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## CONFIDENTIAL SETTLEMENT AGREEMENT

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This Confidential Settlement Agreement ("Agreement") is dated this 1<sup>st</sup> day of May, 2000 by and between U S WEST Communications, Inc., ("U S WEST"), with its headquarters at 1801 California Street, Denver, Colorado 80202 and McLeodUSA Telecommunications Services, Inc. ("McLeodUSA"), 6400 C Street, S.W., P.O. Box 3177, Cedar Rapi, IA 52406-3177 (collectively, the "Parties").

### Recitals

WHEREAS, on or about March 6, 2000, McLeodUSA filed a complaint (the "Complaint") against U S WEST with the Colorado Public Utilities Commission (the "Commission") concerning the provision of resold Centrex services to L & L Subway, Inc. in Greeley, Colorado. The Complaint was assigned Docket No. 00F-118T by the Commission (this "Docket").

WHEREAS, U S WEST has filed an answer ("Answer") to the Complaint denying the material allegations therein.

WHEREAS, the Complaint is currently set for hearing on May 15, 2000.

WHEREAS, the Parties have engaged in settlement discussion in an attempt to resolve their differences regarding the issues raised in the Complaint and thereby avoid the expense of a hearing.

### Agreement

For full and fair mutual consideration, the Parties hereto agree as follows:

1. McLeodUSA shall file for dismissal, with prejudice, its Complaint in this Docket by May 5, 2000. Upon receipt of a final decision from the Commission dismissing the

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Complaint with prejudice, U S WEST shall pay or credit to McLeodUSA [REDACTED]

2. U S WEST agrees that it will provide to McLeodUSA telecommunications services for resale that are at least equal in quality and in substantially the same manner that U S WEST provides these services to itself and others, including other resellers and end users.

3. McLeodUSA agrees that it is responsible for providing to U S WEST complete and accurate end user information when ordering services from U S WEST. To the extent that correct information is not provided to U S WEST, McLeodUSA agrees that the terms of this Agreement shall not apply until McLeodUSA provides complete and accurate information to U S WEST.

4. The Parties also agree as follows:

a. If McLeodUSA believes it has a legitimate concern over facility availability parity in a case where it has placed an order for resold Centrex services to be used to provision basic local exchange service and has complied with all applicable tariff requirements, including forecasting and tendering payment of any applicable construction charges, and the order goes held, McLeodUSA will promptly contact its designated McLeodUSA Account Executive at U S WEST, to allow U S WEST the opportunity to investigate the matter and to respond to McLeodUSA within five (5) working days of McLeodUSA's contact to U S WEST regarding the matter as to the state of the service installation.

b. If, upon investigation, U S WEST confirms that there is a legitimate issue with respect to facility availability parity, U S WEST will undertake immediate action to

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correct the situation consistent with the terms of this Agreement and will, to the extent required, include the matter in its reporting requirements under Commission rules.

c. Where an issue with respect to facility availability parity is identified through the informal process contained in this Paragraph 6, U S WEST agrees to reimburse McLeodUSA for all reasonable legal and administrative expenses incurred by McLeodUSA in responding to the situation.

d. If, upon investigation, U S WEST confirms that an issue raised by McLeodUSA with respect to facility availability parity is frivolous or asserted in bad faith, McLeodUSA agrees to reimburse U S WEST for all reasonable legal and administrative expenses incurred by U S WEST in response to the allegation.

7. McLeodUSA agrees that it will cooperate in good faith with U S WEST and use its best efforts to work with U S WEST on a business to business basis to forecast, provision, process and cancel orders for services from McLeodUSA.

8. This Agreement is entered for the purpose of settlement of the Docket in this Complaint proceeding only. The terms in this Agreement are the result of compromise and negotiation by both Parties of positions which they held and continue to hold. Nothing in this Agreement shall constitute a waiver or admission by any party with respect to any matter not specifically addressed in this Agreement.

9. This Agreement is made for settlement purposes only. Nothing in this Agreement, including the fact that it was entered into by the Parties, shall constitute, or be construed as, an admission on behalf of any of the Parties as to the validity of any claims, defenses, or allegations made in the complaint or in any other pleading in this Docket. This Agreement does not constitute an agreement, by any Party, that any principle or methodology

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contained within this Agreement may be applied to a situation other than this Docket. No precedential effect or other significance except as may be necessary to enforce this Agreement shall attach to any principle or methodology contained in this Agreement.

10. This Agreement shall be treated as confidential by the Parties hereto and shall not be disclosed except as may be required by law or order of a court or agency with appropriate jurisdiction. This Agreement, as well as the negotiations or discussions undertaken in conjunction with the Agreement, shall not be admissible into evidence in this Docket or in any other proceedings. Nor shall any statements be made to any media with respect to this Agreement, except, however, that the Parties may indicate that the Parties have mutually agreed to a resolution of the Docket.

11. This Agreement may be executed in separate counterparts and transmitted by facsimile. The counterparts taken together shall constitute the whole Agreement.

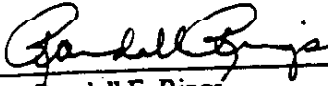
12. This Agreement constitutes the entire agreement between the Parties with respect to the issues raised in this Docket.

13. The Parties represent that those persons signing this Agreement have full authority to bind their respective Parties in all respects.

Dated this \_\_\_\_ day of May, 2000.

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Approved:


By: \_\_\_\_\_

  
Randall E. Rings  
General Counsel  
McLeodUSA Technology Park  
6400 C Street S.W.  
P.O. Box 3177  
Cedar Rapids, Iowa 52406-3177

Approved as to form:

McLeodUSA Telecommunications  
Services, Inc.

By: \_\_\_\_\_

  
William P. Heaston  
140 North Phillips, 4<sup>th</sup> Floor  
Sioux Falls, South Dakota 57104  
(605) 263-7212  
Attorney for McLeodUSA  
Telecommunications Services, Inc.

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Approved:

By:

*Patricia Kline*  
Patricia Kline  
General Manager-Eastern Region  
150 South 5<sup>th</sup> Street, Room 570  
Minneapolis, Minnesota 55402  
(612) 663-7377

Approved as to form:

U S WEST, Inc.

By:

*Mrs. A. Ciccolo*  
Mrs. A. Ciccolo, Reg. No. 17948  
1801 California Street, Suite 510  
Denver, Colorado 80202  
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Attorney for U S WEST  
Communications, Inc.

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