

UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

IN RE: )  
 ) Case No. 05-63230  
 ) (Jointly Administered)  
MCLEODUSA INCORPORATED, )  
 ) Chapter 11  
 et al. )  
 )  
 Debtors. ) Hon. John H. Squires  
 )  
 )  
 )  
 )  
 )  
 )

**Notice of Filing**

Please take notice that on March 27, 2006, Skadden, Arps, Slate, Meagher & Flom LLP filed the **SUPPLEMENT TO THE FIRST AND FINAL FEE APPLICATION OF SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP, AS COUNSEL TO THE DEBTORS, SEEKING ALLOWANCE AND PAYMENT OF FINAL COMPENSATION AND REIMBURSEMENT OF EXPENSES UNDER §§ 330 AND 331 OF THE BANKRUPTCY CODE.**

Dated: Chicago, Illinois  
March 27, 2006

/s/ Timothy R. Pohl

Timothy R. Pohl (ARDC No. 06208157)  
Peter C. Krupp (ARDC No. 06193707)  
Felicia Gerber Perlman (ARDC No. 06210753)  
SKADDEN ARPS SLATE MEAGHER  
& FLOM LLP  
333 West Wacker Drive  
Chicago, Illinois 60606  
(312) 407-0700

Attorneys for Debtors and  
Debtors-in-Possession

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

In re:	)	Case No. 05-63230
	)	(Jointly Administered)
MCLEODUSA INCORPORATED, et al.,	)	Chapter 11
	)	
Debtors.	)	Hon. John H. Squires
	)	
	)	
	)	

**SUPPLEMENT TO THE FIRST AND FINAL FEE APPLICATION OF SKADDEN, ARPS,  
SLATE, MEAGHER & FLOM LLP, AS COUNSEL TO THE DEBTORS, SEEKING  
ALLOWANCE AND PAYMENT OF FINAL COMPENSATION AND  
REIMBURSEMENT OF EXPENSES UNDER §§ 330 AND 331 OF THE BANKRUPTCY  
CODE**

Skadden, Arps, Slate, Meagher & Flom LLP and its affiliated law practice entities ("Skadden, Arps"), counsel for McLeodUSA Incorporated ("McLeodUSA") and its Affiliate Debtors (collectively, with McLeodUSA, the "Debtors" or the "Company") in the above-captioned cases (the "Reorganization Cases"), submit this supplement (the "Supplement") to the first and final application seeking final allowance and reimbursement of expenses under 11 U.S.C. §§ 330 and 331 for the period from October 28, 2005 through and including January 6, 2006 (the "Case Period"). Skadden, Arps is responding to inquiries made by the Honorable John H. Squires with respect to certain expenses sought by Skadden, Arps at a hearing held on March 2, 2006. In support of the Supplement, Skadden, Arps represents as follows:

BACKGROUND

1. On October 28, 2005, the Debtors each filed a voluntary petition in this Court for reorganization relief under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101-1330, as amended (the "Bankruptcy Code"). The Debtors operated their businesses and

2. managed their properties as debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code until they emerged from chapter 11 on January 6, 2006.

3. On the Petition Date, the Debtors also filed the Joint Prepackaged Plan of Reorganization of McLeodUSA Incorporated and its Affiliate Debtors (the "Plan") and the Disclosure Statement with Respect to Joint Prepackaged Plan of Reorganization of McLeodUSA Incorporated and its Affiliate Debtors. The Debtors solicited votes on the Plan prior to the Petition Date and obtained acceptances from over 90% of each class of creditors entitled to vote on the Plan.

4. On December 16, 2005, forty-nine days after the commencement of these cases, this Court entered an order confirming the Plan.

5. The Effective Date of the Plan occurred on January 6, 2006.

6. This Court has jurisdiction over this Application pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2). Venue of these cases in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).

7. The statutory predicates for the relief requested herein are §§ 330 and 331 of the Bankruptcy Code and rule 2016 of the Federal Rules of Bankruptcy Procedure.

8. The First and Final Fee Application of Skadden, Arps, Slate, Meagher & Flom LLP as Counsel to the Debtors, Seeking Allowance and Payment of Final Compensation and Reimbursement of Expenses Under §§ 330 and 331 of the Bankruptcy Code (the "Final Fee Application"), filed on February 6, 2006, is incorporated herein by reference. The Certificate of Service filed with respect to the Final Fee Application is attached hereto as Exhibit A.

RELIEF REQUESTED

9. Skadden, Arps is responding to inquiries made by the Honorable John H. Squires with respect to certain expenses sought by Skadden, Arps at a hearing held on March 2, 2006. The Court requested additional information related to three categories of expenses: Computer Legal Research, Travel and Meals and Limousines. The amount in question totals \$14,317.

10. In connection with the re-submission of these expense reimbursement requests, Skadden, Arps has voluntarily written off an additional \$822 in expenses. This amount represents (a) local travel via limousines, car services and taxi cabs in the amount of \$744, and (b) four business meals while traveling totaling \$78. As a result, pursuant to this Supplement Skadden, Arps is seeking reimbursement of actual and necessary charges and disbursements incurred during the Case Period in the amount of \$13,495 related to the categories of Computer Legal Research and Travel.

A. Computer Legal Research (\$11,195)

11. The disbursement detail with respect to the computer legal research conducted on Lexis and Westlaw during the Case Period is attached hereto as Exhibit B. Skadden, Arps is seeking reimbursement for \$11,195 in expenses related to computer legal research conducted on Lexis and Westlaw.

12. The following chart breaks down the computer legal research conducted on Lexis and Westlaw by category with a brief description of each:

Category	Amount	Percentage	Description
SBC Related Litigation	\$5,271.15	57%	Research re: SBC's objection to Plan, motion to reconsider and motion for adequate assurance.
Reorganization Plan	\$1,846.30	20%	Research related to the confirmation brief and presentation of Debtors' case for

			confirmation of the Plan.
Regulatory Matters	\$838	9%	Research regarding assignability of franchise agreements.
Financing	\$363	4%	Research regarding DIP and exit facilities.
Tax	\$350	4%	Tax research relating to bankruptcy and exit credit facility issues.
Qwest	\$251	3%	Research related to resolution of potential issues raised by Qwest Communications Corporation and Qwest Communications.
Schedules	\$177.55	2%	Research regarding requirement to file Schedules and Statements.
Lease Rejection	\$98	1%	Research regarding rejection of leases.
<b>Total</b>	<b>\$9,195</b>	<b>100%</b>	

13. In addition, attached hereto as Exhibit C is the detail related to research conducted on a corporate governance database in Skadden, Arps' Delaware office. This database allows Skadden, Arps to look-up information on file with the Delaware Secretary of State related to corporate governance issues (i.e., certified charters and good standing certificates for the DIP Credit Agreement and Exit Facility Credit Agreement). These expenses totaled \$2,000.

B. Out of Town Related Business Travel (\$2,300)

14. The disbursement detail with respect to out of town related business travel during the Case Period is attached hereto as Exhibit D. Skadden, Arps is seeking reimbursement in the amount of \$2,300.

15. On December 6, 2005, Arthur W. Bresnahan traveled to Phoenix, Arizona to attend a hearing related to obtaining state regulatory approval of the Company's restructuring. Mr. Bresnahan's airfare for a coach ticket totaled \$579. While on that trip, Mr. Bresnahan incurred taxi expenses in the amounts of \$22 (airport to regulatory hearing), \$20 (hotel in Phoenix, Arizona to the airport) and \$27 (O'Hare International Airport to Mr. Bresnahan's home). In addition, Mr.

Bresnahan incurred expenses related to a single night's lodging at a Hilton hotel in the amount of \$288.

16. On December 14, 2005, Qazi M. Fazal traveled from New York's LaGuardia airport to O'Hare International Airport to attend McLeodUSA's confirmation hearing. Mr. Fazal is a Managing Director of Miller Buckfire & Co., LLC. Mr. Fazal submitted a declaration in support of confirmation of the plan of reorganization and may have been called as a witness at the confirmation hearing, therefore his attendance was necessary. Mr. Fazal's airfare for a coach ticket totaled \$1,364.

WHEREFORE, Skadden, Arps respectfully requests that the Court award reimbursement of actual and necessary charges and disbursements incurred during the Case Period in the amount of \$13,495.

Dated: Chicago, Illinois  
March 27, 2006

/s/ Timothy R. Pohl

Timothy R. Pohl (ARDC No. 06208157)  
Peter C. Krupp (ARDC No. 06193707)  
Felicia Gerber Perlman (ARDC No. 06210753)  
SKADDEN ARPS SLATE MEAGHER  
& FLOM LLP  
333 West Wacker Drive  
Chicago, Illinois 60606  
(312) 407-0700

Attorneys for Debtors and  
Debtors-in-Possession