TED CARLSON
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SLIDE 1 **TITLE SLIDE (INTRO)**

Good morning. It's a pleasure to be able to join you today. I'd like to thank Ric Prentiss and Frank Louthan and their teams at Raymond James for giving us the opportunity to discuss TDS and U.S. Cellular with you.

Also with me today is Mark Steinkrauss, vice president of Corporate Relations at TDS. Mark and I would be happy to answer any questions you may have after my comments, time permitting, and in the breakout session to follow.

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 the filings with the SEC.

SLIDE 3 **TDS OVERVIEW**

TDS is a diversified telecommunications company founded in 1969. Our 82% owned wireless business, U.S. Cellular, is also publicly traded. It makes up 75% of our revenue base at TDS. In addition, we have a wireline business, TDS Telecom, which started as an incumbent local exchange carrier and subsequently added competitive local exchange carrier operations.

SLIDE 4 **TDS OVERVIEW MAP**

This is TDS today, a map many of you are quite familiar with. U.S. Cellular's markets are in blue. TDS Telecom's ILEC operations are in red, and its CLEC operations are in green.

SLIDE 5 **U.S. CELLULAR OVERVIEW**

U.S. Cellular is the eighth largest wireless provider in the U.S., serving nearly 4.4 million customers. U.S. Cellular's strategy revolves around satisfying its customers. It's a successful strategy, as evidenced by the company's low 1.4% postpay churn rate at year-end – and that was not an aberration.

SLIDE 6 **POSTPAY CHURN**

The churn rate has been – and continues to be – low as well as steady, despite the introduction of wireless number portability in November. This slide , which shows post pay churn by year since 1998, says it all. Keep in mind that U.S. Cellular is 97% post pay. Admirable performance I feel.

SLIDE 7 **U.S. CELLULAR MAP**

This map shows U.S. Cellular's footprint today. Before discussing some of the strategic initiatives the company has undertaken recently, I'll highlight the key components of U.S. Cellular's strategy.

SLIDE 8 **U.S. CELLULAR STRATEGY**

First, U.S. Cellular has positioned itself as a **regional carrier** focused on profitable growth, with particular emphasis on its Midwest markets.

Second, the company differentiates itself from the competition with **exceptional customer service**, whether in the form of the high caliber of service its associates deliver, its high-quality, reliable network, or the various calling plans and products the company offers.

The U.S. Cellular network has almost 4,200 cell sites, more than 500 of which it added in 2003. The company uses third-party tests to regularly assess the competitiveness of its network, focused on key metrics such as blocked or dropped calls, overall network availability and coverage superiority. U.S. Cellular consistently ranks within the top three providers in terms of its network service. And while proud of these results, U.S. Cellular continuously works to improve the network, because it knows that customer expectations keep rising, and its strategy is based on being the best in meeting those rising expectations.

As with its network, U.S. Cellular's distribution strategy is broad-based, with 2,300 outlets conveniently located for customers. A strong dealer network has both exclusive and non-exclusive dealers, and over the last several years, U.S. Cellular has aggressively grown and strengthened its exclusive-dealer channel. Exclusive dealer outlets offer U.S. Cellular's award-winning service as well as the company's programmed phones and ancillary products. The success of the exclusive dealer outlet was very evident in the Chicago market in 2003 as 85% of gross adds from dealers came from U.S. Cellular exclusive dealers.

The **third** component of U.S. Cellular's strategy is a three-year initiative to **upgrade the network technology** to CDMA1X in all of its markets. This effort, which I'll discuss shortly, is ahead of plan and below cost.

And **fourth**, U.S. Cellular is focused on **strengthening its footprint**, building on existing markets and exiting those that do not necessarily complement the company's regional focus. The acquisition of the Chicago market in 2002 is an example of this strategy as are two transactions with AT&T Wireless in 2003. I'll also discuss these developments momentarily.

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

SLIDE 9 **2003 FINANCIAL HIGHLIGHTS**

Before addressing U.S. Cellular's various initiatives and achievements, I'd like to provide brief highlights of their 2003 results.

U. S. Cellular's operating revenues grew 17% to $2.6 billion, with service revenues increasing 16%. Average retail revenue per user – the portion of its service revenue we can most influence – grew 3 percent year-over-year, with the average minutes of local use per customer increasing 29 percent. And the addition of 447,000 new customers in 2003 increased the customer base by 7%, so that at year-end, U.S. Cellular served a total of 4.4 million customers which is net 141,000 customers that transferred to AWE in the Florida/Georgia exchange.

Operating expenses for the year totaled $2.4 billion, up 26% over 2002. The higher expenses relate to costs associated with integrating and building the Chicago operations as well as to a 47% increase to depreciation, amortization and accretion expenses. A $48 million loss on sale and exchange of properties also impacted the results. Operating income before depreciation, amortization and the loss on sale grew 2% year-over-year.

SLIDE 10 **RECENT ACCOMPLISHMENTS**

As you can see, U.S. Cellular has been very busy. I'll briefly highlight some of these accomplishments, and then discuss some of the others in greater detail.

Last month, U.S. Cellular completed the sale of its South Texas markets to AT&T Wireless.

In February, U.S. Cellular repaid the $105 million intercompany loan it had arranged with TDS in 2002 to help finance its acquisition of the Chicago market. The loan carried an 8.1% annual interest rate. U.S. Cellular repaid the loan with funds from its $700 million revolving credit facility, which it amended and increased in December of last year. At the same time, it terminated its other credit facility that was due to expire this year, effectively consolidating the two revolvers.

In November of last year, U.S. Cellular completed a $444 million note offering. The financing was done to term out much of its short-term debt into long-term 30-year debt at an attractive rate. The offer went well and was substantively over-subscribed.

SLIDE 11 **STRENGTHENING THE FOOTPRINT**

At this point, I'll turn the focus to one of the components of U.S. Cellular's strategy, strengthening its competitive footprint.

SLIDE 12 **SALE OF SOUTH TEXAS**

U.S. Cellular's sale in February of its South Texas markets to AT&T Wireless is in line with its stated strategy of exiting markets that are not strategic to the company's long-term success. South Texas is a smaller market and it is not contiguous to any of U.S. Cellular's other, more well-established markets.

SLIDE 13 **SALE OF SOUTH TEXAS MAP**

The red section on this map shows the divested markets. U.S. Cellular will use the $98 million in proceeds to pay down debt and for other corporate purposes.

SLIDE 14 **USM & AWE PROPERTY EXCHANGE**

In August of last year, U.S. Cellular completed the first tranche of its property exchange with AT&T Wireless. The company acquired 5.9 million incremental contiguous pops and 3.9 million overlap pops in that initial tranche.

SLIDE 15 **AWE EXCHANGE MAP**

The red areas on the map represent the markets already acquired. In exchange, U.S. Cellular divested its northern Florida and Georgia properties shown in orange.

The green areas show those properties which have not yet been delivered to U.S. Cellular.
The company is taking the acquired properties in tranches because of the FCC build-out requirements on some of the markets.

In addition, the company's engineering team has their hands full upgrading its network and building out several of the new markets acquired in August.

Those markets include Oklahoma City; Portland, Maine; Lincoln, Nebraska and some of the Missouri markets. The company is hoping to begin commercial operations in the new markets sometime in 2004, depending on build-out progress.

SLIDE 16 **CHICAGO UPDATE**

U.S. Cellular acquired the Chicago market in August 2002. As you can see from the maps we've shown, Chicago is an excellent fit for the company. It is the hub of the Midwest and is a popular calling and traveling destination for many of U.S. Cellular's Midwest customers.

While U.S. Cellular does not break out results for individual markets, they are doing very well in building brand awareness for the Chicago market. In fact, awareness surveys show that U.S. Cellular has achieved name awareness levels in Chicago in just one year almost equal to markets where the company has been operating for 10 years. Those are admirable results.

Further, U.S. Cellular has enhanced its network in the market and continues to build its distribution network there. Together, these efforts have worked to increase U.S. Cellular's market share in Chicago, a trend it hopes to continue this year.

SLIDE 17 **easyedge**

One of U.S. Cellular's goals in 2003 was to introduce data-services products that would be well received. Last September it did just that, launching **easy**edge.

The Brew-based product offers all the traditional data services such as games, ring tones, and information services – 125 applications at this point, and growing. In addition, the company offers business users a modem-card product.

U.S. Cellular was not one of the first wireless providers to launch data. This was intentional on its part. U.S Cellular wanted to ensure that it got the service – and its back-office support – right from the very start.

U.S. Cellular's 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 the company, and this has served it well. Customers value and appreciate this attention to detail and service.

To date, we've had very positive reaction from our customers. **Easy**edge is now available in all of our CDMA 1X markets, which represent about 80% of our serviced population. Downloads are running at twice the level we anticipated. And, a surprising percentage of customers have opted for the high-end $10.95 virtually unlimited plan vs. the $5.95, or pay-as-you-go plans. It is still too early to draw any firm conclusions, but we seem to be off to a good start.

SLIDE 18 **CDMA PROGRESS**

Obviously, U.S. Cellular could not have launched the data product without a network that supports it. That's one reason why the company undertook a three-year initiative in 2002 to upgrade its network to CDMA 1X. The technology benefits both customers and the company in the form of improved voice capacity, quality and coverage.

The build-out is going very well. The upgrade has been completed in most of U.S. Cellular's markets, with the Northwest and mid-Atlantic states targeted for conversion this year.

In terms of the cost, U.S. Cellular spent about $50 million in 2003 on CDMA. That would bring the total spent to date to $265 million – below plan, as the company has benefited from attractive equipment prices.

U.S. Cellular expects to complete the upgrade this year and anticipates spending approximately $125 million to do so.

SLIDE 19 **WNP**

Before wrapping up the discussion of U.S. Cellular with the 2004 guidance, a brief note on number portability.

U.S. Cellular was well prepared for WNP. It had dedicated about $50 million over two years to ensure that the infrastructure to support WNP was in place and that its associates were well trained to manage the many logistics involved. So the company was ready and on time.

Our systems performed well and most of the industry interoperability issues have been resolved. To date there has not been much of an effect on our business but we'll wait and see how the issue plays out during the year. Our on-going focus or customer satisfaction is paying off. We have been and remain a net recipient of ports with port-ins running favorable by a margin of about 3 to 2.

SLIDE 20 **USM 2003 OUTLOOK**

Moving to 2004 guidance, U.S. Cellular announced its guidance for the year on the fourth-quarter call in February. It is important to note because the company is currently building out four new markets, our guidance is for those markets currently in operation with the exception of capital spending which includes some spending for the new markets.

With this in mind, then, the company projects service revenues of approximately $2.5 billion for the year on net additions in a range of 325,000 to 350,000. It expects operating income to range between $210 and $250 million, with depreciation and amortization of approximately $470 to $490 million. Capital expenditure guidance, which *does* include spending for the market build-outs, is expected to be between $610 to $630 million for the year.

SLIDE 21 **TDS TELECOM MAP**

Turning now to our wireline business, TDS Telecom has both ILEC and CLEC operations. The blue areas represent the ILEC operations and the green shows the CLEC operations.

SLIDE 22 **TDS TELECOM – ILEC**

TDS Telecom is the seventh largest ILEC in the country. It has rural-company status in almost all of its ILEC markets, of which approximately 75% are rural and the remaining 25% suburban. The ILEC customer mix is roughly 78% residential and 22% commercial, mostly small businesses.

Because of TDS Telecom's focus on customer satisfaction, it encounters minimal CLEC activity in its ILEC markets. In addition, compared to other independent ILECs, its targeted 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 it offers customers.

SLIDE 23 **CLEC MAP**

TDS Telecom also has a CLEC business, TDS Metrocom. It drives much of the growth at TDS Telecom.

TDS Metrocom was launched in 1998. It is about 85% on-switch and that percentage should increase to 90% or so by year end.

SLIDE 24 **CLEC OPERATIONS**

It conducts business in five states: Wisconsin, Illinois, Michigan, Minnesota, and a small piece of North Dakota. It has 365,000 access lines, 20,100 DSL lines and 22,200 ISP accounts.

TDS Telecom's CLEC approach is very targeted. It works toward high penetration in carefully selected markets -- mostly small urban, suburban and urban-fringe markets. Metrocom aims for the smaller to mid-size business customers and "communications-intensive" residential customers. Currently, 63% of Metrocom's customers are commercial and 37% are residential.

SLIDE 25 **STRATEGIC INITIATIVES**

In terms of the 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.

The growth strategy at the ILEC is based on balance and sustainability - seeking profitable growth where growth makes good business sense. The ILEC uses a clustering approach - evident from its most recent acquisitions of two New Hampshire telephone companies in 2002 and the purchase of Chorus Communications in Wisconsin in 2001. All of the added properties were contiguous or close to an existing exchange.

On the CLEC side, the company is working to aggressively grow the business, deepening penetration in existing markets and expanding into carefully chosen markets near existing clusters of its operations. TDS Metrocom has chosen to stay principally in the 5-state footprint of one RBOC - SBC. This eliminates many of the complexities of the provisioning process, expediting the process of turning on service for new customers, which in turn helps Metrocom achieve high customer satisfaction levels.

TDS Telecom is committed to offering new products and service customers want. DSL, its high-speed data service, is doing very well and is offered at both the ILEC and CLEC. In 2003, total lines grew 109%, and the company intends to improve its penetration by introducing it to 14 new markets in the first half of this year.

SLIDE 26 **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. TDS Telecom is committed to maintaining and fostering these relationships to champion its position with respect to favorable regulatory treatment.

And, needless to say, TDS Telecom is looking at opportunities to be more efficient and reduce its cost structure. Leveraging the existing ILEC management and process infrastructures to help support the CLEC is one example – the two operations share resources in the "back-office" areas of billing, engineering, regulatory and other operating functions. This generates significant economies of scale, and at the same time allows Metrocom to focus its energy on marketing, selling and serving the customer – critical for a start-up operation.

In addition, last year TDS Telecom adopted a voluntary employee retirement

incentive program. This voluntary program is expected to save the company several million dollars a year, without jeopardizing any of the company's service initiatives.

SLIDE 27 **NEW INITIATIVES**

Like the rest of the wireline industry, TDS Telecom is facing increasing competition from other areas, such as wireless substitution, cable modems and possibly, in the future, 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, and 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 year.

Another initiative is TDS Accelerator, an add-on to the TDS ISP product. Designed for customers who are interested in a high-speed connection but not ready to purchase DSL, the product increases download speeds up to five times but is less expensive than DSL. The take rate for this high-speed alternative has been good, with only limited marketing costs.

TDS Telecom is also actively considering VOIP and other new technologies such as fiber-to-the-premises. Currently the company is conducting a technical trial for VOIP to better understand the merits of the technology in our markets. TDS Telecom is also assessing the capital intensive fiber-to-the-premises technology. However, given the primarily rural nature of many of its markets, this technology is not as appropriate as it is for those carriers whose customers are primarily in metropolitan areas.

SLIDE 28 **TDS TELECOM 2003 HIGHLIGHTS**

Moving now to TDS Telecom's operating results for 2003, it had a good year.

Total operating revenues increased 8%, aided in great part by the growth of the CLEC operations, whose revenues grew 21% for the year. The CLEC operation reached a milestone in 2003 as its operating income before depreciation and amortization turned positive for the first time since they started operations. TDS Telecom's total operating income grew 42%.

And while many of the Regional Bell Operating Companies saw a decline in access line growth, TDS Telecom's equivalent access lines grew for both its ILEC and CLEC operations – 1.5% for the ILEC and 25% for the CLEC.

SLIDE 29 **TDS 2004 OUTLOOK**

This slide presents the guidance given for TDS Telecom during our fourth-quarter conference call.

Revenues are expected to fall in the range of $640 to $650 million for the ILEC. For the fast-growing CLEC revenues should approximate $250 to $260 million.

Capital spending at the ILEC is targeted at approximately $105 million and $45 million at the CLEC.

SLIDE 30 **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. First 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. 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.
All of our businesses are committed to making steady progress toward achieving these goals.

Another financial objective is generating a return for our shareholders that exceeds the return of comparable companies in the telecommuni-cations industry over the long term. Again, we are working steadily toward that objective, as our solid operating performance, increased dividend and the stock repurchase program attest. In 2003, TDS share price increased 35% while U.S. Cellular's shares price was up 42%, exceeding the performance of the S&P 500.

SLIDE 31 **DEBT RATINGS**

And finally, we are committed to maintaining our strong credit ratings. Both TDS and US Cellular are several levels above the investment grade threshold.

In an effort to maintain our investment-grade rating, TDS redeemed $71 million of its medium-term notes and its $300 million Trust Originated Preferred Securities, or TOPrS – a form of long-term obligation – in 2003. This eliminated $31 million in interest.

SLIDE 32 **STOCK REPURCHASE**

Moving to our stock repurchase plan, last year 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.

At the end of 2003, TDS had repurchased nearly 2 million shares.

We plan to continue the buyback program in 2004, depending on market conditions, as part of our commitment to improve shareholder returns.

SLIDE 33 **TDS: EXCELLENT PROSPECTS**

We have successfully navigated a downturn in the economy and now seeing strong signs of economic recovery. That's encouraging. Recently, we saw the first meaningful step toward industry consolidation and that is encouraging as well. We are very confident going forward that we have positioned TDS to capitalize on what appears to be an economic turnaround in the U.S. as well some industry consolidation.

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

And now, I'd be happy to answer any questions you may have about any of our companies.

SLIDE 34 **RECON. OF ADDITIONAL DISCLOSURES**

SLIDE 35 **TITLE SLIDE (END)**