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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.

First I'd like to thank Frank Louthan and the wireline team -- and Raymond James -- for sponsoring this event and giving us the opportunity to talk with you about TDS Telecom.

Also presenting with me is Sandra Helton, TDS's executive vice president and chief financial officer and out in the audience is Mark Steinkrauss, vice president of Corporate Relations for US Cellular and TDS.

Yesterday, Jack Rooney and Ken Meyers presented here at the conference on U.S. Cellular so our presentation today is only going to focus on TDS Telecom, although, if you have some questions on U.S. Cellular, Sandy and I will try to answer them during the question and answer session.

SLIDE 2 **SAFE HARBOR**

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

SLIDE 3 **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 represents our CLEC operations.

SLIDE 4 **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 5 **VERTICAL SERVICES PENETRATION**

As you can see from this slide we have above average penetration for our various services and will continue to market them aggressively in our companies.

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 220,000 access lines, 11,800 DSL lines and 12,400 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, 52% of Metrocom's customers are commercial and 48% are residential.

An example of the deep penetration is the Madison Wisconsin market, Metrocom's largest market; Metrocom has 38% 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 and ND markets. 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 76% commercial and 24% residential.

Unlike Metrocom, USLink uses a combination of owned and leased facilities. It is currently 20% on-switch and has approximately 35,000 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 STRATEGY**

Our ILEC and CLEC strategies are straightforward. For the ILEC, were focused on growing and protecting our ILEC business by building customer loyalty.

We are doing this through a strong local presence, and by offering competitively priced, high-quality services. We also provide a broad range of bundled services which are quite profitable and offer the opportunity for additional growth.

On the CLEC side, we are working to aggressively grow the businesses, expanding into carefully chosen markets near existing ILEC and CLEC operations.

Our CLEC goal is to be in secondary cities and suburban areas in Midwestern states that have strong, pro-competition regulatory commissions.

We are pacing our expansion efforts to best ensure successful results. We want to achieve meaningful penetration in our current markets before moving to new opportunities. We've had good experience with this strategy, as evidenced by our strong operating results.

This clustering of our CLEC operations enables us to provide our customers a broader range of services at lower cost levels and by leveraging our existing ILEC management and process infrastructures, we can generate significant economies of scale for the CLEC in areas such as billing, engineering, regulatory, and other operating needs. This allows our CLEC's to focus on marketing, selling and servicing the customer without having to concern themselves with all of the back-office issues.

I'll now turn the podium over to Sandy.

SLIDE 11 **SANDRA HELTON INTRODUCTION SLIDE**

SLIDE 12 **2002 OPERATING RESULTS**

Good afternoon. Now that you have heard about TDS Telecom's strategies, I'd like to comment on its contributions to TDS's financial success. TDS Telecom posted solid results for 2002 and it met all six guidance ranges that were provided for ILEC and CLEC operations.

The ILEC revenue growth reflects both internal growth and the benefits of acquisitions made earlier in the year. It grew a healthy 9%. The revenue growth for the CLECs is all organic and is quite impressive at 53% quarter over quarter and 49% year over year.

Operating cash flow was impacted in 2002 by a weaker economy and by the Worldcom and Global Crossing bankruptcies. Write-offs regarding Worldcom and Global, net of settlement recoveries to date, were nearly $9.5 million. Additionally, start up costs associated with Metrocom's entry into the Michigan markets were high. An unsettled economy did not help matters either as bad debt expense rose somewhat.

Capital spending at the ILEC was slightly less than plan and approximately $10 million will roll into 2003. CAPX at the CLECs was on plan.

SLIDE 13 **2002 OPERATING DATA**

At the ILEC, access line equivalent growth was five- percent year over year. This was driven mostly by acquisitions earlier in the year and modest organic growth.

TDS Telecom is seeing a slight slowing in its organic growth. The largest portion of the decline in access lines in the quarter was related to declines in Centrex service. With the increased SLC charges, some business customers are migrating from Centrex to high-capacity lines, typically ISDN PRI facilities. We continue to maintain these customers on our network and in most cases provide them with PBX equipment but their change adversely impacts the line count. For example, we lost 1,000 access lines and gained 2 for a customer in Wisconsin who switched to a PRI. Similarly so for a customer in Maine where we lost 900 access lines and gained two lines on the switchover.

TDS Telecom has supplemented internal growth with increased penetration in key vertical services. For example, long distance customers ended the year at 197,500 customers, up 58%.

TDS Telecom had excellent DSL results in 2002. DSL accounts at the ILEC ended the year at 9,100 up over 300%. It added ten new DSL markets in the fourth quarter of 2002 and at year end had DSL availability in 35 of its ILEC markets, covering more than 50% of the ILEC access lines. Internet accounts remained flat year over year.

Our CLECs continued solid growth, demonstrating the success of their business plans. CLEC access line equivalents grew by 99,000 year over year, or 52%.

SLIDE 14 **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.

Operating cash flow 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 15 **MARKETABLE SECURITIES**

Switching now to TDS, the holding company, let me spend a few moments on the marketable securities which TDS and U.S. Cellular hold. These securities, together with our modest leverage, contribute to our balance sheet strength.

As you know, we own 3% of Deutsche Telekom. We also have a position in Vodafone, with 2.7 million shares owned by TDS and 10.25 million owned by U.S. Cellular. We have smaller holdings in Rural Cellular Corporation and VeriSign.

SLIDE 16 **MONETIZATION SUMMARY**

We view this portfolio of securities as cash equivalents available for strategic opportunities, and in fact, over the last several quarters have monetized all of our 131.5 million-share position in Deutsche Telecom, generating $1.4 billion. We anticipate using those proceeds to pay down debt, fund operational needs for the next several quarters, and for other corporate purposes.

U.S. Cellular monetized its entire 10.2 million-share Vodafone position in May and used the proceeds to pay down revolver debt. TDS also monetized most of its VeriSign position.

For all of our monetization transactions, we entered into approximately five-year variable prepaid-forward contracts. These transactions enabled us to convert these holdings to cash, establishing a floor price for the securities while at the same time retaining the ability to capture a portion of potential appreciation over the next five years.

SLIDE 17 **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.

And now, Ted and I would be happy to answer any questions you may have about TDS Telecom. And if there are any questions about U.S. Cellular that you didn't have an opportunity to ask at yesterday's presentation, we would be pleased to also answer those.