

MCLEODUSA INC
Form 10-Q
November 14, 2003

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended September 30, 2003

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period to

Commission file number 0-20763

McLEODUSA INCORPORATED

(Exact name of registrant as specified in its charter)

Delaware
(State of Incorporation)

42-1407240
(IRS Employer Identification No.)

McLeodUSA Technology Park
6400 C Street SW
P.O. Box 3177
Cedar Rapids, Iowa
(Address of principal executive office)

52406-3177
(Zip Code)

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319-364-0000

(Registrant's telephone number,
including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

The number of shares outstanding of each class of the issuer's common stock as of November 3, 2003:

Common Stock Class A: (\$0.01 par value)	173,557,189 shares
Common Stock Class B: (\$0.01 par value)	78,203,135 shares
Common Stock Class C: (\$0.01 par value)	35,546,879 shares

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Reorganized McLeodUSA for the nine months ended September 30, 2003

Reorganized McLeodUSA for the period April 17, 2002 to September 30, 2002

Predecessor McLeodUSA for the period January 1, 2002 to April 16, 2002

Unaudited Condensed Consolidated Statements of Cash Flows

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PART I FINANCIAL INFORMATION

ITEM I. Financial Statements

MCLEODUSA INCORPORATED AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(In millions, except share data)

	September 30, 2003 (unaudited)	December 31, 2002
ASSETS		
Current assets		
Cash and cash equivalents	\$ 48.3	\$ 170.6
Restricted cash	9.0	
Trade receivables, net	75.5	93.1
Prepaid expenses and other	22.4	26.2
Assets held for sale	9.3	11.1
Total current assets	164.5	301.0
Property and equipment		
Land and buildings	73.8	72.9
Communications networks	904.1	816.0
Furniture, fixtures and equipment	193.4	181.3
Networks in progress	257.6	303.5
	1,428.9	1,373.7
Less accumulated depreciation	369.6	170.6
	1,059.3	1,203.1
Intangibles and other assets		
Goodwill	245.1	237.8
Other intangibles, net	209.0	234.5
Other	19.8	23.9
	473.9	496.2
TOTAL ASSETS	\$ 1,697.7	\$ 2,000.3
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities		
Current maturities of long-term debt	\$ 25.8	\$ 15.0
Accounts payable	42.9	71.1
Accrued payroll and payroll related expenses	22.6	23.6

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Other accrued liabilities	131.2	152.8
Deferred revenue, current portion	9.6	9.8
Liabilities related to discontinued operations	0.6	6.3
Total current liabilities	232.7	278.6
Long-term debt, less current maturities	685.2	704.9
Deferred revenue, less current portion	12.9	13.5
Other long-term liabilities	57.5	54.9
	988.3	1,051.9
Redeemable convertible preferred stock		
McLeodUSA Preferred Series A, redeemable, convertible, \$0.01 par value; 10,000,000 authorized and issued; 7,981,602 and 9,999,900 outstanding at September 30, 2003 and December 31, 2002, respectively	140.8	172.6
Stockholders' equity		
McLeodUSA Common, Class A \$0.01 par value; 1,886,249,986 authorized, 172,470,490 and 162,500,481 issued and outstanding at September 30, 2003 and December 31, 2002, respectively	1.8	1.6
McLeodUSA Common, Class B \$0.01 par value; 78,203,135 authorized, issued and outstanding at September 30, 2003 and December 31, 2002	0.8	0.8
McLeodUSA Common, Class C \$0.01 par value; 35,546,879 authorized, issued and outstanding at September 30, 2003 and December 31, 2002	0.3	0.3
McLeodUSA Preferred Series B, \$0.01 par value; 10 authorized, issued and outstanding at September 30, 2003 and December 31, 2002		
McLeodUSA Warrants	22.6	22.6
Additional paid-in capital	983.6	951.9
Accumulated deficit	(440.5)	(201.4)
	568.6	