



FOR IMMEDIATE RELEASE

McLeodUSA Now Offering Voice Over IP (VoIP) Integrated Access Services for Businesses

- *Company successfully completes customer trials in four major markets*
- *Preferred Advantage[®] Dynamic Integrated Access generally available for sale*
- *Expansion to a total of 35 markets planned by the end of second quarter 2005*

CEDAR RAPIDS, Iowa – December 20, 2004 – McLeodUSA Incorporated (Nasdaq: MCLD), one of the nation's largest independent competitive telecommunications services providers, today announced that its Preferred Advantage[®] Dynamic Integrated Access, which utilizes the next generation Voice-over-Internet Protocol (VoIP) switching architecture, is now generally available for sale to business customers in Denver, Dallas, Detroit and Chicago, with planned expansion to a total of 35 markets within the Company's 25-state footprint by the end of second quarter 2005.

"McLeodUSA continues to deliver products and services to our customers that improve business efficiencies and reduce costs while providing a world-class service experience," said Chris A. Davis, Chairman and CEO of McLeodUSA. "In addition to lower cost, Dynamic Integrated Access offers our business customers enhanced features, productivity improvements, increased flexibility and control over the administration of their communications services through a web-based control panel."

Preferred Advantage Dynamic Integrated Access uses Voice-over-Internet Protocol (VoIP) on McLeodUSA's secure IP network to offer integrated voice and data communications services, over one single T-1 facility to customer locations. Customers receive up to 1.544 Mbps Internet access, high quality voice service, 17 local calling features, the convenience of an easy-to-use web-based control panel, and the ability to add or change features and generate reports. Multi-location customers will enjoy the benefits of abbreviated dialing and free site-to-site calling between all of their Dynamic Integrated Access served locations.

"Pells Insurance chose Dynamic Integrated Access because of the competitive price, the faster Internet speed and the customer service provided," said Mark Pells, President of Pells Insurance. "As a result, we have been able to lower our telecommunications costs and improve the operating efficiencies for our voice and data operations."

"We are pleased with the performance of McLeodUSA and its Dynamic Integrated Access product. By moving from dial-up to a T-1, we have experienced greater flexibility, efficiency and scalability with our communications services," said Mike Obert, VP/Manager, Western Steel & Boiler. "Now, we have real-time control over our voice and data services by using the web-based Control Panel to administer features. Our Internet is faster, much more accessible and we have the latest technology at our disposal."

In addition to Denver, Dallas, Detroit and Chicago, McLeodUSA will be expanding VoIP services for business customers to 31 new markets in its 25-state footprint by the end of second quarter 2005.

For general information on Dynamic Integrated Access and other McLeodUSA Preferred Advantage services, please contact a McLeodUSA Customer Care Representative at 1-800-593-1177 or visit the Company's website at www.mcleodusa.com.

About McLeodUSA

McLeodUSA provides integrated communications services, including local services, in 25 Midwest, Southwest, Northwest and Rocky Mountain states. The Company is a facilities-based telecommunications provider with, as of September 30, 2004, 38 ATM switches, 39 voice switches, 696 collocations, 435 DSLAMs and 2,474 employees. As of April 16, 2002, Forstmann Little & Co. became a 58% shareholder in the Company. Visit the Company's Web site at www.mcleodusa.com

Some of the statements in this press release include statements about our future expectations. Statements that are not historical facts are "forward-looking statements" for the purpose of the safe harbor provided by Section 21E of the Exchange Act and Section 27A of the Securities Act. Such statements may include projections of financial and operational results and goals, including revenue, EBITDA, Adjusted EBITDA, profitability, savings and cash. In some cases, you can identify these so-called "forward-looking statements" by our use of words such as "may," "will," "should," "expect," "plan," "anticipate," "believe," "estimate," "predict," "project," "intend" or "potential" or the negative of those words and other comparable words. These forward-looking statements are subject to known as well as unknown risks and uncertainties that may cause actual results to differ materially from our expectations. Our expectations are based on various factors and assumptions and reflect only our predictions. Factors that could cause actual results to differ materially from the forward-looking statement include technological, regulatory, public policy or other developments in our industry, availability and adequacy of capital resources, current and future economic conditions, the existence of strategic alliances, our ability to generate cash, our ability to implement process and network improvements, our ability to attract and retain customers, our ability to migrate traffic to appropriate platforms and changes in the competitive climate in which we operate. These and other risks are described in more detail in our most recent Annual Report on Form 10-K filed with the SEC. The Company undertakes no obligation to update publicly any forward-looking statements, whether as a result of future events, new information or otherwise.

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