

Qwest
1600 7th Avenue, Room 3206
Seattle, Washington 98191
(206) 398-2507
Facsimile (206) 343-4040

Adam L. Sherr
Attorney
Policy and Law Department

August 21, 2002

Ms. Carole J. Washburn, Secretary
Washington Utilities and
Transportation Commission
1300 S. Evergreen Park Dr. S.W.
P.O. Box 47250
Olympia, WA 98504-7254

Re: Docket No. UT-993007
Request for approval of negotiated agreement
between Qwest Corporation and McLeodUSA

Dear Ms. Washburn:

In accordance with the Interpretive and Policy Statement issued on June 28, 1996 in Docket No. UT-960269, please find enclosed three (3) copies each of the negotiated (1) Confidential Billing Settlement Agreement, (2) Confidential Settlement Agreement, and (3) Confidential Agreement between Qwest and McLeodUSA for filing with the Commission. Qwest seeks approval of the bracketed language in the enclosed agreement.

Qwest has previously submitted hundreds of agreements with CLECs in Washington for approval by the Commission under Section 252(e)(1). In addition to the filed agreements, Qwest also has implemented other contractual arrangements with CLECs that it does not believe fall within the filing requirements of Section 252 of the Telecommunications Act of 1996.

As the Commission is aware, earlier this year questions were raised regarding Qwest's decisions about these other, unfiled agreements. Notably, a complaint was filed by the Minnesota Department of Commerce alleging, after a review of dozens of Qwest-CLEC contracts, that eleven should have been filed with the Minnesota PUC. The Commission addressed this issue in the 39th Supplemental Order in Docket Nos. UT-003022/003040, paragraphs 289-95. Qwest also filed a petition with the FCC requesting a declaratory ruling as to the scope of the Section 252(a) filing requirement in this area.

Qwest has at all times operated in good faith in filing with the Commission interconnection agreements and amendments, and is committed to full compliance with the Act. After this issue arose Qwest modified its processes and standards for all new agreements with CLECs. Qwest advised the Commission of this policy by letter on May 9, 2002. Under this policy Qwest is

filing all new contracts, agreements or letters of understanding between Qwest Corporation and CLECs that create obligations to meet the requirements of Section 251(b) or (c) on a going forward basis. Qwest believes that this commitment goes well beyond the requirements of Section 252(a). For example, this policy reaches details of business-to-business carrier relations that Qwest does not think the Act requires to be filed with state commissions for approval. However, Qwest is committed to follow this standard until the FCC issues a decision on the appropriate standard in this area. (Unless requested by the Commission, Qwest has not been filing routine day-to-day paperwork, orders for specific services, or settlements of past disputes that do not otherwise meet the above definition.)

Older agreements provide a more complicated case. Qwest naturally has been concerned about any potential penalty liability with regard to "second-guessing" of its past filing decisions, especially in an area where the standards have not been clearly defined. Nevertheless, Qwest is now taking a further step as a sign of good faith. Specifically, Qwest has reviewed its currently effective agreements with CLECs in Washington that were entered into prior to adoption of the new policy. This group includes those agreements that relate to Section 251(b) or (c) services on an on-going basis which have not been terminated or superseded by agreement, commission order, or otherwise. These agreements have previously been provided in response to the Commission Bench Request in Docket Nos. UT-003022/003040. Qwest has applied its broad new review standard to all such agreements and as a result is now filing those agreements for approval under Section 252 of the Act. The agreements attached to this letter for filing are three of those agreements.

Qwest asks the Commission to approve the attached agreements such that, to the extent any active provisions of such agreements relate to Section 251(b) or (c), they are formally available to other CLECs under Section 252(i). For ease of review, Qwest has bracketed those terms and provisions in the agreements which arguably relate to Section 251(b) or (c) services, and which have not otherwise been terminated or superseded by agreement or Commission order. Qwest will make the bracketed provisions available under Section 251(i).

As noted above, Qwest has not been and is not filing routine day-to-day paperwork, settlements of past disputes, stipulations or agreements executed in connection with federal bankruptcy proceedings, or orders for specific services. Included in this last category are contract forms for services provided in approved interconnection agreements, such as signaling and call-related databases. The parties may execute a form contract memorializing the provision of such services offered and described in the interconnection agreement. Upon the Commission's request, Qwest can provide examples of routine paperwork, order documents, or form contracts for its review.

Qwest realizes that its voluntary decision to submit the attached agreements does not bind the Commission with respect to the question of Qwest's past compliance. However, Qwest submits that it has acted in good faith. In any event, Qwest's actions here should remove any argument with respect to Qwest's compliance with Section 252 now and going forward.

Ms. Carole Washburn
August 21, 2002
Page 3

Qwest requests that the Commission approve the bracketed portion of these agreements as soon as reasonably practicable. Qwest reserves its rights to demonstrate that the agreements need not have been filed in the event of an enforcement action in this area. Meanwhile, however, Qwest will offer other CLECs any bracketed terms in effect for the benefit of the contracting CLEC pursuant to the policies and rules related to Section 251(i).

Qwest will also be posting the agreements on the website it uses to provide notice to CLECs and announcing the immediate availability to other CLECs in Washington of the bracketed terms and conditions. This will facilitate the ability of CLECs to request terms and conditions, subject to the Commission's decision approving the bracketed provisions of the agreements filed here.

Given the confidentiality provisions contained in some of these agreements and the fact that the CLECs involved may deem the information contained therein confidential, Qwest has redacted those terms, such as confidential settlement amounts relating to settlement of historical disputes between Qwest and the particular CLEC, confidential billing and bank account numbers and facility locations, which relate solely to the specific CLEC and do not relate to Section 251(b) or (c) services.

The enclosed agreements do not discriminate against non-party carriers. It is consistent with the public interest, convenience, and necessity. It is also consistent with applicable state law requirements, including Commission orders regarding interconnection issues.

The Order on Arbitration Procedure also requests that a proposed order accompany the filing. Qwest requests a waiver of that requirement, and is not providing one with this filing, as the Commission has, in the past, used its own format for Orders. If this is not satisfactory to the Commission, please contact me and I will forward a proposed order immediately.

Sincerely,

Adam L. Sherr

ALS/llw

Enclosures

cc: Lauraine Harding, McLeodUSA



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

EXHIBIT
10

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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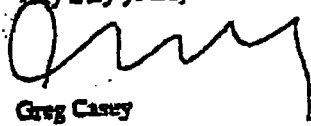
FROM UNREST-LITIGATION SUPPORT

(THU) 10.26.00 13:08/ET. 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:

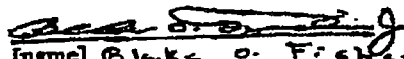
QWEST COMMUNICATIONS INTERNATIONAL, INC.

[name]

[title]

[date]

MCLEODUSA INCORPORATED


[name] Blake O. Fisher, Jr.

Group Vice President
[title]

10/21/2000
[date]

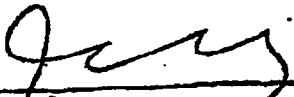
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FROM QWEST-LITIGATION SUPPORT

1-550 7-000 7-003
(THU) 10:26:00 13:08/ST. 13:07/NO. 4861183380-P 3

TERMS OF LETTER AGREEMENT ACCEPTED BY:

QWEST COMMUNICATIONS INTERNATIONAL, INC.



[name]

EXEC. V.P.

[title]

10-25-00

[date]

MCLEODUSA INCORPORATED

[name]

[title]

[date]

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CONFIDENTIAL SETTLEMENT AGREEMENT

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This Confidential Settlement Agreement ("Agreement") is dated this 14th 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, 4th 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 5th Street, Room 570
Minneapolis, Minnesota 55402
(612) 663-7377

Approved as to form:

U S WEST, Inc.

By: Edis A. Ciccolo
Edis A. Ciccolo, Reg. No. 17948
1801 California Street, Suite 510
Denver, Colorado 80202
(303) 672-2884
Attorney for U S WEST
Communications, Inc.

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SUBJECT TO RULE OF EVIDENCE 408

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CONFIDENTIAL BILLING SETTLEMENT AGREEMENT

This Confidential Billing Settlement Agreement ("Agreement"), dated April 26, 2000, is between U S WEST Communications, Inc. ("U S WEST") and McLeodUSA, Inc. ("McLeodUSA") who hereby enter into this Confidential Billing Settlement Agreement with regard to the following:

RECITALS

1. U S WEST is an incumbent local exchange provider operating in the states of Arizona, Colorado, Idaho, Iowa, Minnesota, Montana, Nebraska, New Mexico, North Dakota, Oregon, South Dakota, Utah, Washington, and Wyoming.
2. McLeodUSA is a competitive local exchange provider that will soon operate in all fourteen states of U S WEST's operating region.
3. Whereas both U S WEST and McLeodUSA have entered into interconnection agreements pursuant to the federal Telecommunications Act of 1996 ("Act"), under Section 251 and 262 of that Act, and those agreements have been approved by the appropriate state commissions where those agreements were filed pursuant to the Act. U S WEST and McLeodUSA operate under those agreements in certain states, as well as various state and federal tariffs.
4. McLeodUSA has intervened in the U S WEST/QWEST merger proceedings that have been or are being conducted by several states within U S WEST's 14-state region, including Arizona, Minnesota, Montana, Utah, Washington and Wyoming.
5. Disputes between the parties have arisen in a number of states under

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both the interconnection agreements and tariffs regarding a number of billing issues, including nonblocked Centrex service, subscriber list information charges, reciprocal compensation and interim pricing.

6. In an attempt to finally resolve those issues in dispute, including McLeodUSA's opposition to the merger, and avoid delay and costly litigation, the parties voluntarily enter into this Confidential Billing Settlement Agreement to resolve all disputes, claims and controversies between the parties, as of the date of this Agreement that relate to the matters addressed herein and release all claims related to those matters.

CONFIDENTIAL BILLING SETTLEMENT AGREEMENT

1. In consideration for McLeodUSA's withdrawal from the merger dockets, and within five (5) business days after McLeodUSA has withdrawn its opposition to the merger in all states and dismissed its pending FCC complaint regarding subscriber list information charges, U S WEST will pay McLeodUSA [REDACTED] to resolve the nonblocked Centrex service and subscriber list information billing disputes. The form of payment will consist of bill credits (if payment has not been made) or cash payments to McLeodUSA.

2. Effective upon merger closure and subject to the additional terms described below, U S WEST will pay McLeodUSA [REDACTED] to resolve miscellaneous billing disputes. The form of payment will consist of a cash payment to McLeodUSA, payable within five (5) business days following merger closure.

a. Nonblocked Centrex Service: Subject to McLeodUSA's withdrawal from the merger dockets and dismissal of its FCC complaint, McLeodUSA and U S WEST agree

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that upon payment to McLeodUSA of the [REDACTED] described in paragraph 1, all disputed Centrex related charges incurred through March 31, 2000 have been fully resolved and all claims for such charges are released. Effective immediately, for Centrex service charges incurred on a going-forward basis, the parties will continue to negotiate, in good faith, a business-to-business resolution.

b. Subscriber List Information Charges: Subject to McLeodUSA's withdrawal from the merger dockets and dismissal of its FCC complaint, U S WEST and McLeodUSA agree that upon payment to McLeodUSA of the [REDACTED] described in paragraph 1, all disputed amounts incurred through March 31, 2000 have been fully resolved and all claims for such charges are released. McLeodUSA agrees to immediately dismiss its pending FCC complaint regarding subscriber list information charges. Effective immediately, on a going-forward basis, McLeodUSA will pay the \$.04 (per listing for initial load) and \$.06 (per listing for updates) rates for subscriber list information or such other final rates as may be established by any cost docket proceedings or rates the parties may negotiate, in good faith, on a business-to-business basis. Both parties reserve the right to participate fully in future rate determination proceedings.

c. Compensation for Traffic Exchange: Upon payment to McLeodUSA of the [REDACTED] described in paragraph 1, in all existing and future states, for the period of March 1, 2000 through December 31, 2002, the parties agree to immediately amend their existing interconnection agreements to change the reciprocal compensation terms from a usage-based system to a "bill and keep" arrangement for local and internet-related traffic, and to incorporate such a bill and keep arrangement into any future

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interconnection agreements in any of U S WEST's fourteen states. Subject to merger closure, both parties agree not to bill usage to one another in any existing or future state between March 1, 2000 and the date of merger closure. However, in the event that the merger between U S WEST and QWEST does not close, U S WEST will retroactively bill McLeodUSA for the true-up for reciprocal compensation for usage through February 29, 2000 at the appropriate state commission-approved rates. Both parties may bill each other retroactively for the usage not billed between March 1, 2000 and the date on which it is officially announced that the merger will not close, based on appropriate state commission-approved rates or the currently existing interconnection agreement(s). U S WEST and McLeodUSA agree to pay the undisputed portion of such retroactive usage billing at the appropriate state commission-approved rates within five (5) business days of receiving each other's invoices for the same. In addition, if the merger does not close, the parties will immediately amend their existing interconnection agreements accordingly.

d. Interim Pricing: Subject to merger closure and in consideration for the bill and keep arrangement agreed upon above, U S WEST and McLeodUSA agree that all interim rates, except reciprocal compensation rates, will be treated as final and any final commission orders entered in any of the 14 states in U S WEST's territory through April

30, 2000, and on a going-forward basis through December 31, 2002, (except as such orders may relate to reciprocal compensation rates for the period between March 1, 2000 and December 31, 2002—reciprocal compensation is addressed in paragraph 2.c. of this agreement) will be applied prospectively to McLeodUSA, and not retroactively. In addition, U S WEST agrees that this settlement term will apply throughout the terms

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of the parties' existing interconnection agreements. Thus, both Parties agree not to bill each other for any true-ups associated with final commission orders that affect interim prices and release claims for such true-ups.

e. Centrex Service Agreements: For McLeodUSA's five-year Centrex Service Agreements that expire before December 31, 2002, the Parties agree to extend the terms and pricing of those agreements until December 31, 2002.

3. For valuable consideration mentioned above, the receipt and sufficiency of which are hereby acknowledged, McLeodUSA and U S WEST do hereby release and forever discharge the other and the other's associates, owners, stockholders, predecessors, successors, agents, directors, officers, partners, employees, representatives, employees of affiliates, employees of parents, employees of subsidiaries, affiliates, parents, subsidiaries, insurance carriers, bonding companies and attorneys, from any and all manner of action or actions, causes or causes of action, in law, under statute, or in equity, suits, appeals, petitions, debts, liens, contracts, agreements, promises, liability, claims, affirmative defenses, offsets, demands, damages, losses, costs, claims for restitution, and expenses, of any nature whatsoever, fixed or contingent, known or unknown, past and present asserted or that could have been asserted or could be asserted in any way relating to or arising out of the billing disputes/matters addressed herein.

4. The terms and conditions contained in this Confidential Billing Settlement Agreement shall inure to the benefit of, and be binding upon, the respective successors, affiliates and assigns of the Parties.

5. McLeodUSA hereby covenants and warrants that it has not assigned or

NONPUBLIC DOCUMENT 5

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transferred to any person any claim, or portion of any claim which is released or discharged by this Confidential Billing Settlement Agreement.

6. The Parties expressly agree that they will keep the substance of the negotiations and or conditions of the settlement and the terms or substance of this Confidential Billing Settlement Agreement strictly confidential. The parties further agree that they will not communicate (orally or in writing) or in any way disclose the substance of negotiations and/or conditions of the settlement and the terms or substance of this agreement to any person, judicial or administrative agency or body, business, entity or association or anyone else for any reason whatsoever, without the prior express written consent of the other party unless compelled to do so by law. It is expressly agreed that this confidentiality provision is an essential element of this Confidential Billing Settlement Agreement. The parties agree that this Confidential Billing Settlement Agreement and negotiations, and all matters related to these two matters, shall be subject to the Rule 408 of the Rules of Evidence, at the federal and state level.

7. In the event either Party has a legal obligation which requires disclosure of the terms and conditions of this Confidential Billing Settlement Agreement, the Party having the obligation shall immediately notify the other Party in writing of the nature, scope and source of such obligation so as to enable the other Party, at its option, to take such action as may be legally permissible so as to protect the confidentiality provided for in this agreement.

8. This Confidential Billing Settlement Agreement constitutes the entire agreement between the Parties and can only be changed in a writing or writings executed by both of the Parties. Each of the Parties forever waives all right to assert

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that this Confidential Billing Settlement Agreement was a result of a mistake in law or in fact.

9. This Confidential Billing Settlement Agreement shall be interpreted and construed in accordance with the laws of the State of Colorado, and shall not be interpreted in favor or against any Party to this agreement.

10. The Parties have entered into this Confidential Billing Settlement Agreement after conferring with legal counsel.

11. If any provision of this Confidential Billing Settlement Agreement should be declared to be unenforceable by any administrative agency or court of law, the remainder of the Confidential Billing Settlement Agreement shall remain in full force and effect, and shall be binding upon the Parties hereto as if the invalidated provision were not part of this Confidential Billing Settlement Agreement.

12. Any claim, controversy or dispute between the Parties in connection with this Confidential Billing Settlement Agreement shall be resolved by private and confidential arbitration conducted by a single arbitrator engaged in the practice of law, under the then current rules of the American Bar Association. The Federal Arbitration Act, 9 U.S.C. §§ 1-16, not state law, shall govern the arbitrability of all disputes. The arbitrator shall only have the authority to determine breach of this agreement, but shall not have the authority to award punitive damages. The arbitrator's decision shall be final and binding and may be entered in any court having jurisdiction thereof. Each party shall bear its own costs and attorneys' fees and shall share equally in the fees and expenses of the arbitrator.

13. The Parties acknowledge and agree that they have a legitimate billing

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dispute about the issues described in this Confidential Billing Settlement Agreement and that the resolution reached in this agreement represents a compromise of the Parties' positions. Therefore, the Parties agree that resolution of the issues contained in this agreement cannot be used against the other Party.

14. This Confidential Billing Settlement Agreement may be executed in counterparts and by facsimile.

IN WITNESS THEREOF, the Parties have caused this Confidential Billing Settlement Agreement to be executed as of this day, 28th of April 2000.

McLeodUSA, Inc.

By: [Signature]

Title: PRESIDENT

Date: 4/28/2000

U S WEST Communications, Inc.

By: _____

Title: _____

Date: _____

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FROM LITIGATION SUPPORT

(FRI) 4. 28 '00 15:57/ST. 15:56/NO. 4861183737 P. 2
4861183734 P. 2

dispute about the issues described in this Confidential Billing Settlement Agreement and that the resolution reached in this agreement represents a compromise of the Parties' positions. Therefore, the Parties agree that resolution of the issues contained in this agreement cannot be used against the other Party.

14. This Confidential Billing Settlement Agreement may be executed in counterparts and by facsimile.

IN WITNESS THEREOF, the Parties have caused this Confidential Billing Settlement Agreement to be executed as of this day, 28th of April 2000.

McLeodUSA, Inc.

By: [Signature]

Title: PRESIDENT

Date: 4/28/2000

U S WEST Communications, Inc.

By: [Signature]

Title: President - Wholesale Mkts

Date: 4/28/00

Trade Secret Data Ends

NONPUBLIC DOCUMENT

CONTAINS TRADE SECRET DATA

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