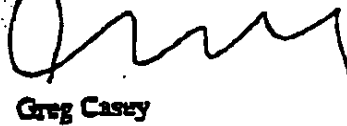
FROM QNST-LITIGATION SUPPORT

(THU) 10.26.00 13:08/ST. 13:07/NO. 4861183380 P 2

If the parties agree with the terms set forth above, they will each execute a copy of this letter in the signature spaces provided on the last page. Upon signature of both parties, the parties will be bound by the terms set forth herein.

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Very truly yours,



Greg Casey

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TERMS OF LETTER AGREEMENT ACCEPTED BY:

QWEST COMMUNICATIONS INTERNATIONAL, INC.

[name]

[title]

[date]

MCLEODUSA INCORPORATED


[name] Blake O. Fisher, Jr.

Group Vice President
[title]

10/21/2000
[date]

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FROM QUEST-LITIGATION SUPPORT

..... 1-530 P.000 P-003
(THU) 10.26.00 13:08/ST. 13:07/NO. 4861103380 P 3

TERMS OF LETTER AGREEMENT ACCEPTED BY:

QUEST COMMUNICATIONS INTERNATIONAL, INC.

[Signature]
[name]

EXPL. V.P.
[title]

10.26.00
[date]

MCLEODUSA INCORPORATED

[name]

[title]

[date]

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