



2006 Annual Meeting of Shareholders

September 12, 2006



LeRoy T. Carlson, Jr.
President and CEO
Telephone and Data Systems, Inc.

Safe Harbor

Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995: All information set forth in this presentation, except historical and factual information, represents forward-looking statements. This includes all statements about the company's plans, beliefs, estimates and expectations. These statements are based on current estimates, projections and assumptions, which involve certain risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. Important factors that may affect these forward-looking statements include, but are not limited to: The ability of U.S. Cellular to successfully manage and grow the operations of the Chicago MTA and newly launched markets; changes in the overall economy; changes in competition in the markets in which U.S. Cellular and TDS Telecom operate; changes due to industry consolidation; advances in telecommunications technology, including Voice over Internet Protocol; changes to access and pricing of unbundled network elements; changes in the state and federal telecommunications regulatory environment; changes in the value of assets; changes in the value of investments, including variable prepaid forward contracts; an adverse change in the ratings afforded TDS and U.S. Cellular debt securities by accredited ratings organizations; uncertainty of access to the capital markets; possible future restatements; pending and future litigation; acquisitions/divestitures of properties and/or licenses; and changes in customer growth rates, average monthly revenue per unit, churn rates, roaming rates and the mix of products and services offered in U.S. Cellular and TDS Telecom markets. Investors are encouraged to consider these and other risks and uncertainties that are discussed in documents filed by TDS and U.S. Cellular with the Securities and Exchange Commission.

TDS in 2005

- Solid year with significant achievements
- Improving competitive positions
- Sustaining TDS' financial strength

Customer Satisfaction

- Providing valuable services and products to customers
- Testing new offerings to ensure quality customer experience
- Maintaining high-quality network, sales distribution and customer service

Independent Surveys

- **U.S. Cellular**: “Highest Call Quality Performance Among Wireless Cell Phone Users In North Central region” in **J.D. Power and Associates’** 2006 Wireless Call Quality Performance Studysm – Volumes 1 & 2
- **U.S. Cellular**: “Highest Overall Satisfaction Among Wireless Telephone Users in North Central Region in a Tie” in **J.D. Power and Associates’** 2005 U.S. Wireless Regional Customer Satisfaction Index Studysm
- **U.S. Cellular**: Highest performance ranking of any Chicago-area carrier in ***Consumer Reports’*** 2005 cell services survey
- **TDS Telecom**: “Highest in Residential All-Distance Telephone Customer Satisfaction in the North Central Region” in **J.D. Power and Associates’** 2005 Residential All-Distance Telephone Customer Satisfaction Studysm

Strategic Objectives



- Differentiate through customer satisfaction
- Strengthen footprint opportunistically
- Compete aggressively at local level
- Improve profitability and provide returns

St. Louis



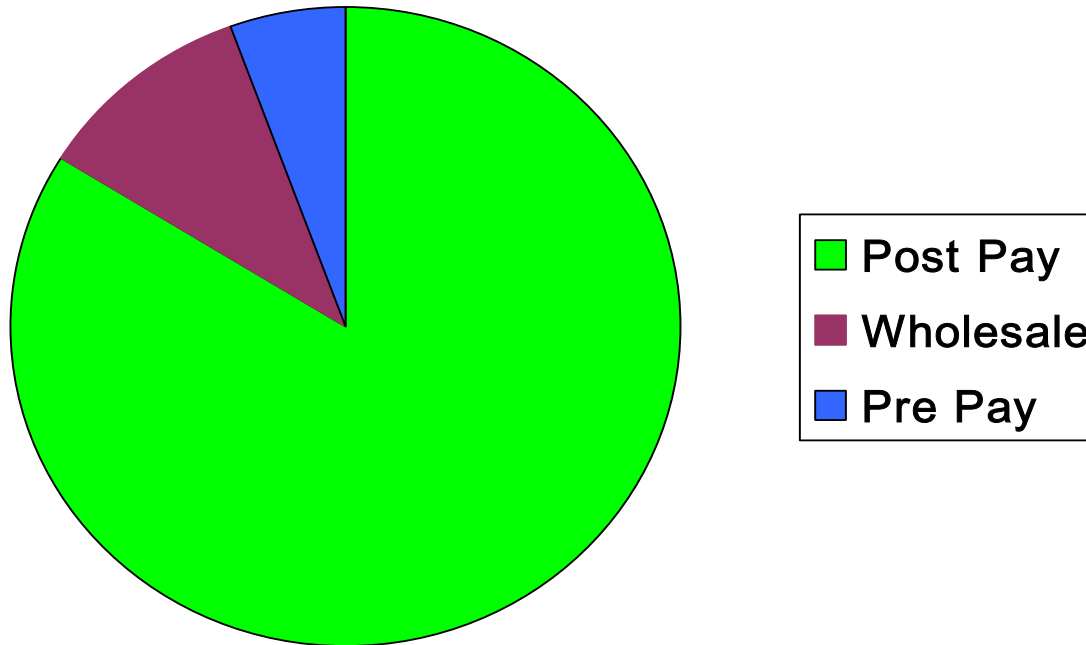
Launched July 2005

- 300 cell sites
- Consistent market launch strategy
 - Great network... "drive tested"
 - Broad distribution
 - Aggressive advertising and marketing
 - Focus on customer satisfaction
- >80% of adds are postpay

Postpay Focus

In line with customer satisfaction strategy

84% of total customers are retail postpay



Strengthening the Footprint

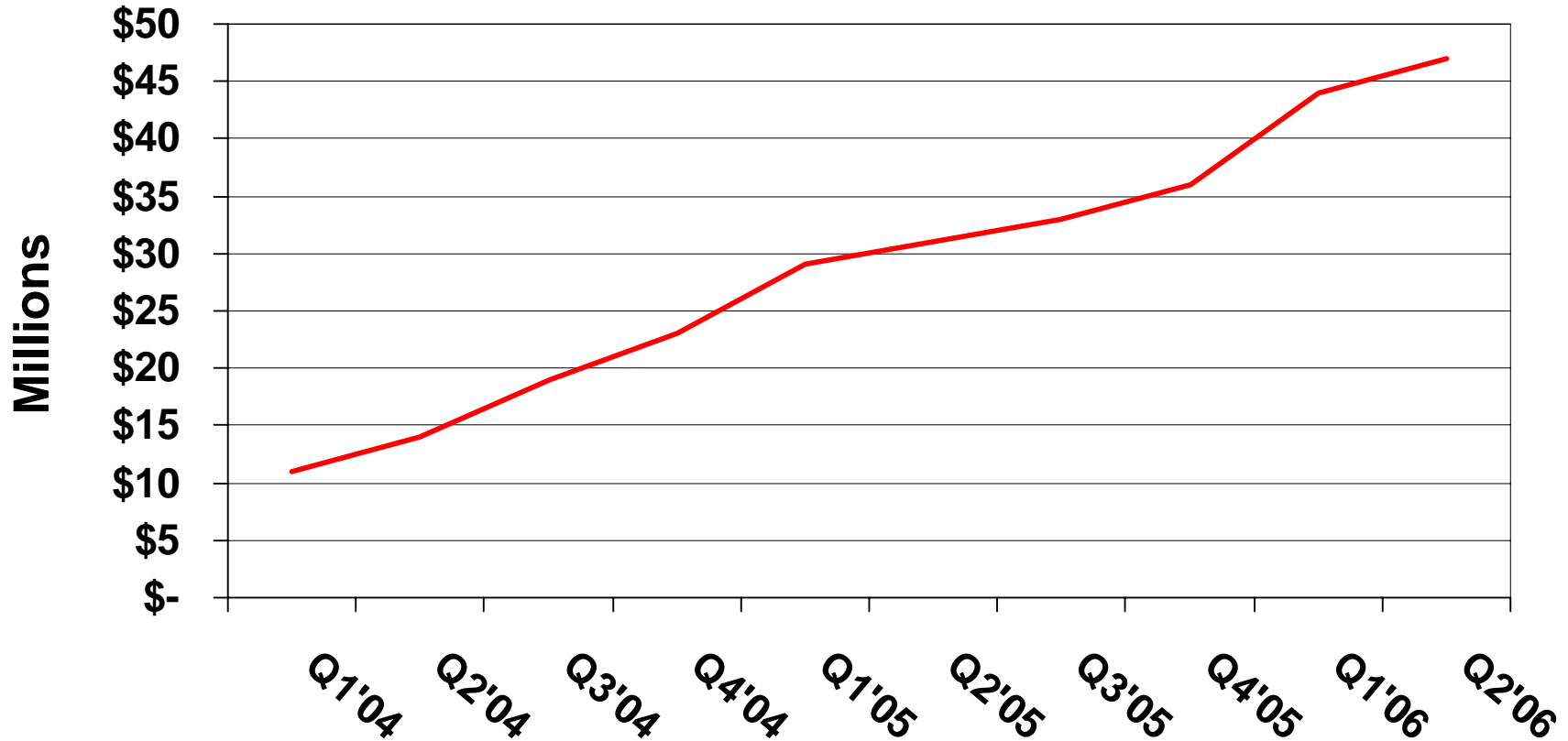
- Property exchange with Alltel – 12/05
 - 15 RSAs in Kansas and Nebraska
 - 54,000 net customers
 - 1.4 million population
- Tennessee RSA 3 – 4/06
 - Addition to Knoxville service area
- Auction 58
 - 16 spectrum licenses acquired by partner
- Auction 66
 - Participating with Barat Wireless, L.P.

New Services and Phones

Thoroughly testing new offerings ensures exceptional customer experience

- In 2005:
 - BlackBerry® Wireless Solution
 - Motorola® RAZR with Bluetooth® capability
 - New line Samsung® handsets
 - “Push-to-Talk” service

Data Services Revenues



EVDO

Bringing broadband speed to wireless phones

- Technical trial of Release 0 completed
- Marketing trial in Milwaukee
 - What services will be offered?
 - How much value does EVDO provide to customers?
 - Do the potential returns justify large investment?

Looking Forward

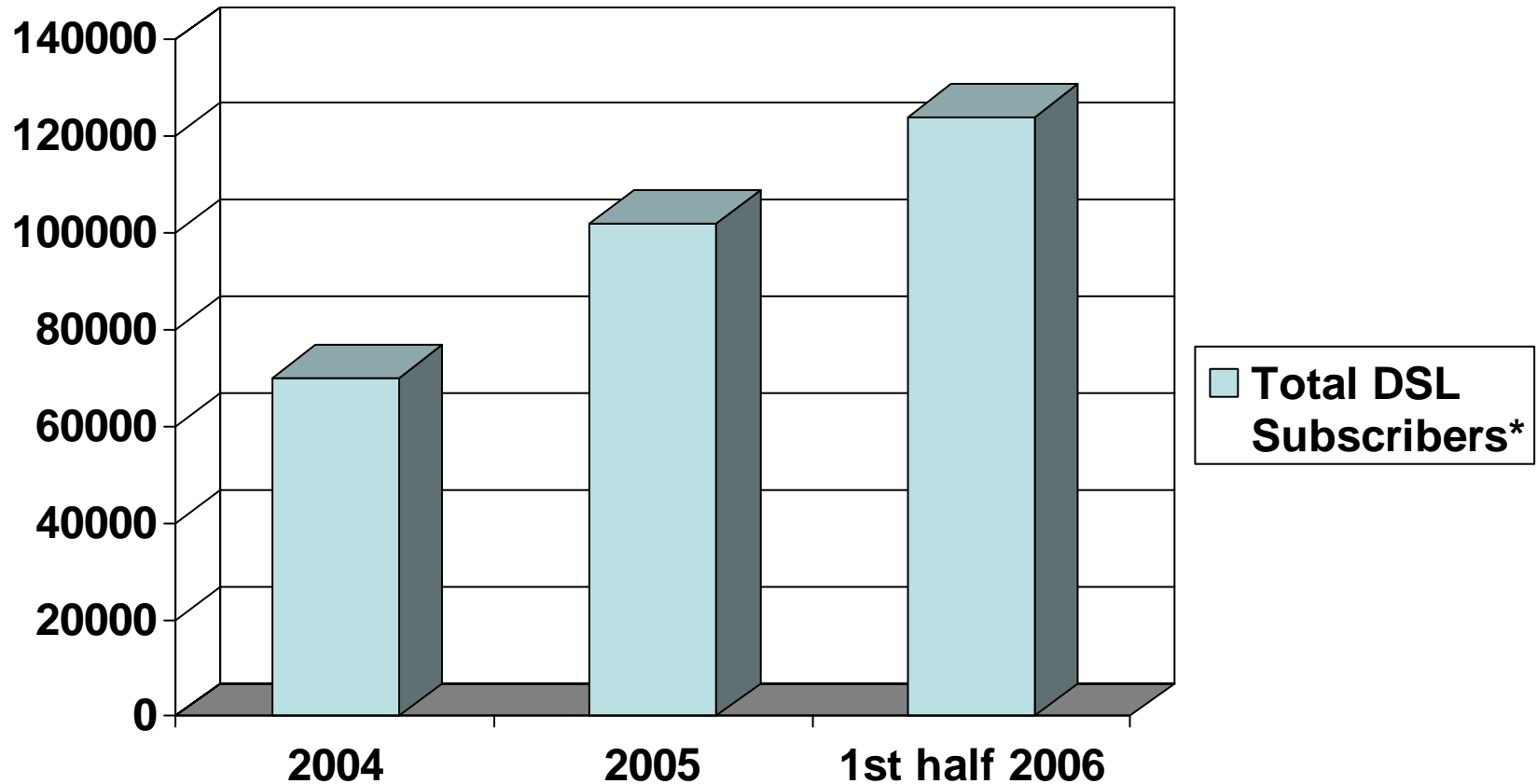
- Enhance competitive position
 - Excellent customer service
 - Quality networks
 - Broad distribution
- Offer new wide area and national calling plans
 - Local and regional consumers
 - Small/mid-size businesses
- Provide new services and devices
- Maintain focus on postpay customers

Strategic Objectives

- Sustain market leadership through customer loyalty, quality networks and customer service
- Position for long-term revenue growth
- Meet financial objectives through new services and productivity improvements

Broadband Growth

Becoming the preferred broadband provider



*ILEC and CLEC combined DSL Subscribers

Technology Trials

- Fiber to the Premise (FTTP)
 - Will enable triple-play on TDS Telecom network
 - Complete fiber build-out of new subdivision
≈3,000 homes
 - Likely to be used in “greenfield” markets
- Fiber to the Node, ADSL, VDSL and MPEG4
 - Under consideration for “brownfield” markets

Leadership and Organization Changes



- Jim Barr to step down at end of 2006
 - 16 years of leadership
 - Guiding organization through transition
- David A. Wittwer to be president and CEO
 - Current COO
 - 20 years of experience with TDS Telecom
- TDS Telecom streamlining organization
 - Combining ILEC and CLEC teams
 - Sharing resources to increase productivity

Looking Forward

- Broadband provider of choice
 - Valuable services and faster speeds
- CLEC trialing fixed wireless
 - Voice and high speed data offerings
- Increasing CLEC's penetration of SME market
- Regulatory focus on state and federal
 - Intercarrier compensation, USF, access to RBOC unbundled elements

TDS Appreciates Your Support



- Associates and employees
 - U.S. Cellular
 - TDS Telecom and TDS Metrocom
 - TDS Corporate
- U.S. Cellular and TDS Telecom customers
- Shareholders and suppliers of debt capital

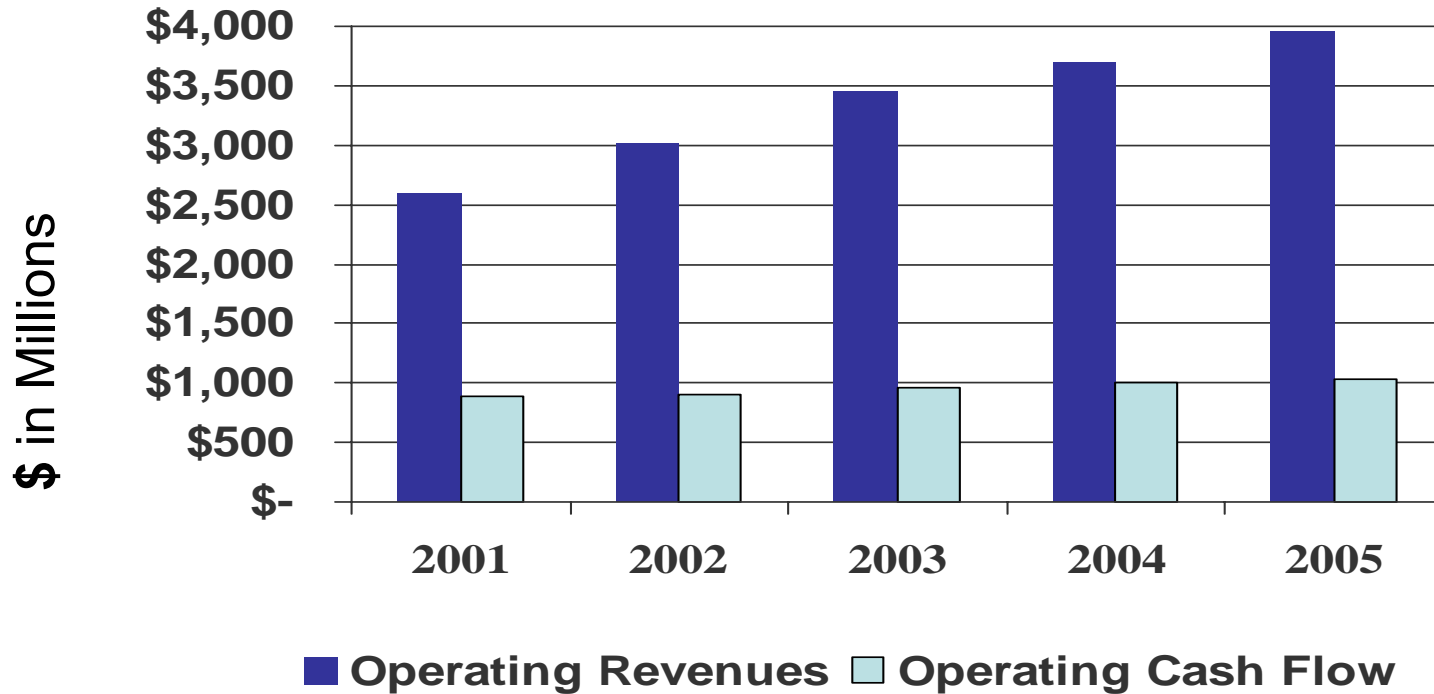


Sandra L. Helton

**Executive Vice President and CFO
Telephone and Data Systems, Inc.**

Five-Year Track Record

Year Ended December 31



12/31/05

5-year CAGR Revenue

11.21%

5-year CAGR OCF

4.71%

Consolidated Year End Results

| | <u>2005</u> | <u>2004</u> | |
|------------------|-------------|----------------------|-------|
| | | <i>(as restated)</i> | |
| Revenues | \$3,960.1 M | \$3,703.9 M | + 7% |
| Operating income | \$398.0 M | \$222.0 M* | + 79% |
| Diluted EPS | \$1.91 | \$0.57 | - - |
| OCF | 1,030.8 M | 999.3 M | + 3% |

*Includes \$117 million in non-cash asset impairment charges at TDS Telecom's CLEC

Focus on Profitable Results

Striving to deploy capital effectively

- ILEC 9% ROC in 2005
- U.S. Cellular making progress

Consolidated Q1'06 Results

| | <u>Q1'06</u> | <u>Q1'05</u> <i>(as restated)</i> | |
|------------------|--------------|--------------------------------------|-------|
| Revenues | \$1,060.3 M | \$935.8 M | + 13% |
| Operating income | \$109.1 M | \$78.8 M | + 38% |
| Diluted EPS | \$0.34 | \$0.20 | + 70% |
| OCF | \$291.8 M | \$248.6 M | + 17% |

Q1'06 Highlights

| | <u>Q1'06</u> | <u>Q1'05</u> | |
|------------------|--------------|----------------------|------|
| | | <i>(as restated)</i> | |
| Service revenues | \$770.1 M | \$ 671.6 M | +15% |
| Operating income | \$ 71.7 M | \$ 39.5 M | +81% |
| OCF | \$213.4 M | \$ 167.0 M | +28% |
| ARPU | \$46.22 | \$44.46 | + 4% |
| Data revenues | \$44.0 M | \$29.0 M | +52% |
| Net adds | 151,000 | 182,000 | |
| Churn - postpay | 1.5% | 1.5% | |
| MOU | 658 | 584 | |
| Cell sites | 5,438 | 4,899 | |



Q1'06 Highlights

ILEC

Q1'06

Q1'05

(as restated)

| | | | |
|---------------------|-----------|-----------|-----|
| Revenues | \$161.0 M | \$161.8 M | -- |
| Operating Income | \$37.4 M | \$40.6 M | -8% |
| Operating Cash Flow | \$71.0 M | \$74.8 M | -5% |

CLEC

| | | | |
|-------------------------|----------|----------|-------|
| Revenues | \$59.9 M | \$59.3 M | +1% |
| Operating income (loss) | \$1.2 M | \$(1.4)M | +181% |
| Operating Cash Flow | \$7.8 M | \$5.9 M | +33% |

Access Line Equivalents (*thousands*)

| | | | |
|------|-------|-----|-----|
| ILEC | 742.3 | 734 | +1% |
| CLEC | 449.2 | 438 | +3% |

Q2'06 Anticipated Ranges

TDS:

| | <u>Q2'06</u> | <u>Q2'05 Actual</u> <i>(as restated)</i> |
|------------------|----------------------|---|
| Revenues | \$1,060 to \$1,085 M | \$969.9 M |
| Operating income | \$ 100 to \$130 M | \$107.3 M |

U.S. Cellular:

| | <u>Q2'06</u> | <u>Q2'05 Actual</u> <i>(as restated)</i> |
|------------------|------------------|---|
| Revenues | \$835 to \$855 M | \$742 M |
| Operating income | \$70 to \$90 M | \$66.9 M |

Restatement and Remediation

- Restatement completed: 4/26/06
- 2005 Form 10-K completed: 7/28/06
- Q1'06 Form 10-Q completed: 8/25/06

Remediation

- People
 - Hiring new expertise and training employees
- Processes
 - Improving effectiveness and enabling automation
- Systems
 - Defining and developing a solid infrastructure

Improved Debt Structure

In 2005:

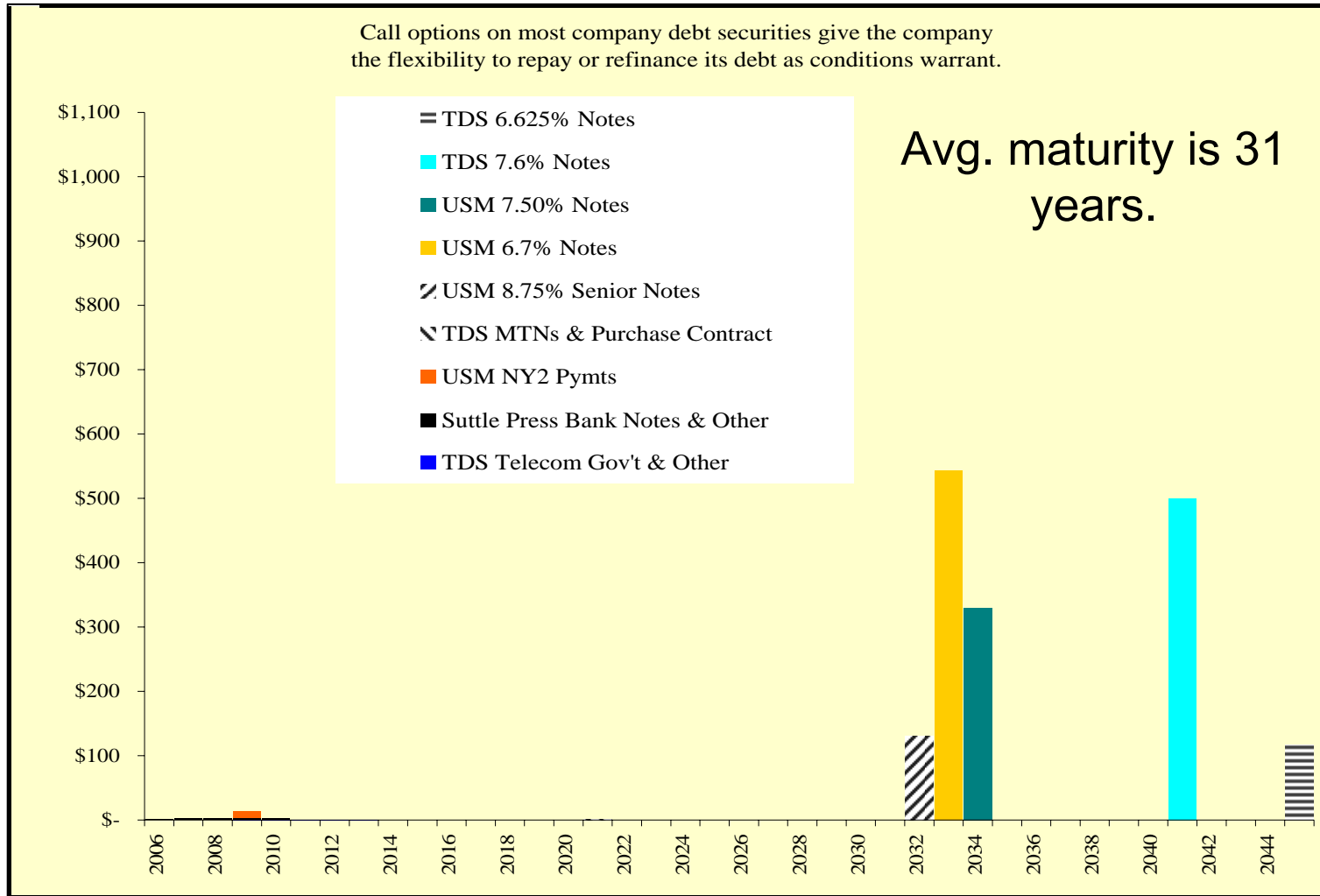
- Repaid \$233 million in RUS debt
- Sold \$116 million of 6.625% senior bonds

In 1st half of 2006:

- Repaid \$35 million of 10% medium term notes
- Retired \$200 million of 7% senior bonds

Long-term Debt Repayments

(\$ in Millions)



Liquidity

3/31/06

- Cash \$1,077 M
- Available credit facilities 1,375 M
- Total: \$2,452 M

- 2006 Dividends (estimated pre-tax)
 - DT \$120 M
 - TDS Telecom VOD \$ 7 M*
 - USM VOD \$ 43 M*
- Other (estimated pre-tax)
 - RTB stock ≈\$101.7 M
 - Midwest Wireless ≈\$114 M

*Includes special dividend of \$29 million for USM and \$4.7 million for TDS Telecom

2006 Guidance

| U.S. Cellular | Guidance as of 7/28/2006 |
|---|-------------------------------------|
| Net Retail Customer Additions | 370,000 - 400,000 |
| Service Revenues | Approx. \$3.2 billion |
| Operating Cash Flow⁽¹⁾: | |
| Operating Income | \$835 - \$885 million |
| Depreciation, Amortization & Accretion | \$250 - \$300 million |
| Operating Cash Flow | \$585 million |
| Capital Expenditures | \$835 - \$885 million |
| | \$580 - \$610 million |

(1) Operating Cash Flow as used above represents operating income before depreciation, amortization and accretion, and excludes loss on impairment of intangible assets, and (gain) loss on assets held for sale. Operating Cash Flow is not presented as an alternative measure of operating results or cash flows from operating activities as determined in accordance with accounting principles generally accepted in the United States of America. Management uses Operating Cash Flow to evaluate the operating performance of its business, and it is a measure of performance used by some investors, security analysts and others to make informed investment decisions. Operating Cash Flow is used as an analytical indicator of income generated to service debt and fund capital expenditures. In addition, multiples of current or projected Operating Cash Flow are used to estimate current or prospective enterprise value. Operating Cash Flow does not give effect to cash used for debt service requirements, and thus does not reflect funds available for investment or other discretionary uses. Operating Cash Flow as presented herein may not be comparable to similarly titled measures reported by other companies.

2006 Guidance

| TDS Telecom: ILEC | Guidance as of 7/28/2006 |
|---|-------------------------------------|
| Operating Revenues | \$645 - \$655 million |
| Operating Cash Flow⁽¹⁾: | \$280 - \$290 million |
| Operating Income | \$145 - \$155 million |
| Depreciation and amortization | \$135 million |
| Operating Cash Flow | \$280 - \$290 million |
| Capital Expenditures⁽²⁾ | \$105 - \$120 million |

| TDS Telecom: CLEC | Guidance as of 7/28/2006 |
|---|-------------------------------------|
| Operating Revenues | \$230 - \$240 million |
| Operating Cash Flow⁽¹⁾: | Approx. \$20 million |
| Operating Income (Loss) | Approx. \$(5) million |
| Depreciation and amortization | \$25 million |
| Operating Cash Flow | Approx. \$20 million |
| Capital Expenditures | Approx. \$20 million |

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(2) Includes approximately \$95 million to support ongoing operations and approximately \$15 -\$20 million for strategic initiatives.

TDS: Excellent Prospects

- Full-service provider with established wireless and wireline operations
- Strong business units
 - Well positioned in existing markets
 - Proven business strategies focused on customer satisfaction, network quality and competitive product offerings
 - Experienced management teams
- Financially strong
- Dedicated workforce of 11,500 people

Reconciliation of Additional Disclosures

For the quarter ended March 31, 2006

| Quarter Ended at March 31, 2006 | U.S. Cellular | TDS Telecom | | All Other (1) | Total |
|--|-------------------|------------------|-----------------|-----------------|-------------------|
| | | ILEC | CLEC | | |
| <i>(Dollars in thousands)</i> | | | | | |
| Operating cash flow: | | | | | |
| Operating income (loss) as reported | \$ 71,721 | \$ 37,418 | \$ 1,150 | \$ (1,204) | \$ 109,085 |
| Add: | | | | | |
| Depreciation, amortization and accretion | 141,726 | 33,576 | 6,654 | 711 | 182,667 |
| Operating cash flow | \$ 213,447 | \$ 70,994 | \$ 7,804 | \$ (493) | \$ 291,752 |

| Quarter Ended at March 31, 2005 | U.S. Cellular | TDS Telecom | | All Other (1) | Total |
|--|-------------------|------------------|-----------------|---------------|-------------------|
| | | ILEC | CLEC | | |
| <i>(Dollars in thousands; as restated)</i> | | | | | |
| Operating cash flow: | | | | | |
| Operating income (loss) as reported | \$ 39,529 | \$ 40,582 | \$ (1,422) | \$ 155 | \$ 78,844 |
| Add: | | | | | |
| Depreciation and Amortization | 127,493 | 34,264 | 7,303 | 688 | 169,748 |
| Operating cash flow | \$ 167,022 | \$ 74,846 | \$ 5,881 | \$ 843 | \$ 248,592 |

The Operating Cash Flow amounts in the tables presented above are not determined in accordance with generally accepted accounting principles (GAAP) in the United States of America. Management uses Operating Cash Flow to evaluate the operating performance of its business, and it is a measure of performance used by some investors, security analysts and others to make informed investment decisions. Operating Cash Flow is used as an analytical indicator of income generated to service debt and fund capital expenditures. In addition, multiples of current or projected Operating Cash Flow are used to estimate current or prospective enterprise value. Operating Cash Flow does not give effect to cash used for debt service requirements, and thus does not reflect funds available for investment or other discretionary uses. Operating Cash Flow as presented herein may not be comparable to similarly titled measures reported by other companies.

Reconciliation of Additional Disclosures

| | 2001 | 2002 | 2003 | 2004 | 2005 |
|---------------------------------------|-------------------|-------------------|-------------------|-------------------|---------------------|
| Operating cash flow: | | | | | |
| Operating Income (as reported) | 435,277 | 386,281 | 261,590 | 221,999 | 398,007 |
| Add: | | | | | |
| Depr/Amortization | 450,374 | 512,931 | 598,336 | 670,731 | 677,443 |
| Gains (losses) on sales of assets | | | 45,908 | (10,806) | (44,660) |
| Loss on impaired intangible assets | | | 49,595 | 29,440 | |
| Loss on long lived assets | | | 4,914 | 87,910 | |
| Operating Cash Flow | \$ 885,651 | \$ 899,212 | \$ 960,343 | \$ 999,274 | \$ 1,030,790 |

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