TDS 2005 Annual Meeting
LEROY T. CARLSON, JR. – President and Chief Executive Officer
SANDRA L. HELTON – Executive Vice President and CFO
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Chicago, Illinois

LEROY T. CARLSON, JR.:

SLIDE 1 **INTRODUCTION**

Good morning and thank you for joining us at the 2005 annual meeting of TDS shareholders.

SLIDE 2 **OVERVIEW**

I am pleased to report that 2004 was another good year for TDS, marked by many achievements and impressive results. Our business units continued to deliver on their strategies and improve their competitive positions. TDS also took steps to sustain the company's financial strength and to improve the returns it provides to shareholders. And the company remains focused on driving long-term profitable growth.

Today, I'd like to share with you highlights of how U.S. Cellular and TDS Telecom are delivering on their successful customer-satisfaction strategies. Sandy Helton will then discuss our financial results as well as several of our corporate initiatives designed to strengthen the company's financial position.

SLIDE 3 **SAFE HARBOR**

Because we will be discussing future aspects of the company, please review these Safe Harbor provisions, which also appear on our website with the slides and webcast of today's meeting.

SLIDE 4 **TDS IN TODAY'S INDUSTRY ENVIRONMENT**

Today's communications industry presents many opportunities – and also challenges. Those companies that are strong, nimble and innovative see opportunities even in the challenges. U.S. Cellular and TDS Telecom are both such companies, and their strategies and leadership position them to maximize the many opportunities present in today's evolving communications environment, paving the way for even stronger futures. As we shall see, both companies are making excellent progress.

One of the reasons for the continued success of both U.S. Cellular and TDS Telecom is that their strategies are directed toward customer satisfaction. Both companies continually strive to make the customer experience the best it can be, whether in terms of the services and calling plans offered, the high quality of the infrastructure over which the businesses provide service, the convenience and effectiveness of sales distribution points, or the superb caliber of service that customers receive from sales and customer service representatives.

Satisfied customers are the most effective ways to build the business. They tell other people about their experiences, and those third-party endorsements are the best form of advertisement there is.

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

Let me begin with U.S. Cellular. Its focus on customer satisfaction allows it to also take advantage of the opportunities available to wireless companies today and going forward.

U.S. Cellular's strategy consists of three components: first, providing an

exceptional customer experience.

SLIDE 6 **U.S. CELLULAR STRATEGY (cont'd)**

Second, **positioning the company as a super-regional carrier**…

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

… with an emphasis on clusters of markets, including the Midwest markets, which account for more than 60% of U.S. Cellular's customers. The company is **strengthening its geographic footprint**, adding to its existing markets and exiting those that do not necessarily complement its clustered markets.

SLIDE 8 **U.S. CELLULAR STRATEGY (cont'd)**

The third strategic element is **ensuring** a **high-quality network** that supports the services its customers want and value.

SLIDE 9 **TAPPING INTO AREAS OF OPPORTUNITY**

U.S. Cellular's overall strategy superbly enables it to take advantage of the growth opportunities today's wireless environment presents. In many of the markets U.S. Cellular serves, the **penetration** rate is only 55 to 60%. This provides opportunities for the company to further grow its customer base, as the nation moves toward 80% penetration, a level already achieved in several other advanced countries.

Furthermore, the steps it is taking to strengthen its regional footprints enable it to tap into new markets. U.S. Cellular has launched service in 12 new markets, most of them in the Midwest, since 2002, when it acquired the Chicago market. These provide the potential for even greater growth, as U.S. Cellular increases its market penetration.

Another growth opportunity in the wireless arena is **data services**. Again, U.S. Cellular is well situated to take advantage of this opportunity. It has considerably enhanced its popular **easy**edge[SM] suite of wireless services since launching them in late 2003. And the completion last year of the company's network upgrade to CDMA 1X technology means that U.S. Cellular can now offer popular data service offerings in ***all*** of its markets.

Data services are one of the many success stories for U.S. Cellular and are a major source of revenue growth. Customer take rates for the data service offerings have been above expectations. Revenue for all of U.S. Cellular's data services increased three-fold in 2004 to $67 million and represented 2.5% of service revenue. And the growth continues. In the first quarter of 2005, data revenue almost tripled from the previous year to a level representing 4.3% of service revenue.

SLIDE 10 **EASYEDGE[SM] ENHANCEMENTS**

Contributing to the growth of U.S. Cellular's data services are the enhancements U.S. Cellular made to its **easy**edge service offerings. In 2004, it added Picture Messaging as well as **nWeb**, a service that enables customers to surf the Web from their cellphones. More recently, in March of this year, U.S. Cellular introduced AOL Instant Messenger[TM], another service it expects to be very popular, particularly among the youth segment. The company is also in the process of enabling intercarrier messaging so that U.S. Cellular customers can send picture messages to cellphones operated by other wireless carriers and vice versa.

And **easy**edge enhancements will continue this year – U.S. Cellular plans to enable "data roaming" so customers can access data services when outside of U.S. Cellular's service areas, as well as adding video messaging to its

Picture Messaging service later this year.

SLIDE 11 **U.S. CELLULAR INITIATIVES: *Customer Service***

In addition to the enhancements it has made to **easy**edge, U.S. Cellular is working to make its customers' experiences with the company even better than before. For example, the company is planning to launch "Speed Talk", its Push-to-Talk service, later this year.

As the number of customers grows, the company needs to work diligently to maintain its superb customer service levels. That's why U.S. Cellular is expanding and enhancing its Knoxville, Tennessee call center and also opening a new call center in the metro Chicago area this year, in Bolingbrook, Illinois. These actions ensure that customers continue to receive the high level of service they have come to expect from U.S. Cellular.

SLIDE 12 **CONSUMERS UNION REPORT**

All of these initiatives support the first component of U.S. Cellular's strategy -- providing **exceptional customer experiences**. U.S. Cellular continues to excel in this regard.

A recent Consumers Union report on the customer complaint rates of major wireless carriers showed that, according to FCC data, U.S. Cellular ranked the best by far in terms of fewest complaints per million customers. This is indeed a tremendous confirmation of U.S. Cellular's customer-satisfaction results.

SLIDE 13 **POSTPAY CHURN**

U.S. Cellular's customer **churn rate** is another proof of the effectiveness of its focus on customer satisfaction. U.S. Cellular's average post-pay churn rate was only 1.5 percent per month in 2004, one of the lowest in the industry. This achievement is impressive considering that wireless number portability took effect in all of U.S. Cellular's markets last May.

In large part due to its treating customers well, U.S. Cellular set a customer growth record for the company in 2004, adding 627,000 net new customers. And the company recently marked a major milestone when it surpassed the 5 million customer mark in the first quarter. These are outstanding achievements of which U.S. Cellular associates can be justifiably proud.

SLIDE 14 **BEHIND U.S. CELLULAR'S SUCCESS: *Committed Associates***

U.S. Cellular has long been known for its attention to its customers and the excellent experience it provides its customers. Committed U.S. Cellular associates are at the heart of the this reputation for excellence. As an example, in the company's most recent **associate survey**, more than 80% of associates indicated that serving customers is their highest priority, and they indicated that they are proud of what the company is accomplishing – important results, since motivated, enthusiastic associates are much more likely to satisfy customers.

SLIDE 15 **U.S. CELLULAR ACCOMPLISHMENTS: *Footprint***

Moving now to U.S. Cellular's focus on **strengthening its footprint** through strong regional clusters, the company made substantial progress in 2004. U.S. Cellular launched service in three new markets during the year – Oklahoma City, Lincoln, Nebraska and Portland, Maine – and each is doing well.

The company also devoted a considerable amount of effort toward constructing the network to enable the launch of service this year in St. Louis,

which is planned to occur in the third quarter.

U.S. Cellular also divested a few isolated markets and several small wireless investment interests that were no longer strategic to its competitive positioning, using the proceeds to support the development of its more tightly clustered footprint and for other corporate purposes.

SLIDE 16 **MAP**

This map shows these divested markets, as well as the wireless licenses Carroll Wireless won when it bid in an FCC auction in February.

SLIDE 17 **AUCTION 58**

Carroll Wireless is a partnership in which U.S. Cellular is a limited partner and it was the successful bidder for 17 licenses in the auction for a total of $130 million. All of the licenses complement U.S. Cellular's existing footprint.

SLIDE 18 **U.S. CELLULAR FIELD**

U.S. Cellular continues to make significant strides in the Chicago market, where it launched service in November of 2002. Brand awareness is growing, which is helping drive growth through customer additions. Helping build awareness for the company is **U.S. Cellular Field**, home of the Chicago White Sox. U.S. Cellular's investment in the naming rights is paying off in terms of tremendous publicity. The White Sox are doing extremely well this year, so Chicago market fans and others are hearing a lot about the team's success at "U.S. Cellular Field" on radio and television. U.S. Cellular's market share in Chicago has grown over last year, and bad debt rates for the market are improving.

SLIDE 19 **U.S. CELLULAR ACCOMPLISHMENTS: Network**

U.S. Cellular completed its three-year company-wide network technology upgrade to CDMA 1X technology. **CDMA 1X** provides better call quality, wider geographic coverage and larger voice capacity.

U.S. Cellular's networks continue to be recognized as typically one of the highest quality networks in the markets the company serves. Respected third-party drive-test organizations routinely rank U.S. Cellular's networks at the top in its markets. And in November of last year, U.S. Cellular's network in Chicago received very positive attention when it was featured as Chicago's best network in a special report broadcast by one of the city's major television networks, based on their own drive-test results.

SLIDE 20 **EVDO TRIALS**

U.S. Cellular is not resting on its laurels. It is constantly working to ensure that its network will deliver the services its customers want and value. That's one reason that U.S. Cellular has been conducting technical trials for **EVDO**, the next generation advanced wireless technology that will provide even higher speed data connections.

The technical trials have been successful so far, and U.S. Cellular is now beginning the process of evaluating EVDO from a business perspective, assessing the availability of services that would make use of the higher speeds, and of course, analyzing the potential returns on any large-scale investments. The company's current plans are to continue technical tests in 2005, with potential service tests in 2006. Widespread deployment is not expected until EVDO Release A is available, late in 2006 or early in 2007.

SLIDE 21 **U.S. CELLULAR 2005 FOCUS**

U.S. Cellular has four major goals in 2005:

- First, to continue developing a solid position in the 12 new markets it has launched over the past three years, aiming for increased market share.
- Second, to successfully launch commercial service in St. Louis in the third quarter.
- Third, to continue to develop and enhance its **easy**edge line of data services, and
- Fourth, to sustain its low churn rate and very high level of customer satisfaction.

All of these efforts should in turn drive profitable growth for the company.

SLIDE 22 **TDS TELECOM MAP**

Moving now to the wireline side of TDS…

SLIDE 23 **TDS TELECOM'S OVERALL STRATEGY**

Our business unit TDS Telecom is also focused on satisfying the communications needs and desires of its customers now and in the future. TDS Telecom is well known for meeting customers' needs for local wireline service. It is now positioning itself to also be the preferred provider of broadband services in the markets it serves.

TDS Telcom's strong reputation for excellence and value gives the company a competitive advantage in the ever-changing wireline environment. Customers know from experience that they can rely on TDS Telecom to provide very high-quality services in a customer-friendly way.

SLIDE 24 **FORTIFYING AND DEVELOPING EXISTING MARKETS**

That is why one of the major areas of focus at TDS Telecom is to provide a robust triple-play offering of voice, data and entertainment. TDS Telecom currently offers a triple-play option, including an agency relationship, with EchoStar, a direct broadcast satellite provider. TDS Telecom also wants to be able to offer a triple-play option over its own network in those geographic areas where doing so is feasible and makes good business sense.

Toward that objective, TDS Telecom in 2004 began to build facilities to enable fiber-to-the-premises in three markets. Two of these trials involve fiber build-outs and the third is a combination of FTTP and ADSL2+, an advanced form of DSL with greater bandwidth. The trial variations address the need to determine the most effective use of new technologies – an important consideration, given the varying geographic make up of TDS Telecom's markets, as well as differing customer needs. TDS Telecom plans to begin offering triple-play services in two of the trial markets later this year.
The company is also considering how to best deploy Voice over Internet Protocol, or VoIP. One possibility is to deploy the technology to serve markets outside of TDS Telecom's traditional geographic serving areas. TDS Telecom is conducting several technical trials of VoIP. These include a hosted VoIP service offering targeted at commercial customers, as well as a combination VoIP-fixed wireless offering.

SLIDE 25 **DSL – SUCCESSFUL GROWTH DRIVER FOR TDS TELECOM**

Of course, DSL high-speed data service is already in place at TDS Telecom and doing very well at both the ILEC and the CLEC. Although a lower-margin business at this point in its life cycle, DSL is proving to be a successful growth driver for the company, with strong and growing demand for the service.

It has been so successful, in fact, that in TDS Telecom's ILEC markets that offer DSL, its share of the high-speed data market surpassed that of the cable companies at the end of the year. This milestone, which is based on survey results of a third-party firm, shows that TSD Telecom is succeeding in its goal of being the preferred broadband provider in the markets it serves.

At year end, TDS Telecom had a total of 71,000 DSL customers, 42,000 of which were in the ILEC. Demand remained strong in the first quarter, with DSL customers growing 81% year-over year at the ILEC and 39% at the CLEC.

TDS Telecom continues to improve its high-speed service offerings, investing in equipping more of the company's service territories for DSL, and offering customers even higher-speed DSL services. At the end of the first quarter of 2004, more than one-third of the ILEC's residential high-speed data customers had 1.5 megabit service compared to only 1% a year ago.

SLIDE 26 **LONG-DISTANCE AND BUNDLING**

An additional growth driver for TDS Telecom's ILEC is long distance service. The company continues to work for greater penetration of its own brand of long-distance service through effective cross-selling and by offering big-minute plans. At the end of the year, residential penetration for TDS Telecom's long-distance brand was 50%, and that grew to 51% in the first quarter of this year.

An important aspect of TDS Telecom's overall strategy is enhancing its existing services, with the goal of increasing their penetration and profitability levels. One way the company is doing this is by offering customers the ability to customize the services they receive through bundling options. For example, TDS Telecom offers a product called "Total Talk" in 26 of the 28 states in which it operates. Total Talk is a one-price service alternative built around large-minute long distance plans with the ability to bundle 3 to 4 additional calling features. The acceptance for Total Talk has been good.

Customers can also build bundles around DSL and other popular services such as call waiting and call forwarding. Bundling tends to enhance customer satisfaction – and as a result it also helps to retain existing customers and to attract new ones.

SLIDE 27 **TDS METROCOM**

TDS Metrocom, which is TDS Telecom's competitive local exchange carrier operation, also did well in 2004, showing solid growth, as Sandy will discuss shortly. Affecting the CLEC's performance, however, was a change in 2004 in the rules governing the cost of network access for CLECs. The rule changes will also restrict the future ability to access various Regional Bell Operating Company fiber network elements. We believe these rule changes are not in accord with the overall purpose of the 1996 Telecommunications Act, the purpose of which is to promote more competition.

TDS Metrocom is better positioned than many CLECs in regard to the changes, because 89% of its access lines are on its own switching facilities. However, because the rulings impact TDS Metrocom's cost and revenue prospects, it has adjusted certain elements of its strategy. For example, TDS Metrocom is putting more focus on second and third-tier markets, and is putting more emphasis on business customers.

SLIDE 28 **TDS METROCOM'S STRATEGY**

TDS Metrocom's strategy aims to provide excellent customer service, and it is succeeding in this regard. Independent customer satisfaction surveys continue to rank TDS Metrocom as number 1 or 2 in the markets it serves, and this has helped it maintain a low churn level.

TDS Metrocom is also striving for deep penetration in its markets, as this allows it to offer data services in a cost-effective manner, leveraging economies of scale.

High-speed data, combined with voice, is a service package that is an important part of TDS Metrocom's customer-satisfaction approach.

SLIDE 29 **TDS TELECOM 2005 FOCUS**

Looking ahead, TDS Telecom is building on the steady progress it made in 2004, focusing on five main areas in 2005:

- First, TDS Telecom will continue to position itself as the preferred provider of voice and broadband in its markets. Its leadership will be enhanced through the planned launch of video services in two of its fiber-to-the-premises trial markets.
- Second, TDS Telecom will work to achieve even greater high-speed data penetration and market share.
- Third, TDS Telecom plans to aggressively grow TDS Metrocom's customer base and market penetration.
- Fourth, TDS Telecom will continue to make significant internal process and productivity improvements. And
- Fifth, it will promote public policy that protects ILEC universal service and that provides a level playing field for TDS Metrocom with RBOC competitors.

SLIDE 30 **TDS APPRECIATES YOUR SUPPORT**

You can see from these highlights that TDS Telecom and U.S. Cellular have made great progress. They are doing very well through their focus on satisfying customers.

These noteworthy achievements depend on the associates and employees of U.S. Cellular, TDS Telecom – including TDS Metrocom – and TDS Corporate who have worked so thoughtfully and diligently this past year to ensure the company's continued success.

We also want to thank each of our customers. They have encouraged others to join us, and we are committed to delivering on their high expectations.

We also thank you, our shareholders and our suppliers of debt capital; we appreciate your continued loyalty and support that provides the financial capacity to build the business.

Through all of your continuing efforts and support, TDS will work to become an even stronger company than it is today –positioned for success going forward and well able to take advantage of the opportunities – and challenges – of the future.

And now Sandy Helton will discuss the company's financial results, as well as share with you progress on TDS's financial objectives and several important corporate initiatives. Sandy …

SANDRA L. HELTON:

SLIDE 31 **INTRODUCTION SLIDE**

Thank you, Ted. Good morning, everyone. It's a pleasure to be with you today to discuss TDS's financial progress. 2004 was a good year for the company – not only from the perspective of delivering on our strategic objectives, as you have heard just now from Ted – but also from the financial standpoint.

Today I'll provide a brief overview of our financial results, starting with our five-year performance, moving to 2004 results and finally our first-quarter performance. I'll then review TDS's financial objectives and the progress we have made on these objectives. Following that I will discuss the ways we strengthened the company's financial position in 2004 and briefly highlight our progress with Sarbanes-Oxley compliance. I will conclude with our focus for 2005.

Before proceeding further, I will mention at this point that I will be discussing certain financial metrics that are not standard to generally accepted accounting practices, or GAAP, as the practices are often referenced. Reconciliations of non-GAAP financial measures to their GAAP counterparts are provided on the slides that follow my remarks. These slides are available on our website, along with the webcast of the entire meeting.

SLIDE 32 **FIVE-YEAR TRACK RECORD**

Moving now to our results, TDS has done very well driving revenue growth over the five-year period that ended December 31, 2004. Our compound annual revenue growth for this five-year period was 12%, well within our targeted 10-15% growth rate range. This is an admirable achievement given the highly competitive environment of the wireless segment of the industry and the slowing growth environment on the wireline side.

Earnings before interest, taxes, depreciation and amortization for the five-year period – which I will refer to hereafter as 'operating cash flow' – increased 7% for the same five-year period. Our operating cash flow performance trails revenue growth due mainly to the effect of the acquisition and build-out of new markets at U.S. Cellular.

SLIDE 33 **TDS RESULTS - 2004**

Turning to last year's results, our performance was marked by solid operating results. Consolidated operating revenues grew 8% year over year to $3.7 billion; excluding the U.S. Cellular markets that were included in 2004 operations, operating revenues grew 12%. Operating cash flow increased 3% to $995 million.

SLIDE 34 **2004 FINANCIAL HIGHLIGHTS – U.S. CELLULAR**

At U.S. Cellular, a record 627,000 net new customers helped drive a 9% increase in service revenues for the year. Its operating cash flow growth [of 3%] trailed service revenue growth due to the high costs associated with the new market launches, plus aggressive marketing and equipment subsidies for new and existing customers across its markets.

SLIDE 35 **2004 FINANCIAL HIGHLIGHTS – TDS TELECOM**

TDS Telecom's operating revenues grew 2%, with revenues at the ILEC up 1% and at the CLEC up 7%. Of note is that the ILEC access line equivalents grew 1% during the year, and the ILEC maintained its residential primary access line levels from the previous year. This is impressive given the decline in access lines experienced by many in the wireline segment of the industry. CLEC equivalent access lines increased 17% for the year.

Operating income at TDS Telecom for the year was negatively affected by non-cash impairment charges at the CLEC. An asset impairment review was occasioned by regulatory changes and price increases for Regional Bell Operating Company facilities in several states where the CLEC operates, and the heightened competitive pressures Ted mentioned. Excluding these unusual charges of $117 million, operating income at TDS Telecom grew 4%, driven by attention to costs at both the ILEC and CLEC and significant growth of DSL and long-distance services at the ILEC.

It should be noted, however, that while the ILEC has continued to do exceptionally well growing these service segments, at this point in their life cycles, both DSL and long-distance carry below average profitability. TDS Telecom's operating cash flow, which excludes the unusual charges, grew 4% year over year.

SLIDE 36 **TDS RESULTS – 2004: CAPITAL EXPENDITURES**

In terms of capital expenditures, total spending for TDS increased 3%. U.S. Cellular spent $655 million for the year, a 3.5% increase over 2003 spending. Most of U.S. Cellular's capital spending for the year related to the build out and improvement of its network – U.S. Cellular added 840 cell sites during 2004, almost 350 more than were added in 2003, and the 2004 cell site adds included the majority of the network needed for the St. Louis launch.

These improvements supported U.S. Cellular's large increase in customers and minutes of use during the year.

Capital expenditures at TDS Telecom totaled $138 million for the year.

SLIDE 37 **TDS RESULTS – 1ST QUARTER 2005**

Moving to the first quarter of 2005, TDS and U.S. Cellular both started the year off on a very positive note, reporting strong first-quarter results just a week ago. The first quarter performance was solid for TDS as a whole, and particularly strong for U.S. Cellular, which posted continued excellent net add performance.

TDS consolidated operating revenues grew 7% year-over-year in the first quarter, driven primarily by strong customer growth at U.S. Cellular, as well as continued steady performance at TDS Telecom. Affecting the quarter's results were the divestitures of several U.S. Cellular markets which contributed $11.9 million to operating revenues in the first quarter of 2004. Excluding the impact of the divested markets, organic revenue growth was 8%.

Operating cash flow, which excludes depreciation, amortization and accretion, as well as the 2004 gain on assets held for sale, also grew 7% year-over-year to $244 million.

So it was a good quarter for TDS, and the start of what we expect to be

another good year.

SLIDE 38 **TDS FINANCIAL OBJECTIVES**

Our ultimate aim at TDS is to generate profitable growth and build shareholder value, while maintaining financial strength and flexibility.

Toward achieving that goal, we have four objectives. First, we want to achieve a compound annual revenue growth over a five-year period in a range of 10 to 15%. Our performance is in line with this objective – as I mentioned earlier, we achieved a 12% compound annual growth rate for the five years ended December 31, 2004.

But profitable growth involves more than revenue growth. It also entails generating a return on capital greater than the weighted average cost of capital for each business, which is our second objective. We must constantly strive to deploy capital in the company in the most effective manner. Therefore, our second financial objective is to earn a return that is greater than the cost of that capital, which for the ILEC business is approximately 9.5%, ranges between 14 and 16% for the CLEC business, and ranges between 11 and 12% for U.S. Cellular.

The ILEC business successfully achieved its ROC target again this year, a significant accomplishment, and it remains focused on maintaining a strong ROC while pursuing new revenue streams. Achieving its ROC will be challenging, as the ILEC steps up its capital spending with video trials and other technology initiatives.

U.S. Cellular had made considerable strides in improving its ROC prior to deciding to reposition its footprint for future growth. Before it began launching new markets, including Chicago, it had improved its ROC to approximately 8% from 5.5% in 1998. We expect the new market launches to enhance profitability in the future as well as to propel growth. While U.S. Cellular remains committed to delivering returns greater than its cost of capital, given the high level of investment in growing its business over the last several years, it is not surprising that U.S. Cellular is not currently achieving its ROC target.

Our third financial objective is to generate a return for our shareholders that exceeds the return of comparable companies in the telecom industry.

We increased our annual dividend 6% in 2004 – and another 6% this year. 2005 marks the 31st consecutive year of annual dividend increases, and we hope to be able to continue to increase the dividend going forward.

SLIDE 39 **TDS STOCK PRICE**

In addition to the dividend increase, TDS's stock price appreciated significantly in 2004, growing 23% and outperforming both the S&P 500 and the Dow Jones Industrial Average. Relative to the telecom peer group, TDS's stock price appreciated at levels in line with the average performance of our peers in 2004.

While we realize that the stock price is driven by market dynamics, almost all of which are beyond our ability to influence, ultimately the stock price reflects the company's operating and financial performance, which is why we are focused on profitable growth and return on capital.

SLIDE 40 **TDS SPECIAL COMMON SHARES**

Moving now to a TDS initiative designed to increase shareholder value, last month at a special meeting, TDS shareholders approved a proposal to increase the number of authorized special common shares of TDS stock.

On May 13, there will be a stock dividend distribution of the special common shares to TDS stockholders of record as of April 29. Shareholders will receive one share of special common stock for each share of TDS common and Series A stock. This distribution is tax-free for federal income tax purposes to TDS shareholders.

Increasing the number of special common shares provides TDS with greater strategic and financial flexibility. We have indicated that TDS may at some point in the future offer some of the special common shares to acquire the 18 percent of the U.S. Cellular stock that TDS does not currently own. Such a transaction would simplify our capital structure, benefiting our shareholders. Whether TDS completes the transaction depends upon market conditions, and at present there is no set time frame for the transaction. Should it occur, we do not foresee it having any effect on U.S. Cellular's day-to-day operations.

SLIDE 41 **DEBT RATINGS … INVESTMENT GRADE**

Our fourth and final financial objective is to maintain a strong investment grade, A- credit rating. We believe a strong investment-grade rating allows us favorable access to the capital markets.

SLIDE 42 **FINANCING INITIATIVES – 2004**

In line with our commitment to keeping TDS financially strong, we have built upon the progress in improving our debt structure, which we reported on last year. Over the last year or so, we have continued our re-financing activities, which are designed to further strengthen TDS's balance sheet and provide the company with financial flexibility and ample liquidity.

And as you can see from this slide, we have been busy! Taking advantage of the lower interest-rate environment in 2004, we issued $433 million in long-term debt at U.S. Cellular, which we used to redeem $413 million of U.S. Cellular debt, including $163 million of convertible debt, eliminating potential dilution. In addition to locking in favorable interest rates, these transactions lengthened debt maturities and provided flexibility with call provisions.

We also amended both TDS's and U.S. Cellular's revolving credit facilities, extending them by two years to the end of 2009, and improving terms and costs of the borrowing facilities.

So far this year, we have prepaid an additional $17.2 million of TDS medium-term notes. In March, TDS Telecom prepaid $105 million in government loans, with proceeds from a $116 million TDS debt offering. This refinancing allowed us to reduce the effective cost of debt, and lengthened the maturity from less than 10 years to 40 years.

In addition to a solid debt structure, the company has almost $2.4 billion of liquidity from cash and unused lines of credit, which gives us added financial flexibility to pursue business opportunities that may arise. So I'm sure you will agree that we have made considerable progress on our goal of maintaining a strong balance sheet.

SLIDE 43 **SARBANES-OXLEY UPDATE**

At this point, I would like to update you on the progress we made in 2004 on complying with Section 404 of the Sarbanes-Oxley Act of 2002, or SOX 404, as it is commonly known.

For those of you who may not be familiar with SOX 404, the SEC requires

the senior officers of publicly traded companies and their independent auditors to attest at year end to the quality of their company's internal controls. Last year was the first year this requirement was in effect.

As a result of the hard work on the part of many TDS and U.S. Cellular employees, I am very pleased to report that we were in full compliance with the SOX 404 requirements for 2004, and we remain committed to ensuring continued compliance going forward.

We take this responsibility very seriously, just as we have always taken our responsibility for the accuracy, completeness and transparency of our financial statements very seriously. And while the effort involved in meeting the SOX 404 requirements was considerable, we fully support the principle behind the Act, because it is in complete alignment with our commitment at TDS to financial integrity. Furthermore, SOX 404 has provided us the opportunity to improve our financial and operational processes and controls – improvements that will benefit the company going forward.

SLIDE 44 **2005 F0CUS**

In 2005 we continue to focus on meeting our long-term financial objectives I outlined previously.

As always, we will work in concert with our business units in delivering upon their strategies and achieving their business plans. All of us work collaboratively to continuously improve the customer experience and effect efficiencies, which ultimately drives shareholder value.
Finally, we remain focused on developing and supporting our people. Helping them to further build on their skills and knowledge paves the way for even greater contributions toward the company's goals – as well as making their experience with TDS even more beneficial and meaningful.

These efforts should translate into greater long-term returns for you, our shareholders, our customers and our employees.

SLIDE 45 **TDS: EXCELLENT PROSPECTS**

We are excited about the prospects for TDS going forward. We believe the company is very well positioned. We have excellent management teams with targeted strategies at the business units. We are focused on profitable growth and long-term value creation. We're strong financially and we have very capable, committed employees. In addition, we are fortunate to have the continued support of our stock and debt holders, and for that we thank you. We look forward to meeting with you again next year to report on what we expect to be another very good year for TDS.

SLIDE 46 **FY 2004 OPERATING CASH FLOW RECONCILIATION**

SLIDE 47 **FY 2004 OPERATING REVENUE RECONCILIATION**

SLIDE 48 **1st QTR 2005 OPERATING CASH FLOW RECONCILIATION**

SLIDE 49 **1st QTR 2005 OPERATING REVENUE RECONCILIATION**

SLIDE 50 **END SLIDE**

And now, Ted and I would be happy to take any questions you might have.