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SLIDE 1 **INTRODUCTION SLIDE**

Good afternoon. It's a pleasure to meet with you today and discuss the strategy and recent initiatives at TDS Telecom.

Before going any further, I'd like to thank Will Power and the telecommunications team at Baird for inviting us and giving us the opportunity to talk with you about TDS Telecom.

Also with me today is Mark Steinkrauss, vice president of Corporate Relations for US Cellular and TDS.

SLIDE 2 **SAFE HARBOR**

Before proceeding, I'd like to remind everyone that we will be discussing forward-looking information today, so please review these Safe Harbor provisions.

SLIDE 3 **TDS OVERVIEW MAP**

This map shows TDS as it is today. U.S. Cellular's markets are in blue. I hope you had the opportunity to hear Jack Rooney and Ken Meyers present earlier on U.S. Cellular. Our presentation today is focused on TDS Telecom and some of our corporate initiatives, although if you do have questions on U.S. Cellular, I will try to answer them during the question and answer session.

TDS Telecom's ILEC, or incumbent local exchange carrier, operations are in red. TDS Telecom's two competitive local exchange carriers, or CLECs, are represented in green - for TDS Metrocom – and dark blue - for USLink.

It's impressive to think that only 34 years ago, the map would have shown only some small ILECs in the state of Wisconsin and included only local wireline telephone service. It serves to underscore the fact that we are participants in an industry of change - change that often occurs at seemingly exponential speeds.

SLIDE 4 **TDS TELECOM MAP**

TDS Telecom was founded in 1969 as a local exchange carrier in southern Wisconsin and has both ILEC and CLEC operations. The blue areas on this map represent our ILEC operations and the green represent our CLEC operations.

SLIDE 5 **TDS TELECOM – ILEC**

We are the seventh largest ILEC in the country. We have rural-company status in almost all of our ILEC markets, of which approximately 75% are rural. The remaining markets are suburban. Our ILEC customer mix is 78% residential and 22% commercial, mostly small businesses.

Because of our outstanding customer service, we have minimal CLEC activity in our ILEC markets. In addition, compared to other independent ILECs, our focused marketing and sales efforts have generated high penetration levels for profitable add-on services such as caller ID and call

waiting, two of several vertical services we offer our customers.

SLIDE 6 **MAP: TDS METROCOM**

Turning to our CLEC operations… TDS Telecom has two CLEC subsidiaries, TDS Metrocom and USLink.

TDS Metrocom is the primary organic growth engine for TDS Telecom. We launched TDS Metrocom in January 1998. It is 100% on-switch, no UNE-P, which means that all the recent discussions regarding UNE-P do not apply to TDS Metrocom. It has seven switches in 3 states. It has 227,500 access lines, 13,100 DSL lines and 12,200 ISP accounts.

SLIDE 7 **TDS METROCOM – CLEC**

Our CLEC approach is very targeted. We're working for high penetration in carefully selected markets -- mostly small urban, suburban and urban-fringe markets. We aim for the smaller to mid-size business customers and "communications-intensive" residential customers. Currently, 53% of Metrocom's customers are commercial and 47% are residential.

An example of the deep penetration is the Madison Wisconsin market, Metrocom's largest market; Metrocom has 39% market share in the small and medium commercial businesses and 14% in residential.

Metrocom also has an excellent management team – very aggressive and seasoned in the telecom business – qualities that are critical in today's CLEC environment.

We are very disciplined in our provisioning approach at Metrocom. It has chosen to stay in the 5-state footprint of one RBOC–SBC. This eliminates many of the complexities of provisioning process, allowing us to expedite the process which in turn helps us achieve high customer satisfaction levels.

SLIDE 8 **MAP: USLINK**

This map shows you the operations of US Link, our other CLEC. USLink is headquartered in Minnesota and is the third largest CLEC in Minnesota. It offers long distance, Internet access and fiber-transport services in MN market and a small part of the ND market. We acquired USLink with an ILEC acquisition in 1994.

SLIDE 9 **USLINK – CLEC**

Like Metrocom, US Link also has a targeted strategy of aiming for the small- and medium-business market. Its customer mix is currently 80% commercial and 20% residential.

Unlike Metrocom, USLink uses a combination of owned and leased facilities. It is currently 20.7% on-switch and has approximately 40,000 UNE-P lines. It is pursuing a migration to the on-switch model and anticipates increasing the percentage on-switch in 2003 and beyond.

USLink is EBITDA positive and requires minimum capital expenditures.

SLIDE 10 **TDS TELECOM'S OVERALL STRATEGY**

TDS Telecom's strategy is very much like that of U.S. Cellular. The primary focus is on providing outstanding customer service - putting the

customer first above all. The company continues to rank very high in customer service ratings. According to respected third-party survey companies, customers rate our service better than that of almost every other telephone company on all aspects, from the friendliness and knowledge of our employees, to our pervasive local presence and reliable service. We are very proud of the loyal customer base TDS Telecom has grown over the years.

Also like U.S. Cellular, TDS Telecom is committed to protecting and growing its current markets. Its growth strategy is based on balance and sustainability - seeking profitable growth where growth makes sense from a business point of view. This often involves a clustering approach - evident from the company's most recent acquisitions of two New Hampshire telephone companies in 2002, as well as the purchase of Chorus Communications in 2001.

However, the growth strategies at TDS Telecom do differ somewhat for the ILEC and CLEC operations.

SLIDE 11

TDS TELECOM'S GROWTH STRATEGY

For the ILEC, TDS Telecom is focused on growing and protecting its ILEC business by building customer loyalty. The company does this through its strong local presence, as well as by offering competitively priced, high-quality services. The ILEC also provides a broad range of bundled services which are quite profitable and offer the opportunity for additional penetration and growth.

On the CLEC side, the company is working to aggressively grow the businesses, expanding into carefully chosen markets near existing ILEC and CLEC operations. This is particularly true of TDS Metrocom, the primary organic growth engine of TDS Telecom, which has chosen to stay in the 5-state footprint of one RBOC - SBC. This eliminates many of the complexities of the provisioning process, expediting the process, which in turn helps Metrocom achieve high customer satisfaction levels.

TDS Metrocom's goal is to be in secondary cities and suburban areas in the Midwest states that have strong, pro-competition regulatory commissions. However, Metrocom is pacing its expansion efforts to best ensure successful results - this speaks to the company's focus on balanced and sustainable growth. Metrocom aims to achieve meaningful penetration in its current markets before moving to new opportunities.

Futhermore, Metrocom's clustering strategy enables it to provide customers with a broader range of services at lower cost levels. And by leveraging the existing ILEC management and process infrastructures - sharing resources in the "back-office" areas of billing, engineering, regulatory and other operating functions, the CLEC is not only able to generate significant economies of scale, but it also is able to focus most of its people's energies on marketing, selling and serving the customer – critical for a start-up operation.

And finally, TDS Telecom's CLEC management believes that the facilities-based model - one in which the CLEC owns its own switches – is more sound over the long term than is the leased facilities model. TDS Metrocom owns all of its switches. USLink, TDS Telecom's other CLEC, is currently 21% on switch and is gradually migrating to the facility-owned

model like its counterpart Metrocom.

SLIDE 12 **TDS TELECOM'S OVERALL STRATEGY (cont'd)**

The first two components of TDS Telecom's strategy consist of providing superlative service and growing and protecting its markets. The third component involves developing and marketing new products and services.

This part of the overall strategy is a critical aspect for the company going forward, because although the ILEC posted a 5% growth in access line equivalents in 2002, most of this growth was driven by acquisitions. TDS Telecom is actually seeing a slight slowing in its organic growth - as are many other ILECs.

SLIDE 13 **VERTICAL SERVICES PENETRATION**

That's one of the reasons that TDS Telecom's promotion of vertical and additional services is so important. The company has worked to supplement its traditional local telephone service with key vertical services such as caller ID, call waiting, voicemail, as well as additional services such as long distance and Internet services, both dial-up and DSL Internet services.

At the end of the first quarter this year, the company provided its own brand of long distance service to 202,000 ILEC customers, which was up 38% year over year. This service involves very little capital spending, providing an enhancement to the ILEC's return on capital.

And, as you can see from this slide, which shows the results from our first quarter, TDS Telecom has achieved above-average penetration for its various services and continues to market them aggressively in both its ILEC and CLEC operations.

DSL, our high-speed data service, is also doing very well. At the end of the first quarter, ILEC DSL accounts totaled 12,800, which was up 288% from a year ago. TDS Telecom has made significant headway in extending DSL service into new markets. And at the end of the first quarter, our ILEC operations offered DSL in 35 of its markets, which covered more than 55% of its access lines.

SLIDE 14 **TELECOM AT A CROSSROADS: POSITIONING TDS TELECOM FOR THE FUTURE**

The promotion of profitable add-on services is one way TDS Telecom is addressing the potential future trend of reduced ILEC access line growth in the ILEC.

As I mentioned earlier, the telecommunications industry is characterized by rapid change, and the company that continues to offer the same old services is likely to become obsolete. TDS Telecom is actively and aggressively pursuing ways to counteract the threat of wireless substitution and the threat of cable company initiatives. It is developing new services both to retain and grow its customer base and to increase its share of their telecommunications spending.

SLIDE 15 **NEW INITIATIVES**

For example, TDS Telecom and U.S. Cellular are considering marketing a combined service offering in some of their overlapping markets. If such a service proves viable, it could help combat the competitive threat from

other wireless carriers and increase overall customer satisfaction for both companies.

Another way TDS Telecom is working to combat competitive threats is by providing various "bundled" services that offer increased convenience and foster customer loyalty. One example of this is TDS Telecom's Total Talk - an offering that includes local, long distance, Internet and profitable add-on features. Customer response to this product has been very encouraging during its test marketing. Other bundled options being offered include various DSL, dial-up Internet service, local and long distance combinations.

In addition to bundled services, TDS is working to combat cable competition with a satellite entertainment package that it offers through its relationship with EchoStar Dish Network. TDS Telecom's approach here is very targeted. It promotes this product along with TDS Internet services in most markets, including those of its markets where cable companies are actively pursuing customers for high-speed Internet access. This is another example where TDS Telecom is able to leverage its brand franchise and reputation for quality, as customers know and trust TDS Telecom. This strategy has proven to be very successful.

SLIDE 16 **TDS TELECOM OPERATING RESULTS**

SLIDE 17 **RECONCILIATION OF ADDITIONAL DISCLOSURES**
Because some of the financial metrics I'm discussing today are not standard to generally accepted accounting practices, or GAAP, we are providing this reconciliation to the GAAP counterparts for your reference.

SLIDE 18 **2003 OUTLOOK – TDS TELECOM**
For 2003 we expect modest revenue growth and continued profitability.

The range for revenues is $635 to $645 million for the ILEC and for the fast-growing CLEC should approximate $210 to $220 million.

EBITDA at the ILEC is expected to be in a range of $305 to $315 million and the CLEC is expected to be in a range of negative $10 million to breakeven.

Capital spending at the ILEC is targeted at approximately $130 million. CLEC capital spending is expected to be approximately $40 million.

In 2002, capex of $168M was below our guidance of $175 to $195M due to some projects originally planned for 2002 that were pushed into 2003.

SLIDE 19 **TDS TELECOM FOCUS – 2003 AND BEYOND**
So TDS Telecom is focused this year and beyond on addressing the challenges of the telecom industry by rapidly growing DSL and other data services in its ILEC and CLEC markets. And it is also pursuing joint service opportunities with its sister company U.S. Cellular.

In addition, TDS Telecom is intent on leading the industry in customer satisfaction, rapidly and profitably growing its CLEC operations, and aggressively promoting a positive regulatory environment to create an environment for further growth for the company.

SLIDE 20 **EXCELLENT PROSPECTS**

To conclude, we believe TDS Telecom is well positioned as a regional telecom.

TDS Telecom is a financially strong company with a proven track record. It is positioned in the rural market, which has high barriers to entry, and ultimately less competition. It has a strong local presence and provides high customer service at competitive prices. Throughout the years TDS Telecom has developed good relationships with both the state and federal regulatory bodies. It has a modern digital network that has been upgraded to provide advanced calling and data services.

TDS Telecom has an excellent reputation for delivering high quality telecommunications and it has the CLECs to ensure additional growth opportunities going forward.

SLIDE 21 **TDS FINANCIAL OBJECTIVES**

Let me briefly remind you of our overall financial objectives. Our ultimate aim is to generate profitable growth and build shareholder value, while maintaining financial strength and liquidity.

Toward that aim, we have four objectives. We want to grow revenues consistent with or greater than the growth rate of the telecommunications markets we serve. Our target is 15 percent compound annual revenue growth over five years, an aggressive goal in this day and age. In spite of the slowing growth in telecommunications, we believe that this goal is achievable. And we achieved that goal in 2002, a our 5-year and CAGR at the end of the year was 15.9%.

But profitable growth involves more than simply accomplishing our revenue growth objectives. It also entails generating a return on capital greater than the weighted average cost of capital for each business. We must constantly strive to deploy capital in the company in the most effective manner. That's why another financial objective is to earn a return that is greater than the cost of that capital. Specifically, this translates into a return on capital for the ILEC business of between 9.5 to 10.5%, approximately 16% for the CLEC business and 11 to 12% for U.S. Cellular.

We achieved the goal for our ILEC business, which produced a return on capital of more than 10 percent in 2002 – a steady improvement from 1998, when the ROC was 5.8%.

Our CLEC business is still in a growth mode, and is currently measured on performance to business plan which calls for a return in excess of the 16% weighted average cost of capital. U.S. Cellular has not yet reached its targeted goal, understandable given the major investments in its business related to growing and strengthening its regional footprint in the Midwest and upgrading its technology. However, we remain committed to making steady progress and achieving the goals for each of our business units.

Another of our financial objectives is to generate a return for our shareholders that exceeds the return of comparable companies in the telecommunications industry over the long term. Again, we are working steadily toward that objective, as our increased dividend and the stock repurchase program attest.

And finally, we are committed to maintaining our A- credit rating. Today both TDS and US Cellular are both rated A-, which is a strong investment-grade rating, several levels above the investment-grade threshold.

SLIDE 22 **MONETIZATION**

I'd now like to comment on some key financial transactions during 2002 and to date in 2003.

TDS has a sizable portfolio of marketable securities. The portfolio includes 3 percent of Deutsche Telekom, a sizable position in Vodafone, plus shares of VeriSign, as well as a smaller position in Rural Cellular Corporation. Most of these holdings originated in some manner from our operations, whether through acquisitions, swaps or trades.

During 2002, we monetized all of our positions in Deutsche Telekom and Vodafone, and most of our Verisign stock using five-year variable prepaid forward contracts. We sold the remaining shares of VeriSign during the first quarter of this year. The monetization was a significant strategic and financial event for the company

The proceeds from the monetization totaled $1.63 billion in cash. The five-year variable prepaid forward contracts enable us to retain ownership of the stocks and reduce the risk levels of the positions, establishing floor prices which protect us on the downside while still allowing us to participate in a portion of any appreciation in the stocks over the next five years. Furthermore, at the end of the contract periods, we have the option to deliver either shares of the stocks or cash.

SLIDE 23 **USE OF MONETIZATION PROCEEDS**

Obviously the most effective use of the proceeds is of paramount importance. Guiding us in this effort is our desire to achieve that fine balance between retaining our strong credit rating and maintaining the flexibility to pursue opportunities that can best build shareholder value over time.

Therefore, we are considering various ways to allocate the proceeds. U.S. Cellular has used its Vodafone proceeds to pay down debt to help fund the purchase of the Chicago market. At the TDS corporate level, we have repaid our short-term debt. Debt reduction is an important component in maintaining our A- rating, and we intend to further reduce corporate debt levels in 2003 by approximately $100-$150 million. We will continue to fund growth opportunities which are value enhancing, while maintaining a modest cash position for future acquisition opportunities that may develop or as protection against a potentially prolonged negative environment in the overall economy or more specifically the financial markets, which as we've seen were not overly receptive to the telecommunications industry in 2002. I'm pleased to say, however, that the tone of the capital markets has improved steadily over the last several months. Another use of the proceeds is TDS stock repurchase, which we are actively pursuing.

SLIDE 24 **STOCK REPURCHASE**

We announced in February of this year that the TDS board of directors authorized the repurchase of 2 million shares of TDS stock. This was in addition to the 1 million authorization already in place, giving us in total a 3 million share repurchase authorization.

We began repurchasing stock in March, and since then have bought back 1.2 million shares at an average price of $40.55, for a total cost of $50 million through April 23.

We will continue the share repurchase program, depending of course, on market conditions. We believe that TDS stock represents a compelling value in today's market, and so at this point we intend to continue repurchasing the stock, as part of our commitment to improve shareholder returns.

SLIDE 25

2003 FOCUS

Looking forward, we are focused on four primary areas in 2003.

We will continue to improve the strategic positioning of both our wireless and wireline businesses, through their geographic footprints and the introduction of new products and services. We must deliver on our business plans and financial commitments, showing continued growth in revenues and increased profitability.

We want to maintain our A- rating, which should be helped by our plans to repay a portion of TDS's debt. We want to maintain sufficient liquidity to enable our business units to pursue strategic opportunities should they arise. And we are focused on our people, helping them to increase their skills and knowledge in order to enable them to make even greater contributions toward the firms' goals, and to make that a beneficial and rewarding experience for them.

We believe that success in these four areas during 2003 will enhance the long-term value of the company for you, our shareholders, our customers and our employees.

SLIDE 26

TDS: EXCELLENT PROSPECTS

Navigating through a weak economy and a challenging telecommunications industry is not an easy task. However, we are confident that we have positioned TDS not only to successfully weather the storm, but also to be ready to capitalize on the economic turnaround when it occurs.

We have disciplined, targeted strategies. We are focused on profitable growth and long-term valuation creation. We're strong financially and we have very capable, committed employees. That's a winning a combination!

And now, I'd be happy to answer any questions you may have about TDS or TDS Telecom. And if there are any questions about U.S. Cellular that you didn't have an opportunity to ask at today's presentation, I'd be happy to answer those as well.