

Wachovia Securities

Media and Communications 2006

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May 24, 2006

Safe Harbor

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2006 Operations



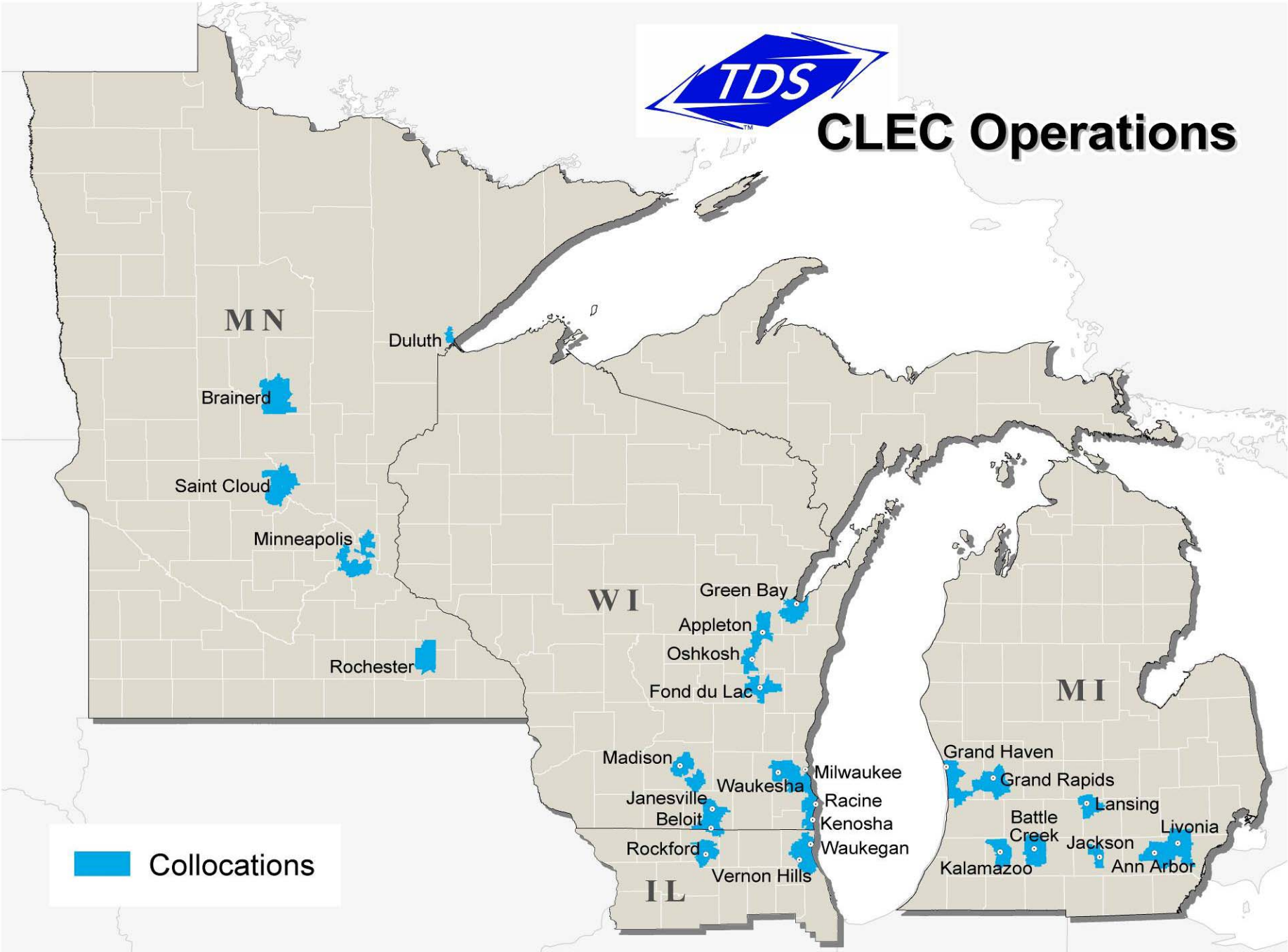
TDS Telecom - ILEC

ILEC	Number	Growth
Equivalent Access Lines	735,300	.7%
Physical Access Lines	635,500	-2.6%
DSL Customers	65,500	56.4%
Long Distance	321,454	9.0%
Long Distance Penetration	50.6%	5.4 bpts
Trailing 12 Month Revenue *	\$ 665.5	1.4%

* Operating statistics as of 12-31-05; Revenues are trailing 12 months as of September 30, 2005, (\$ in millions)



CLEC Operations



 Collocations

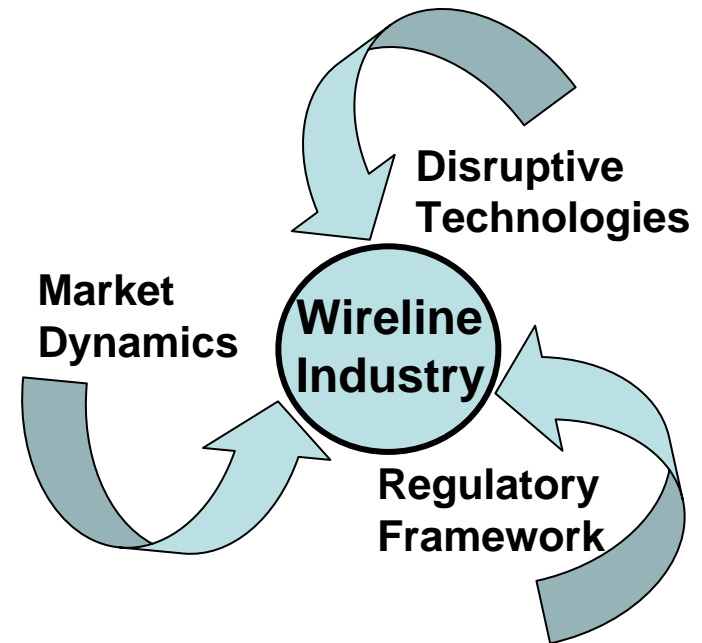
TDS Telecom - CLEC

CLEC	Number	Growth
Equivalent Access Lines	448,600	5.1%
Percent on Switch	91.1%	3.2 bpts
DSL	36,400	25.5%
Trailing 12 Month Revenue *	\$ 238.4	6.6%

* Operating statistics as of 12-31-05; Revenues are trailing 12 months as of September 30, 2005, (\$ in millions)

Industry challenges continue...

- Disruptive Technologies blurring the lines between wireline, wireless and cable
 - VoIP
 - FTTP/FTTN
 - Fixed Wireless
- Regulatory Frameworks under review
 - USF
 - Intercarrier Compensation
 - Availability of UNEs
- Market Dynamics shifting with customer demand
 - Wireless substitution
 - Aggressive pricing and bundling with new services
 - VoIP competitors
 - Broadband adoption accelerates

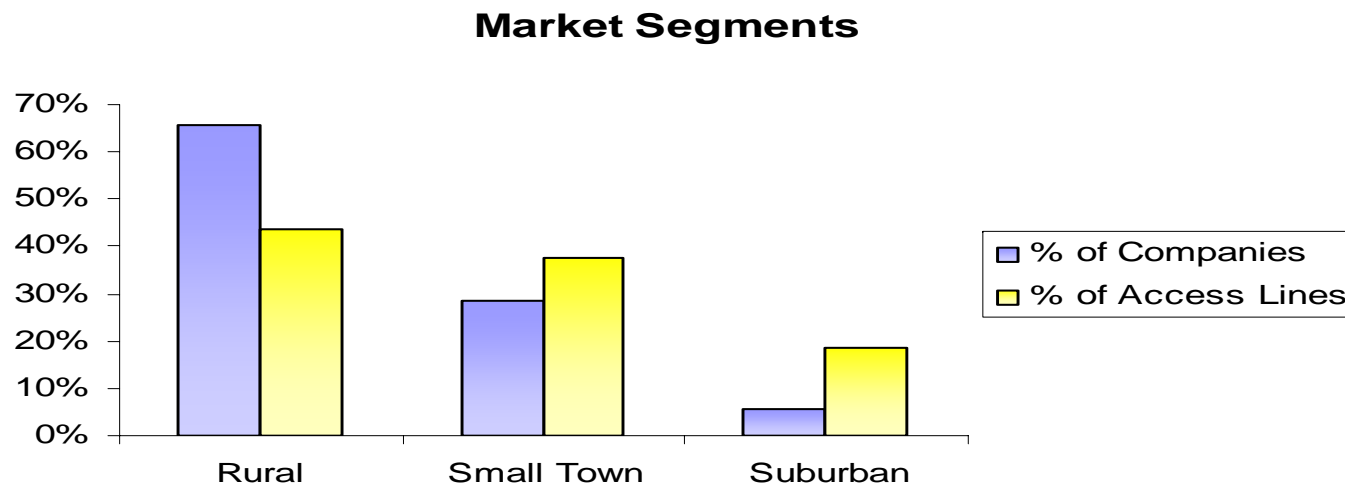


Our strategy

- Portfolio approach to markets
 - Mix of rural, semi-rural, suburban markets
 - Mitigates risk of regulatory and competitive forces
 - Regional scale moderates opex and capex
- Market fortification
 - Build and sell Broadband
 - Slow the loss of voice
 - Renew focus on commercial segment
 - Lead regulatory change
- New products & services
 - Targeted initiatives
 - Addressing voids and new opportunities
 - Trials underway or in development

Portfolio Approach to Markets

- Operate markets across spectrum from suburban to very rural
 - Urbanized markets have higher competitive intensity, but lower exposure to regulatory change
 - Rural markets benefit from regional scale by linking to suburban markets

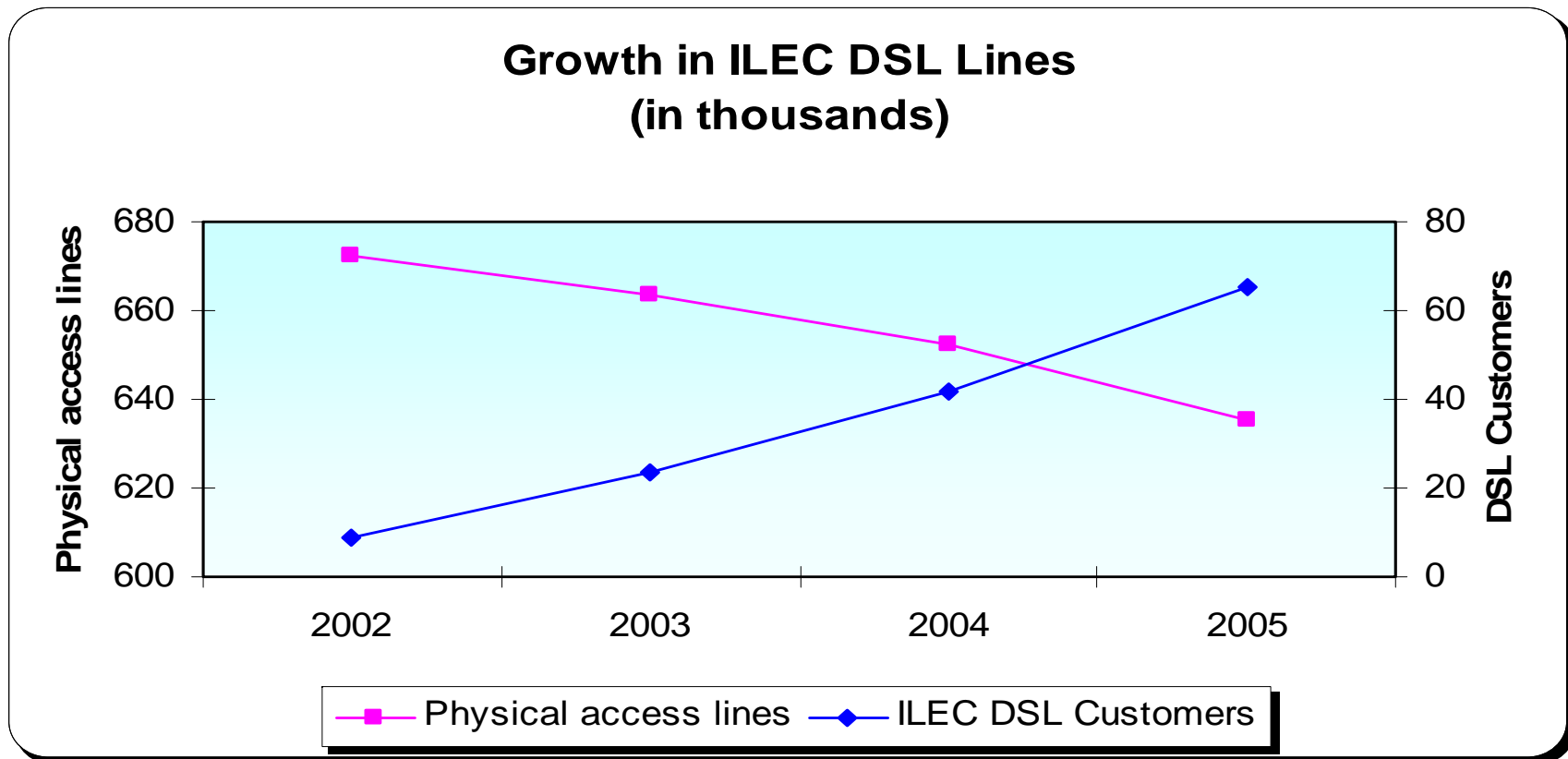


Market Fortification

Be the “Preferred Broadband Provider”

- Work quality, speed, price to push HSD penetration higher
- Expand to additional markets as economics warrant
- Tailor approach by market

Growth in DSL offsets declining physical access lines

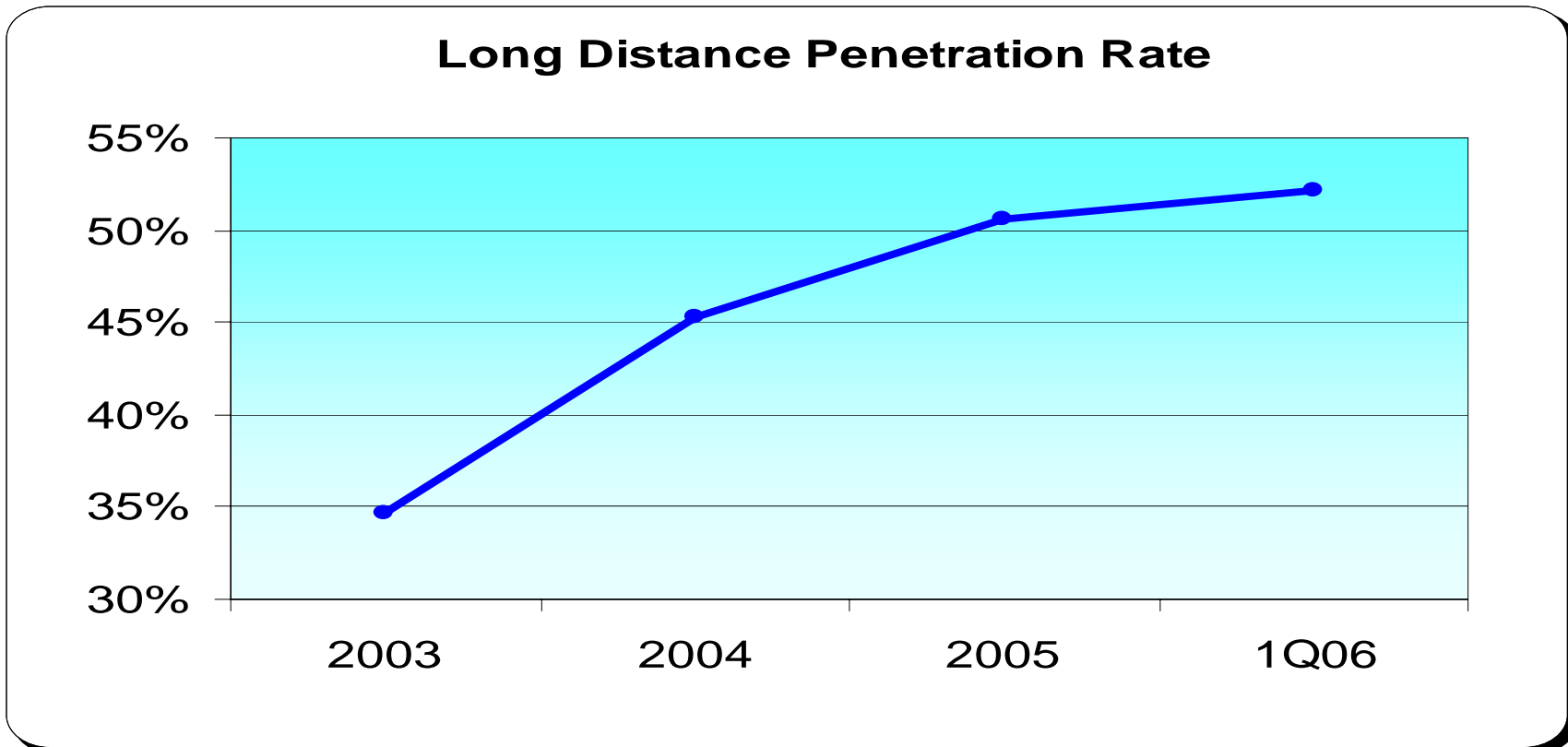


Market Fortification

Continued

- Sustain residential voice market
 - Big minute LD plans
 - Agency agreement with Dish to keep cable out
 - Leverage data products for stickiness
 - Bundle, offering suite of packages at multiple price points
- Maximize value of our business customers
 - Incentives for long-term contracts
 - Tailor bundles for commercial segment

Bundles and big minute plans drive increased penetration



Key regulatory issues

- Universal Service Funding
 - Funding and Distribution mechanisms under separate review
- Intercarrier Compensation
 - Consensus plan crafted under auspices of NARUC will drive intrastate rates down to interstate
 - Plan includes make-whole provisions for rural ILECs, though CLECs will be harmed

Key regulatory issues

Continued

- Impairment tests, regulatory forbearance, and RBOC fiber build outs
 - Can effectively limit access to UNEs at reasonable prices
- Net Neutrality
- Broadband Support
 - USF and state tax credits are viable avenues of support
- Video Franchising
 - Advocating for relief on local franchise agreements

New products and services

Six key initiatives underway

1. Hosted IP Telephony

- Hosted application rivaling IP PBX feature richness and end user control
- Eliminates operational and obsolescence risk tied to owning the system
- Solution is end-to-end, driving higher share of wallet

2. Virtual Collocations

- More cost effective provisioning method for commercial customers at edges of our footprint

3. Fixed Wireless

- Replacement for leasing UNE loops, immediately addresses shrinking CLEC data market

New products and services

Six key initiatives - continued

4. Terrestrial Video

- Terrestrial trials in more urbanized markets as we monitor DBS strategies

5. Content

- Suite of applications driving content and driving users to our portal

6. Net-genius Service

- In-home service integrating home networks with communication and entertainment equipment

TDS Telecom Net-genius sm



2006 Outlook - 5/10/06

- ILEC

- Operating revenues ... \$660 to \$675 M
- Dep, amort & accretion ... \$135 M
- Operating income ... \$145 to \$160 M
- CAPX ... \$105 to \$125 M *

- CLEC

- Operating revenues ... \$230 to \$240 M
- Dep, amort & accretion ... \$25 M
- Operating income (loss) ... \$(10) to \$(5) M
- CAPX ... \$15 to \$25 M

* Capex includes approximately \$90M to support ongoing operations and approx. \$25M for strategic initiatives

Peter L. Sereda
Vice President and Treasurer

Credit Strength

Conservative Financing Philosophy

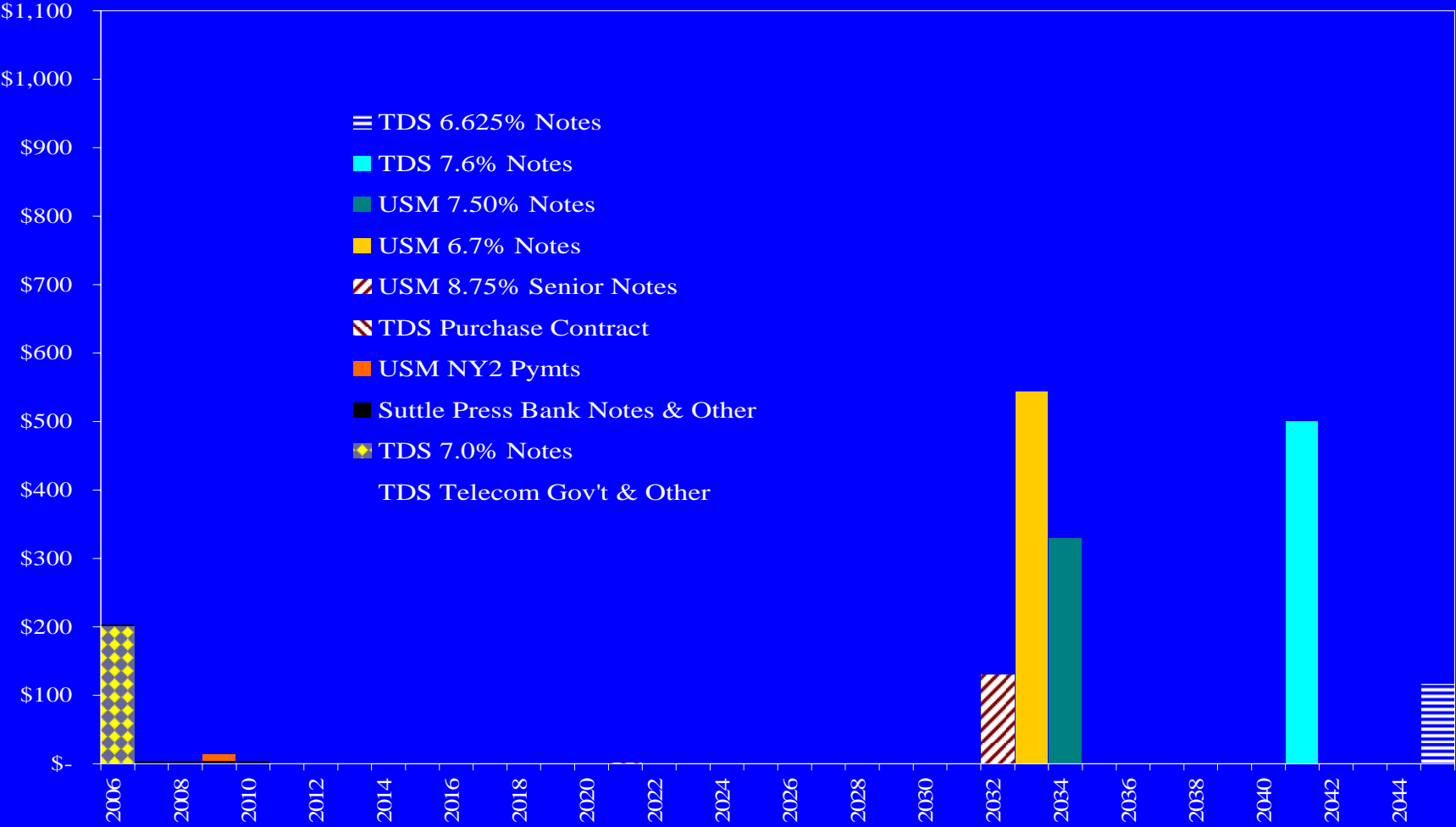
- Very Strong Liquidity Position
- Minimal Near-Term Maturities
- Commitment to investment grade credit ratings

Liquidity Position

- Bank Credit Facilities -- \$1.4 B
 - USM: \$700 M (\$625 M undrawn) multi-bank revolver due 2009
 - TDS: \$600 M (\$600 M undrawn) multi-bank revolver due 2009
 - TDS: \$75 M short term bilateral lines
- Cash
 - \$1.2 B (TDS)

Minimal Near-Term Maturities

Call options on most company debt securities give the company the flexibility to repay or refinance its debt as conditions warrant.



Recent Activities

- Deutsche Telekom Dividend Received -- \$120 M (gross of all taxes)
- RTB Stock Redeemed -- \$100 M (gross of all taxes)
- MTN's called -- \$35 M (completes \$239 M multi-year paydown)
- TDS 7% Notes paydown in Aug, 2006 -- \$200 M

Debt Credit Ratings

Investment Grade

	<u>TDS</u>	<u>USM</u>
Moody's Investment Service	Baa3	Baa3
Standard & Poor's	A-	A-
Fitch	BBB+	BBB+

TDS Financial Ratios *

at 9/30/05

■ Debt to OCF	1.8 x
■ Net Debt** to OCF	.75 x
■ Total Debt to Total Capitalization	32.7 %

* Debt excludes variable prepaid forward contracts

** Debt net of cash

Note: See debt reconciliations in appendix of this presentation.

TDS Financial Reconciliations

<u>As of Sept 30, 2005</u>					
Current portion of long-term debt					202,727
Notes payable					-
Total Long-term debt					3,372,147
Less forward contracts					<u>(1,702,800)</u>
Total debt					1,872,074
Quarter Ended					Total
<i>(Dollars in thousands)</i>	9/30/2005	6/30/05	3/31/05	12/31/04	
Operating cash flow:					
Operating income (loss) as reported	107,774	107,327	78,844	(42,836)	251,109
Add:					
Depreciation, amortization and accretion	167,588	168,575	169,748	179,348	685,259
Loss on impairment of intangible assets				29,440	29,440
Loss on impairment of assets				87,910	87,910
Loss (adjustment) on assets held for sale				<u>(10,081)</u>	<u>(10,081)</u>
Operating cash flow	275,362	275,902	248,592	243,781	1,043,637
Total debt					1,872,074
Divided by Operating cash flow (rolling 12 months)					1,043,637
Debt to operating cash flow ratio					1.8 x

<u>TDS - As of Sept. 30, 2005</u>	
Total debt	1,872,074
Cash and cash equivalents	<u>1,084,540</u>
Net debt	787,534
Divided by Operating cash flow (rolling 12 months)	1,043,637
Net debt to Operating Cash Flow Ratio	0.75 x
Total debt	1,872,074
Minority Interest	547,539
Preferrred Stock	3,863
Common equity	<u>3,302,262</u>
TDS total debt plus total capital	5,725,738
Total debt	1,872,074
Total debt plus total capital	5,725,738
TDS total debt to capital	32.7%

Credit Strength

Conservative Financing Philosophy

- Very Strong Liquidity Position
- Minimal Near-Term Maturities
- Commitment to investment grade credit ratings