

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

CASE NAME: McLeodUSA, Incorporated CASE No. 63229-63234

SUMMARY OF CASH RECEIPTS AND CASH DISBURSEMENTS

For period October 28-November 30, 2005	
BEGINNING BALANCE IN ALL ACCOUNTS	27,243,455
RECEIPTS:	
Receipts from operations	61,587,524
DISBURSEMENTS:	
Net payroll	(5,114,192)
Payroll taxes	(2,199,032)
401K	(280,664)
Commissions	(597,925)
Health/Dental/Prescription/vision/other benefits	(1,333,332)
Asset purchases	(1,444,000)
Line costs (cost of service)	(31,606,726)
Maintenance and repairs	(1,795,254)
Rents	(1,862,738)
Federal excise taxes	(1,734,825)
Federal Universal Service Fund	(656,061)
Interest expense	(716,944)
State and local taxes (sales/use/excise/real & personal property)	(3,552,688)
Utilities	(690,872)
Deferred Line Installation charges	(1,775,378)
Charges incurred in connection with reorganization	(5,150,413)
Other	(2,545,347)
TOTAL DISBURSEMENTS	(63,056,391)
NET DISBURSEMENTS FOR THE CURRENT PERIOD	(1,468,867)
ENDING BALANCE IN USBANK	9,546,771
ENDING BALANCE IN WELLS FARGO	169,504
ENDING BALANCE IN JPMORGAN	16,058,313
ENDING BALANCE IN ALL ACCOUNTS	25,774,588

EXHIBIT "B"  
IN THE UNITED STATES BANKRUPTCY COURT  
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CASE NAME: McLeodUSA, Incorporated CASE No. 63229-63234

RECEIPTS LISTING

For period October 28-November 30, 2005

**Receipts:**

JPMorgan #304615196	McLeodUSA Investment Account	17,741
JPMorgan #304291390	McLeodUSA Escrow Account	38,611
Wells Fargo #3000967979	McLeodUSA Inc. Telecommunication Services Inc. - Telco Deposits (ATS)	976,429
USBank #121375646	McLeodUSA Network Services - Network Deposits	1,416,473
USBank #121372742	McLeodUSA Telecommunication Services Inc. - Telco Deposits	58,474,125
USBank # 121372734	McLeodUSA Inc. - Corporate Concentration	<u>664,145</u>
	<b>Total receipts</b>	<b>61,587,524</b>

Receipts may be identified by major categories. It is not necessary to list each transaction separately by name of customer or invoice number. You must, however, create a separate list for each bank account to which receipts were deposited during the month.

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DISBURSEMENT LISTING

For period October 28-November 30, 2005

**Disbursements:**

USBank #121376362	McLeodUSA Inc. - Payroll Disbursements	(7,313,077)
USBank #196631766	McLeodUSA Inc. - Accounts Payable Disbursements	(55,692,381)
USBank#196455994125	McLeodUSA Inc. - Certain Tax Disbursements	(50,933)
	<b>Total disbursements</b>	<b>(63,056,391)</b>

You must create a separate list for each bank account from which disbursements were made during the month.

IN THE UNITED STATES BANKRUPTCY COURT  
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CASE NAME: McLeodUSA, Incorporated CASE No. 63229-63234

For Month Ending November 30, 2005

STATEMENT OF INVENTORY

Beginning inventory	\$ _____ N/A _____
Add: purchases	\$ _____ N/A _____
Less: goods sold (cost basis)	\$ _____ N/A _____
Ending inventory	\$ _____ N/A _____

PAYROLL INFORMATION STATEMENT

Gross payroll for this period	\$ _____ 7,313,076 _____
Payroll taxes due but unpaid	\$ _____ 0 _____

STATUS OF PAYMENTS TO SECURED CREDITORS AND LESSORS

As provided for in certain first day orders entered by the Bankruptcy Court, McLeodUSA Incorporated ("McLeodUSA") continues to make monthly interest payments in the amount of approximately \$630,000 on account of outstanding secured obligations under the Senior Prepetition Credit Agreement (as defined in the Plan). In addition, there may also be some other creditors who hold secured claims against McLeodUSA. McLeodUSA continues to pay these claims in the ordinary course of business pursuant to certain first day orders entered by the Bankruptcy Court. McLeodUSA has discontinued making interest payments under its Junior Prepetition Credit Agreement (as defined in the Plan).

\* Include only post-petition payments.

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF ILLINOIS  
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CASE NAME: McLeodUSA, Incorporated CASE No. 63229-63234

For Month Ending November 30, 2005

STATEMENT OF AGED RECEIVABLES

ACCOUNTS RECEIVABLE:

Beginning of month balance	\$ 99,922,149
Add: sales on account	\$ 65,852,003
Less: collections	\$ 52,386,931
Less: write-offs & adjustments	\$ 1,223,453
End of month balance	\$ 112,163,767

  

0-30 <u>Days</u>	31-60 <u>Days</u>	61-90 <u>Days</u>	Over 90 <u>Days</u>	<u>End of Month TOTAL</u>
\$ 65,747,898	\$ 21,299,181	\$ 3,930,719	\$ 21,185,969	\$ 112,163,767

STATEMENT OF ACCOUNTS PAYABLE (POST-PETITION)

Beginning of month balance	\$ 41,258,997
Add: credit extended	\$ 47,522,025
Less: payments of account	\$ 51,961,377
End of month balance	\$ 36,819,645

  

<u>0-30</u>	<u>31-60</u>	<u>61-90</u>	<u>90+</u>	<u>Total</u>
28,825,741	24,341	(110)	6,969,673**	36,819,645

\*\* \$6,550,306 of balance represents disputes with telecommunications vendors in the ordinary course of business. \$407,658 of balance represents unclaimed property.

ITEMIZE ALL POST-PETITION PAYABLES OVER 30 DAYS OLD ON A SEPARATE  
SCHEDULE AND FILE WITH THIS REPORT

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CASE NAME: McLeodUSA, Incorporated CASE No. 63229-63234

For Month Ending \_\_November 30, 2005

TAX QUESTIONNAIRE

Debtors in possession and trustees are required to pay all taxes incurred after the filing of their Chapter 11 petition on an as due basis. Please indicate whether the following post petition taxes or withholdings have been paid currently.

- |    |                             |           |        |
|----|-----------------------------|-----------|--------|
| 1. | Federal Income Taxes        | Yes ( x ) | No ( ) |
| 2. | FICA withholdings           | Yes ( x ) | No ( ) |
| 3. | Employee's withholdings     | Yes ( x ) | No ( ) |
| 4. | Employer's FICA             | Yes ( x ) | No ( ) |
| 5. | Federal Unemployment Taxes  | Yes ( x ) | No ( ) |
| 6. | State Income Tax            | Yes ( x ) | No ( ) |
| 7. | State Employee withholdings | Yes ( x ) | No ( ) |
| 8. | All other state taxes       | Yes ( x ) | No ( ) |

If any of the above have not been paid, state below the tax not paid, the amounts past due and the date of last payment.

<b>Form 6123</b> <b>(Rev. 06-97)</b>	Department of the Treasury-Internal Revenue Service <b>Verification of Fiduciary's Federal Tax Deposit</b>	
<b>Do not attach this Notice to your Return</b>		
<b>TO</b>	District Director, Internal revenue Service Attn: Chief, Special Procedures Function	
<b>FROM:</b>	<b>McLeodUSA</b>	
	6400 C Street SW  Cedar Rapids, IA 52406	
The following information is to notify you of Federal tax deposit(s)(FTD) as required by the United States Bankruptcy Court (complete sections 1 and/or 2 as appropriate):		
<b>Section 1</b>  Taxes Reported on Form 941, Employer's Quarterly Federal Tax Return	<b>Form 941 Federal Tax Deposit (FTD) Information</b> for the payroll period from <u>10/30/05</u> to <u>11/12/05</u> Payroll date <u>11/10/05</u> Gross wages paid to employees <u>\$3,662,888.70</u> Income tax withheld <u>\$462,369.35</u> Social Security (Employer's plus Employee's share of Social Security Tax) <u>\$468,905.53</u> Tax Deposited <u>\$931,274.88</u> Date Deposited <u>11/14/2005</u>	
<b>Section 2</b>  Taxes Reported on Form 940, Employer's Annual Federal Unemployment Tax Return	<b>Form 940 Federal Tax Deposit (FTD) Information</b> for the payroll period from <u>10/30/05</u> to <u>11/12/05</u> Gross wages paid to employees <u>\$3,662,888.70</u> Tax Deposited <u>\$553.15</u> Date Deposited <u>Not due until 01/31/06</u>	
<b>Certification</b> <b>(Certification is limited to receipt or electronic transmittal of deposit only)</b> This certifies receipt or electronic transmittal of deposits described below for Federal taxes as defined in Circular E, Employer's Tax Guide (Publication 15)		
Deposit Method (check box) <input type="checkbox"/> Form 8109/8109B Federal Tax Deposit (FTD) coupon <input type="checkbox"/> Electronic Federal Tax Payment System (EFTPS) Deposit		
Amount (Form 941 Taxes) 931,274.88	Date of Deposit 11/14/05	EFTPS acknowledgment number or Form 8109 FTD received by: 23853180101932
Amount (Form 940 Taxes) Not due until 1/31/06	Date of Deposit	EFTPS acknowledgment number or Form 8109 FTD received by:
Depositor's Employer Identification Number: 42-1407240	Name and Address of Bank	
Under penalties of perjury, I certify that the above federal tax deposit information is true and correct		
Signed:	Date:	
Name and Title (print or type)		

**Do not attach this Notice to your Return**

<b>TO</b>	District Director, Internal revenue Service Attn: Chief, Special Procedures Function
<b>FROM:</b>	McLeodUSA  6400 C Street SW  Cedar Rapids, IA 52406

The following information is to notify you of Federal tax deposit(s)(FTD) as required by the United States Bankruptcy Court (complete sections 1 and/or 2 as appropriate):

<b>Section 1</b>  Taxes Reported on Form 941, Employer's Quarterly Federal Tax Return	<b>Form 941 Federal Tax Deposit (FTD) Information</b> for the payroll period from <u>11/13/05</u> to <u>11/26/05</u> Payroll date <u>11/25/05</u> Gross wages paid to employees <u>\$3,688,047.21</u> Income tax withheld <u>\$454,986.14</u> Social Security (Employer's plus Employee's share of Social Security Tax) <u>\$473,102.52</u> Tax Deposited <u>\$928,088.66</u> Date Deposited <u>11/28/2005</u>
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<b>Section 2</b>  Taxes Reported on Form 940, Employer's Annual Federal Unemployment Tax Return	<b>Form 940 Federal Tax Deposit (FTD) Information</b> for the payroll period from <u>11/13/05</u> to <u>11/26/05</u> Gross wages paid to employees <u>\$3,688,047.21</u> Tax Deposited <u>\$482.17</u> Date Deposited <u>Not due until 01/31/06</u>
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**Certification**  
**(Certification is limited to receipt or electronic transmittal of deposit only)**

This certifies receipt or electronic transmittal of deposits described below for Federal taxes as defined in Circular E, Employer's Tax Guide (Publication 15)

Deposit Method (check box)  Form 8109/8109B Federal Tax Deposit (FTD) coupon  
 Electronic Federal Tax Payment System (EFTPS) Deposit

Amount (Form 941 Taxes) 928,088.66	Date of Deposit 11/28/05	EFTPS acknowledgment number or Form 8109 FTD received by: 238533201020074
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Amount (Form 940 Taxes) Not due until 1/31/06	Date of Deposit	EFTPS acknowledgment number or Form 8109 FTD received by:
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Depositor's Employer Identification Number: 42-1407240	Name and Address of Bank
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Under penalties of perjury, I certify that the above federal tax deposit information is true and correct

Signed: \_\_\_\_\_ Date: \_\_\_\_\_

Name and Title (print or type)



IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

DECLARATION UNDER PENALTY OF PERJURY

I, Robert Reich, acting as the duly authorized agent for the Debtor in Possession (Trustee) declare under penalty of perjury under the laws of the United States that I have read and I certify that the figures, statements, disbursement itemizations, and account balances as listed in this Monthly Report of the Debtor are true and correct as of the date of this report to the best of my knowledge, information and belief.

Robert Reich  
For the Debtor In Possession (Trustee)

Print or type name and capacity of person signing this Declaration:

Robert Reich  
Vice President - Finance

DATED: 12/19/05