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Smith Barney Citigroup 14th Annual Entertainment, Media and Telecommunications Conference
January 5, 2004 – 10:00 a.m. PST
Phoenix, AZ

SLIDE 1 **INTRODUCTION**

Good morning. It's a pleasure to be able to join you today. I'd like to thank Mike Rollins and his team at Smith Barney Citigroup for giving us the opportunity to discuss U.S. Cellular and TDS with you.

I will start the presentation off today, giving an update on U.S. Cellular, which is majority owned by Telephone and Data Systems, or TDS. Then Ted Carlson, TDS's chief executive officer, will comment on TDS's wireline operations and offer some general comments about TDS overall.

Also with us today is Mark Steinkrauss, vice president of Corporate Relations at TDS. Mark manages investor relations for us as well as for TDS. Ted, Mark or I would be happy to answer any additional questions you may have during the breakout session that follows immediately after our comments.

SLIDE 2 **SAFE HARBOR**

I'll remind everyone at this point that we will be discussing some forward-looking information today, so please review these Safe Harbor provisions as well as our filings with the SEC.

Slide 3 **U.S. CELLULAR OVERVIEW**

As you can see from this slide, U.S. Cellular is the eighth largest wireless provider, serving nearly 4.3 million customers. Central to U.S. Cellular's strategy is providing a high level of customer satisfaction, the success of which can be seen in our low 1.6% postpay churn rate for the September quarter – and that was not an aberration. The churn rate has been – and continues to be – low as well as steady.

SLIDE 4 **U.S. CELLULAR MAP**

This map shows U.S. Cellular's footprint as of today. Further in this presentation, I will discuss some of the strategic initiatives the company has undertaken, the latest of which was announced just six weeks ago. But first I'll highlight the key components of U.S. Cellular's strategy.

SLIDE 5 **U.S. CELLULAR STRATEGY**

All of the strategic components firmly support and promote an emphasis on customer satisfaction.

First, we've positioned the company as a **regional carrier** focused on profitable growth, with particular emphasis on the Midwest markets. I'll address this aspect of the strategy in more detail shortly.

Second, we differentiate ourselves from the competition with **exceptional customer service**. In addition to the high caliber of service customers have come to expect from our associates, our networks are high quality with broad coverage -- vital in this business.

Our network has 4,100 cell sites, and we assess the network's competitiveness regularly through third-party tests. We are focused on key network performance metrics, such as blocked or dropped calls, overall network

availability and coverage superiority -- and we are proud of the results. Proud but not satisfied, because customer expectations keep increasing, and our strategy is based on being the best in meeting those rising expectations.

Similarly, our distribution strategy is broad-based, with 2,200 outlets conveniently located for our customers. We have a strong dealer network of both exclusive and non-exclusive dealers. And over the last two years, we have grown and strengthened our exclusive-dealer channel, a channel that delivers a high level of customer satisfaction. These locations offer our award-winning U.S. Cellular service as well as U.S. Cellular programmed phones and ancillary products, and the sales personnel are well trained and very knowledgeable about the services and handsets they sell.

The **third** component of our strategy relates to our network. We're well into our three-year initiative to **upgrade the network technology** in all of our markets to CDMA1X. This effort is going well -- ahead of plan and below cost. More on this later as well.

And **fourth**, we're focused on **strengthening our regional footprint**, building on existing markets and exiting those that do not necessarily complement our regional focus. As many of you know, we acquired the Chicago market in August of 2002, solidifying our presence in our strongest market, the Midwest. And this year we announced two transactions with AT&T Wireless. I'll touch on all of these developments shortly.

Together, these four strategic elements make U.S. Cellular a very strong regional wireless carrier and a leader in the markets it serves.

SLIDE 6 **THIRD QUARTER FINANCIAL HIGHLIGHTS**

Before addressing our various initiatives and achievements, I'd like to provide brief highlights of our most recent financial results.

We are very intent on managing the company to drive profitable growth. To that extent, I believe we showed excellent progress in our most recent quarter.

Service revenues grew 12%, as we benefited from continued growth in the number of subscribers and minutes of use.

Retail ARPU was up about 2% year to year, the sixth quarter in a row of positive comparable results. Roaming revenues were adversely affected, as anticipated, by the trade with AT&T Wireless of the north Florida and south Georgia properties, which were high roaming revenue markets. Additionally, there was the effect of lower contractual roaming prices.

Operating income increased 55% in the quarter. We benefited significantly from lower G&A expenses in the Chicago market due to the elimination of the dual billing system. Another factor contributing to the improvement in operating income was an improvement in bad debt expense. Bad debt in the quarter was less than 2%, compared to more than 3% a year ago.

Gross adds in the quarter were less than planned. Some of the shortfall may be attributed to delayed consumer purchases in some of the markets in the process of converting to CDMA and markets awaiting the launch of **easy**edge, our new data product. However, the most significant factor effecting gross add performance was equipment pricing.

We are a strong believer that a major negative for this industry is equipment pricing. Because so many carriers give phones away, including the new camera phones, consumers have begun to think that handsets have little value because they often get them for next to nothing. In other words, the wireless industry has essentially commoditized handset products.
In an effort to move away from this, during the quarter, we raised equipment pricing somewhat, hoping that some of the other carriers would follow suit. Unfortunately, no one followed us, and after about 6 to 8 weeks, we went back to the prevailing competitive pricing on equipment, but it affected our gross add performance and in turn our net add performance.

SLIDE 7 **RECENT ACCOMPLISHMENTS**

U.S. Cellular has been very busy, as you can see from this slide. I'll touch briefly on some of the accomplishments here, and then discuss the other initiatives in more detail.

Several weeks ago, we completed a $444 million note offering. The financing was done to term out much of our short-term debt into long-term 30-year debt at an attractive rate. The offer went well and was substantively over-subscribed. More recently, in late December, we amended one of our two credit facilities and terminated the other. We now have one $700 million revolving credit facility through 2007.

In July we completed the conversion of the third-party billing system in Chicago to our own system, eliminating billing, customer service and consulting costs. As you may know, the Chicago market came with its own billing system. With the conversion, U.S. Cellular has one billing system for all of its customers across the country. This billing system conversion, along with improved bad debt expense, were the primary drivers of a $25 million sequential improvement in G&A expenses in the third quarter.

SLIDE 8 **STRENGTHENING THE FOOTPRINT**

I've mentioned that one of the components of our strategy is strengthening the footprint. I'd like to take a few moments to brief you on our progress to date in this area of our strategy.

SLIDE 9 **SALE OF SOUTH TEXAS**

In late November U.S. Cellular announced plans to sell the South Texas markets to AT&T Wireless. We have said for some time that we would exit those markets not strategic to the company's long-term success. This transaction is proof of that. South Texas is a smaller market and it is not contiguous to any of our other, more well-established markets. We expect the sale to close early this quarter.

SLIDE 10 **SALE OF SOUTH TEXAS MAP**

The red section on this map shows the markets that are being sold. We will use the $95 million in proceeds to pay down debt and for other corporate purposes.

SLIDE 11 **USM & AWE PROPERTY EXCHANGE**

On August 1, we completed the first tranche of our property exchange with AT&T Wireless. With the August 1st transaction, we acquired 5.9 million incremental contiguous pops and 3.9 million overlap pops.

SLIDE 12 **AWE EXCHANGE MAP**

The green areas on the map represent the markets we acquired on August 1

from AT&T Wireless. In exchange, we gave up most of our Florida and Georgia properties.

We are taking the properties we acquired from AT&T Wireless in tranches because of the FCC build-out requirements on some of the markets. Plus, our engineering team has their hands full with building out the new markets along with the CDMA upgrade.

We have already begun building out Oklahoma City, Portland, Maine and some of the Missouri markets. Lincoln, Nebraska just recently closed, and we will begin building it out soon as well. We expect to begin commercial operations in these markets in 2004.

SLIDE 13 **CHICAGO UPDATE**

We closed on Chicago about a year-and-a half ago. As you can see from the maps we've shown, Chicago is an excellent fit for us. It is the hub of the Midwest and is a popular calling and traveling destination for many of our Midwest customers.

We do not break out Chicago results, but we did want you to know that our awareness surveys show that we have done a good job of differentiating ourselves in Chicago. We have achieved name awareness levels in Chicago in just one year almost equal to markets where we've been operating for 10 years. Those are admirable results.

We have enhanced our network in both the city proper and in the surrounding areas. Also, we continue to build our distribution network and have brought on a number of authorized agents who will sell our products and services exclusively. All of this has allowed us to increase our market share in Chicago, a trend we hope to continue in 2004.

SLIDE 14 **easyedge**

Speaking of new technology, in September, we began launching **easy**edge, our data services product.

The Brew-based product offers all the traditional data services such as games, ring tones, and information services. In addition, we offer business users a modem card product.

We were not one of the first wireless providers to launch data, and this was intentional on our part. We wanted to ensure that we got the service – and its back-office support – right from the very start.

Our goal is to simplify wireless data services, providing clear, understandable products and services that ensure that customers are always satisfied and understand the value of what they receive from us, and this has served us well. Customers value and appreciate it.

We are off to a good start with easyedge and will report more on our progress when we announce our year-end operating results -- scheduled for the first week in February.

SLIDE 15 **CDMA PROGRESS**

Obviously, we could not have launched our data product without a network that supports it. That's one reason why we undertook a three-year initiative in 2002 to upgrade our network to CDMA 1XRTT. The technology also benefits our

customers – and us – in the form of improved voice capacity, quality and coverage.

As I mentioned before, the build-out is going smoothly. We've completed the upgrade in most of our markets, with the Northwest and mid-Atlantic states remaining, and they are targeted for conversion this year.

In terms of the cost, we spent about $50 million in 2003 on CDMA. That would bring the total spent to date to $265 million. We have benefited from attractive equipment prices and so are below plan at this point in our spending.

We expect to complete the upgrade project this year, and anticipate 2004 spending to approximate $120 to $145 million to do so. We will update you each quarter regarding our progress.

SLIDE 16 **WNP**

Before wrapping up the discussion of U.S. Cellular with our outlook for 2003, I'll update you on how we're doing with wireless number portability.

We were well prepared for WNP to take effect on November 24. We had spent about $50 million over two years to ensure that the infrastructure to support WNP was in place and that our associates were well trained.

We have been promoting an aggressive retention program in our core markets. For instance, like other companies, we have been targeting customers that are coming off contract within the next six months. In our newer markets such as Chicago, Omaha or South Bend and Ft. Wayne, Indiana, we have put an aggressive acquisition program in place designed to attract those customers who want to switch providers.

Furthermore, with our exceptional customer service, excellent network and convenient broad distribution network, our customer base is a satisfied one – as evidenced by our low 1.6% churn rate. So why switch carriers if you are already receiving outstanding customer service?

So it was no surprise to us that all of our systems performed well on November 24. We had no major issues with respect to porting numbers. Our stores were somewhat busier than usual but not inordinately so. It's difficult to say if this was due to WNP or the holiday season, but we can report that to date, we've had more port-ins than port-outs, and the process surrounding porting appears to be improving.

SLIDE 17 **USM 2003 OUTLOOK**

Moving to 2003 guidance, this slide shows you the guidance we gave during our conference call for the third-quarter results.

We announced then that we were lowering our net add target somewhat to a range of 450,000 to 475,000. We made this revision as a result of the dip in gross adds we experienced in the third quarter. We did not, however, change our service revenue or CAPX guidance. Since depreciation was running a little lower, we lowered our depreciation guidance by $10 million and increased our operating income target by $10 million.

SLIDE 18 **TED CARLSON SLIDE**

I'll now turn the podium over to Ted Carlson, who will discuss the wireline side of TDS, as well as commenting on some of TDS's recent corporate initiatives.

Ted…

TED CARLSON:
Thank you, Ken. I'd like to reiterate Ken's thanks to Mike and his team for inviting us to present today. Now that you've heard from Ken about U.S. Cellular, let me briefly give you an overview of TDS as a whole and then I'll discuss TDS Telecom, our wireline operation.

SLIDE 19 **TDS OVERVIEW**
TDS is a diversified telecommunications company founded in 1969. Our 82% owned wireless business, U.S. Cellular, is also publicly traded. In addition, we have a wireline business, TDS Telecom, which started as an ILEC and subsequently added CLEC operations. You've heard from Ken on U.S. Cellular; I will focus my comments today primarily on our wireline operations.

SLIDE 20 **TDS OVERVIEW MAP**
This map shows TDS as it is today. U.S. Cellular's markets are in blue. 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.

SLIDE 21 **TDS TELECOM MAP**
Turning now to our wireline business, TDS Telecom was founded in 1969 as a local exchange carrier in southern Wisconsin. The company has both ILEC and CLEC operations, with the blue areas on the map representing our ILEC and the green our CLEC operations.

SLIDE 22 **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 and the remaining 25% suburban. Our ILEC customer mix is roughly 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 23 **TDS METROCOM**
On the CLEC side, TDS Telecom has two CLEC businesses, 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, with no UNE-P, which means that all the recent discussions and concerns regarding UNE-P do not apply to TDS Metrocom. It has seven switches in three states, with 260,200 access lines, 17,600 DSL lines and 11,500 ISP accounts.

SLIDE 25 **TDS METROCOM MAP**
This map shows you the TDS Metrocom markets with operations in Wisconsin, Illinois and Michigan.

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, 56% of Metrocom's customers are commercial and 44% are residential.

SLIDE 24 **USLINK**

Like Metrocom, US Link also has a targeted strategy of aiming for the small- and medium-business market. However, its customer mix is more commercially focused, with 81% of its customer base commercial and 19% residential.

Unlike Metrocom, USLink uses a combination of owned and leased facilities. It is currently 29% on-switch and has a little over 39,000 UNE-P lines. However, we are gradually migrating USLink to the on-switch model and anticipate increasing the percentage on-switch in 2004 and beyond.

SLIDE 26 **USLINK MAP**

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

SLIDE 27 **STRATEGIC INITIATIVES**

In terms of our ILEC strategy, TDS Telecom is focused on growing and protecting its business by building customer loyalty. The company does this through its strong local presence, as well as by offering competitively priced, high-quality services.

Our growth strategy at the ILEC is based on balance and sustainability - seeking profitable growth where growth makes sense from a business point of view. We use a clustering approach - evident from our most recent acquisitions of two New Hampshire telephone companies in 2002, as well as the purchase of Chorus Communications in Wisconsin in 2001.

On the CLEC side, the company is working to aggressively grow the businesses, expanding into carefully chosen markets near existing clusters of our 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.

DSL, our high-speed data service, is also doing very well. At the end of the third quarter, ILEC DSL accounts totaled 19,300, which was up 138% from a year ago. TDS Telecom has made significant headway in extending DSL service into new markets. And at the end of the third quarter, our ILEC operations offered DSL in 50 of its markets, which covered more than 63% of its access lines. Metrocom services an additional 18,000 DSL lines.

SLIDE 28 **STRATEGIC INITIATIVES (CONT.)**

TDS Telecom has strong governmental relationships at both the federal and state level. These relationships do not develop overnight; they take years to develop. We will continue to maintain and foster these relationships to champion our position with respect to favorable regulatory treatment.

And, needless to say, we are looking at opportunities to be more efficient and reduce our cost structure. As an example, our CLEC leverages the existing ILEC management and process infrastructures - sharing resources in the "back-

office" areas of billing, engineering, regulatory and other operating functions. This leveraging of resources generates significant economies of scale, and it also enables Metrocom to focus most of its people's energies on marketing, selling and serving the customer – critical for a start-up operation.

SLIDE 29 **NEW INITIATIVES**

TDS Telecom, like the rest of the wireline industry, is facing increasing competition from other areas, such as wireless substitution, cable modems and more recently Voice Over IP.

The company is working to combat these competitive threats 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 the Total Talk product has been very encouraging to date. Other bundled options being offered include various DSL, dial-up Internet service, local and long distance combinations. We are also looking to offer larger minute plans as part of these bundles.

In addition to bundled services, TDS is working to combat cable competition with a satellite entertainment package that it offers through its long-standing relationship with DISH Network. TDS Telecom's approach here is also very targeted. It promotes this product along with TDS Internet services in most markets, including those 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, with 25,000 dish customers at the end of the third quarter.

Another initiative is TDS Accelerator, an add-on to the TDS ISP product. It increases download speeds by up to five times and is designed for customers who are interested in a high-speed connection but not ready to purchase DSL. We market it as an inexpensive alternative to a "high-speed" connection. We have rolled it out in all of our ISP markets. The take rate has been good, with only limited marketing costs.

SLIDE 30 **TDS TELECOM 3RD QUARTER HIGHLIGHTS**

TDS Telecom's results for the third quarter were solid. At the ILEC, revenues grew 4% and operating income increased 2%. Access line equivalents grew 1%, primarily as a result of strong DSL sales and movement of business lines to high capacity circuits. The CLEC operation also had a solid quarter. Revenues were up 16% and the operating loss improved by 42%. This was the third consecutive quarter of positive operating income before depreciation and amortization at the CLEC.

SLIDE 31 **TDS 2003 OUTLOOK**

This slide presents the guidance we gave during our third quarter conference call.

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

Capital spending at the ILEC is targeted at approximately $130 million. CLEC capital spending is expected to be approximately $30 million.

The guidance has remained pretty much unchanged since the beginning of

2003, with only minor positive changes to the CLEC guidance.

SLIDE 32 **TDS FINANCIAL OBJECTIVES**

Let me briefly highlight here our overall financial objectives at TDS. 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 10 to 15 percent compound annual revenue growth over five years, an aggressive goal in this day and age.

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 return on capital 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. 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.

SLIDE 33 **DEBT RATINGS**

And finally, we are committed to maintaining our strong credit ratings. Both TDS and US Cellular are investment grade, and are several levels above the investment grade threshold. TDS and US Cellular are both rated A- by Standard & Poors and by Fitch. Moody's has both companies at Baa1.

In an effort to maintain our investment-grade rating, TDS redeemed $71 million of its medium-term notes in June and July of last year, and $300 million of its Trust Originated Preferred Securities, or TOPrS – a form of long-term obligation – in September.

SLIDE 34 **STOCK REPURCHASE**

Moving to our stock repurchase plan, in February of 2003, 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.

As of September 30, TDS has repurchased nearly 1.4 million shares.

We actively pursued the repurchase program in the fourth quarter and plan to continue doing so in 2004, depending of course on market conditions. We believe that TDS stock represents an attractive value in today's market, and so we intend to continue repurchasing the stock, as part of our commitment to improve shareholder returns.

SLIDE 35 **TDS: EXCELLENT PROSPECTS**

We have successfully navigated a weak economy and a challenging telecommunications industry -- not an easy task. And we remain confident going forward that we have positioned TDS to capitalize on what appears to be an economic turnaround in the U.S.

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 any of our companies.

SLIDE 36 **RECONCILIATION OF ADDITIONAL DISCLOSURES**

SLIDE 37 **TITLE SLIDE**