

McLeodUSA Incorporated
13 Week DIP Cash Forecast

Effective October 31, 2005

(\$'s in millions)

Week Ending

	4-Nov	11-Nov	18-Nov	25-Nov	2-Dec	9-Dec	16-Dec
Beg Balance	\$ 12.2	\$ 20.0	\$ 20.0	\$ 20.0	\$ 20.0	\$ 20.0	\$ 20.0
<i>Cash Receipts:</i>							
Trade A/R	12.6	11.0	12.0	14.3	13.5	11.7	12.4
<i>Cash Disbursements:</i>							
Cost of Service	(10.6)	(5.6)	(6.2)	(5.4)	(9.4)	(6.1)	(6.7)
Capex (Third Party Vendors)	(0.2)	(0.1)	(0.2)	(0.3)	(0.2)	(0.2)	(0.2)
Interest	-	-	(0.6)	(0.2)	-	-	(0.6)
Compensation & PR Taxes	-	(3.6)	-	(3.9)	-	(3.5)	-
Insurance	(2.9)	-	(0.3)	-	-	-	-
Other SG&A	(4.3)	(2.6)	(3.0)	(3.3)	(4.6)	(2.6)	(3.5)
	<u>(18.0)</u>	<u>(11.9)</u>	<u>(10.3)</u>	<u>(13.1)</u>	<u>(14.2)</u>	<u>(12.4)</u>	<u>(11.0)</u>
Net Operating Cash Flow	(5.4)	(0.9)	1.7	1.2	(0.7)	(0.7)	1.4
<i>Restructuring Expenses:</i>							
Alvarez & Marsal	-	(0.5)	-	-	-	(0.5)	-
Skadden	-	-	-	(0.4)	-	-	-
Restructuring Contingency	-	(14.6)	-	-	-	-	-
Lenders Advisors	-	-	-	(1.5)	-	-	(1.5)
Lender Financing Fees	(0.6)	-	-	-	-	-	(0.5)
Lease Rejection Claims	-	-	-	-	-	-	-
Utility Deposits	-	(2.0)	-	-	-	-	-
Total Restructuring Expenses	<u>(0.6)</u>	<u>(17.1)</u>	<u>-</u>	<u>(1.9)</u>	<u>-</u>	<u>(0.5)</u>	<u>(2.0)</u>
Net Cash Generated (Used)	<u>(6.0)</u>	<u>(18.0)</u>	<u>1.7</u>	<u>(0.7)</u>	<u>(0.7)</u>	<u>(1.2)</u>	<u>(0.6)</u>
Ending Balance B4 Escrow/DIP	6.2	2.0	21.7	19.3	19.3	18.8	19.4
Draw Required From Escrow	13.8	2.6	-	-	-	-	-
Draw Required From DIP	-	15.4	-	0.7	0.7	1.2	0.6
Surplus Transferred to DIP	-	-	(1.7)	-	-	-	-
Ending Cash Balance	<u>\$ 20.0</u>	<u>\$ 20.0</u>	<u>\$ 20.0</u>	<u>\$ 20.0</u>	<u>\$ 20.0</u>	<u>\$ 20.0</u>	<u>\$ 20.0</u>
Balance Remaining in Escrow	\$ 2.6	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Outstanding DIP Borrowings	\$ -	\$ 15.4	\$ 13.7	\$ 14.4	\$ 15.1	\$ 16.3	\$ 16.9
Cumulative Net Op Cash Flow	\$ (5.4)	\$ (6.3)	\$ (4.6)	\$ (3.4)	\$ (4.1)	\$ (4.8)	\$ (3.4)