



2007 Annual Meeting of Shareholders

July 26, 2007



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 news release, 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; risks and uncertainties relating to restatements and possible future restatements; ability to remediate material weaknesses; 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 furnished to the SEC.

TDS in 2006

- Focus on core business strategies
- Strong year with significant achievements
- Improving TDS' financial strength
- Building Shareholder value

Customer Satisfaction

- Offer broad and competitive services and products
- Drive for high customer satisfaction each and every time
- Test new offerings to ensure quality experience
- Maintain high-quality network, sales distribution and customer service

Customer Satisfaction

- **J.D. Power and Associates**



- “Highest Call Quality Performance Among Wireless Cell Phone Users in North Central Region”
 - 2006 volumes 1 and 2
 - 2007 volume 1
- “Highest Overall Satisfaction Among Wireless Telephone Users in North Central Region in a Tie”
- TDS Telecom #1 in 2005, Residential All-Distance Telephone Customer Satisfaction Study – N. Central Region

U.S. Cellular Growth Strategies

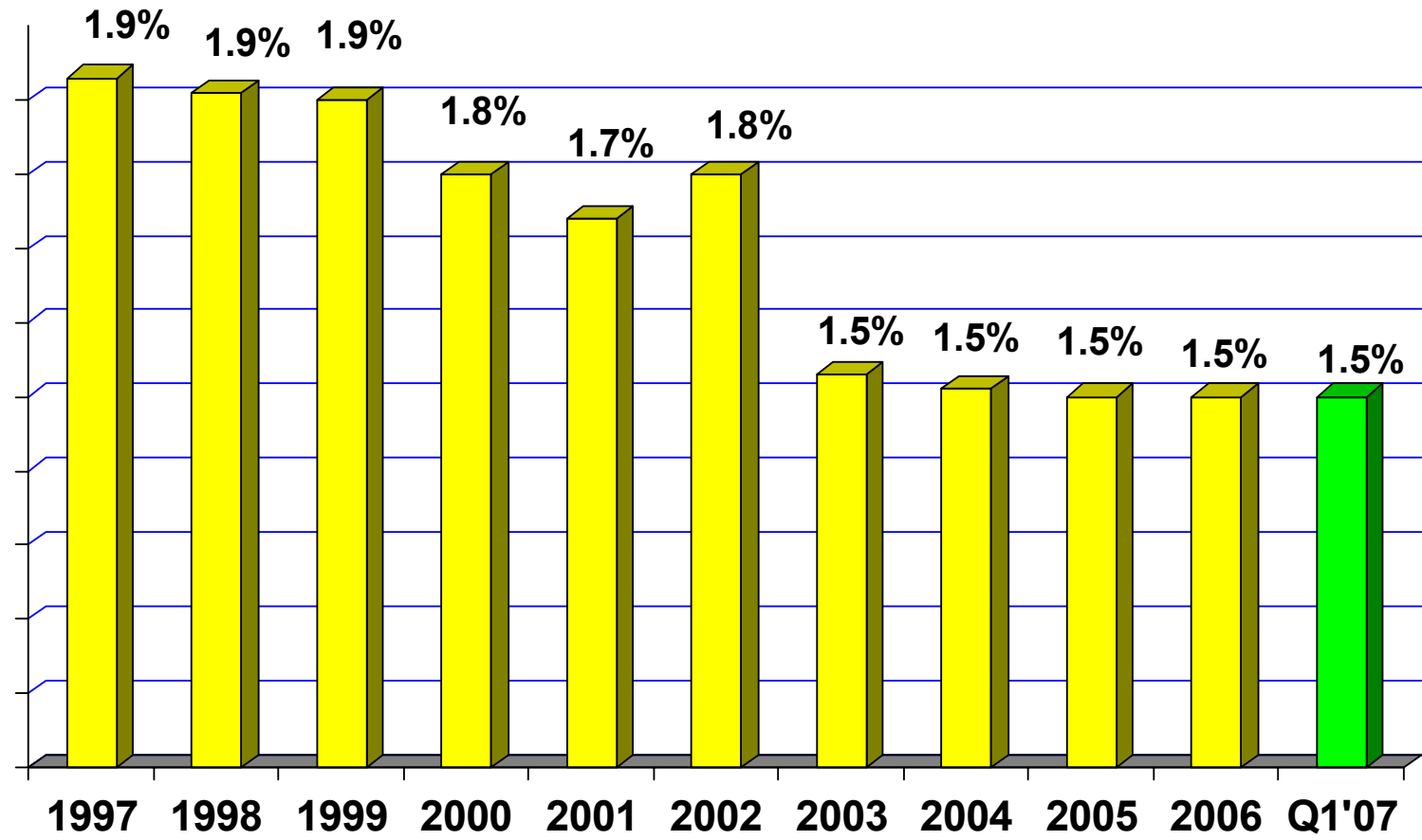


- Differentiate with high customer satisfaction:
 - Quality network
 - Broad distribution
 - Dedicated people
 - Competitive product offerings
- National, wide-area and family plans with focus on post pay
- Competitive data offerings
- Strategically strengthen competitive footprint

Postpay Churn < 2%



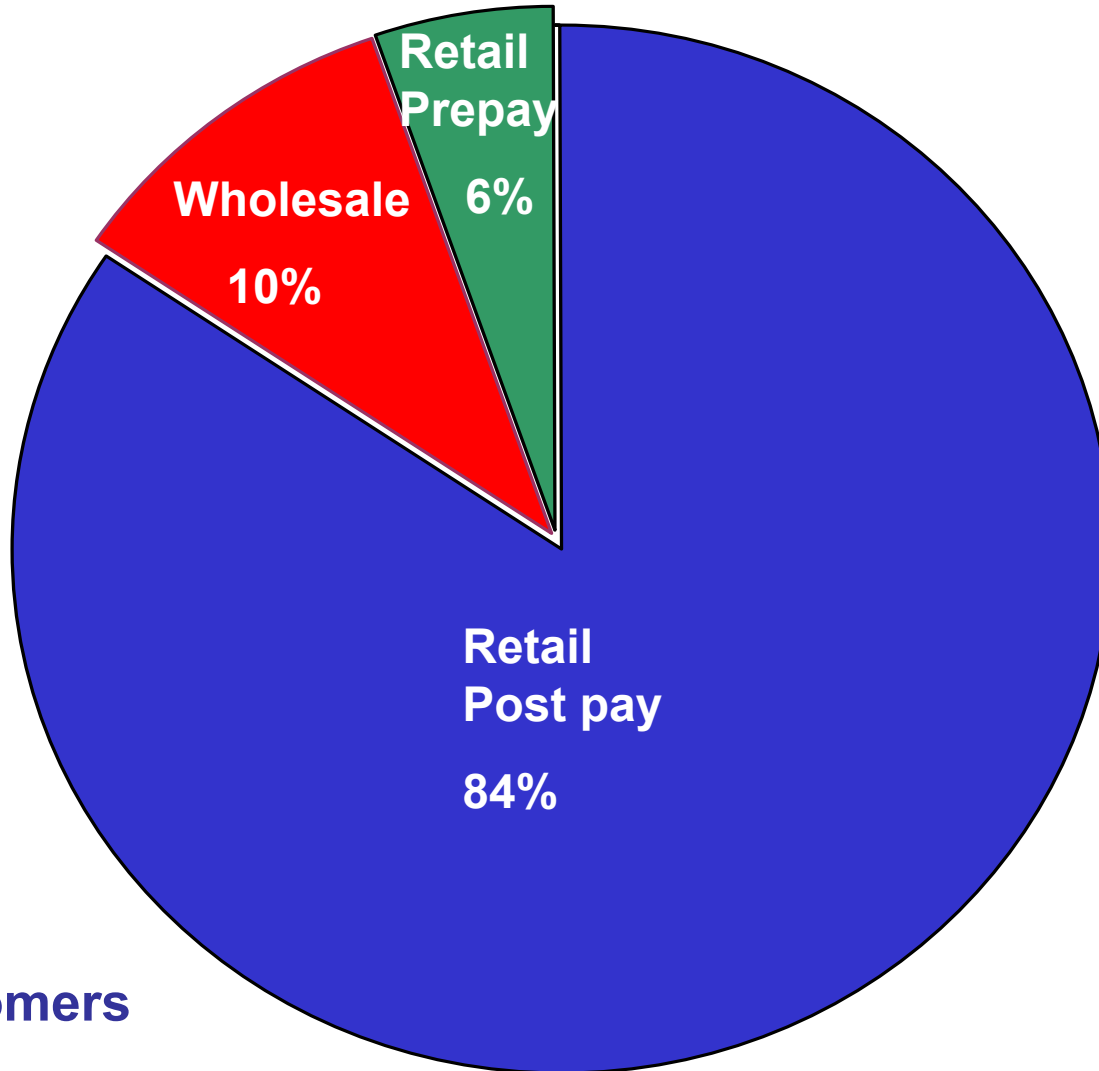
10- year track record... and still strong



Post Pay Focus



≈94% of Retail Customers



Total Customers

New Calling Plans

- Wide area and national plans
- More value to customers
- Increased ARPU
- Repositions family plans
- Simplicity – one portfolio of plans across all markets

Expanded Product & Service Offerings



- **New handsets meet customer demand**
- **Launched Product (RED)TM MOTORAZR**
 - Worldwide handset debut
 - Proceeds benefit Global Fund

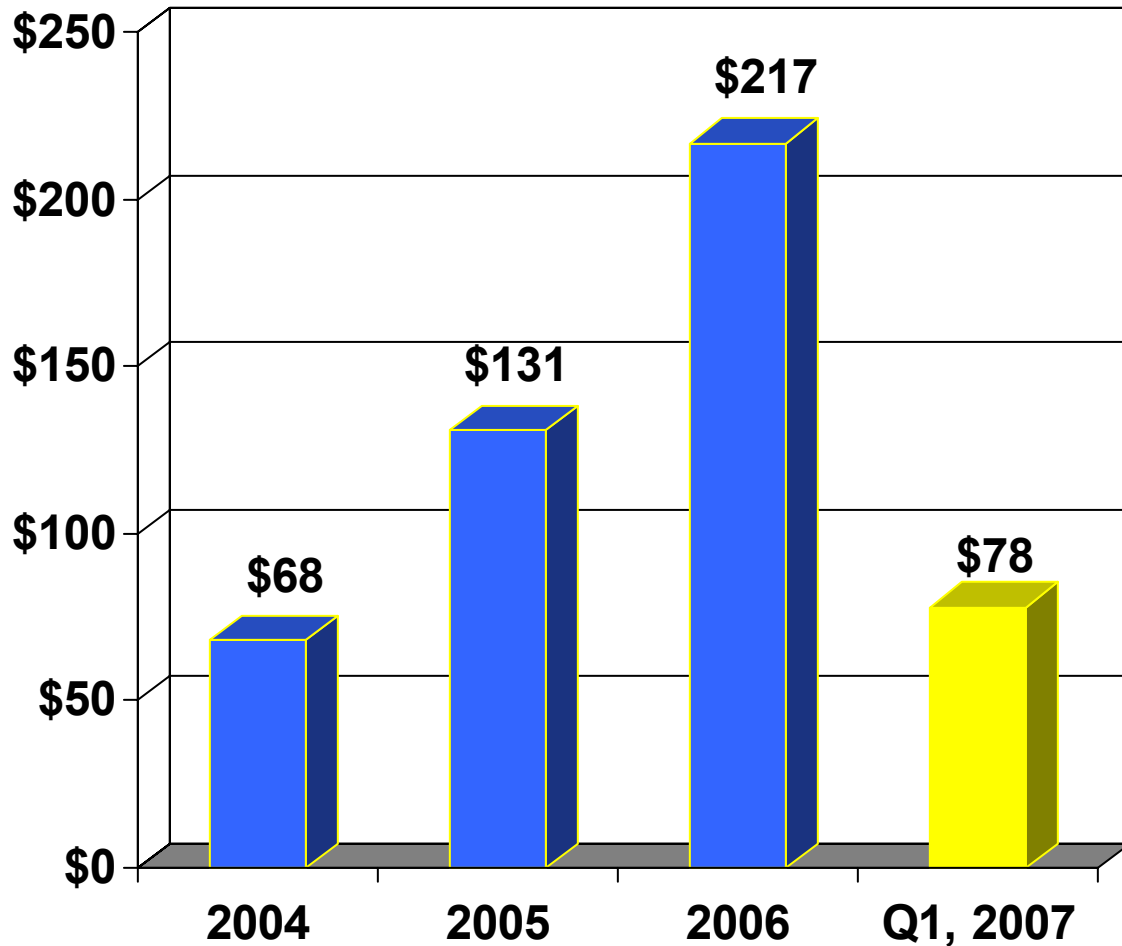
Data Services Drive Growth



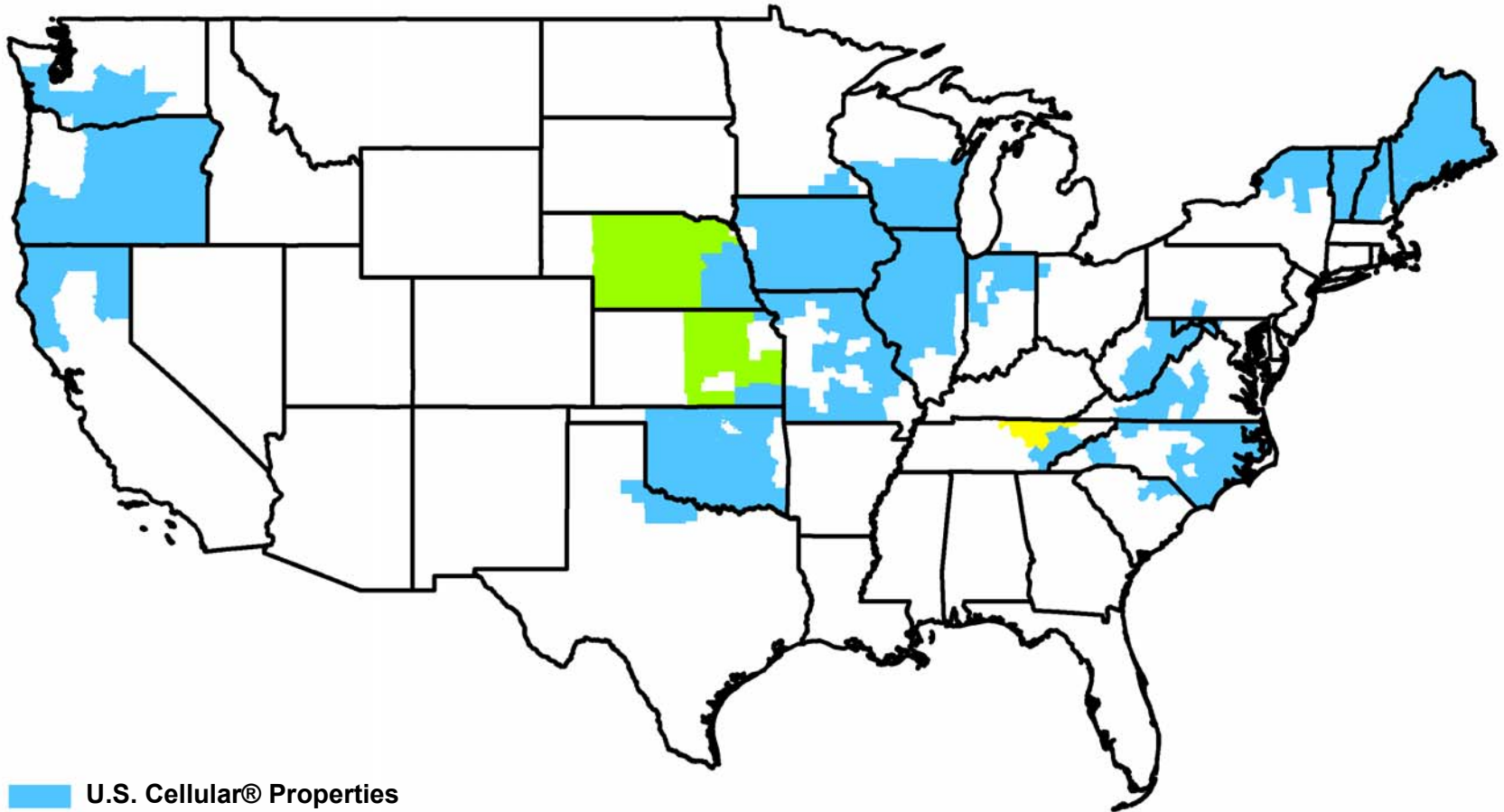
- **New BlackBerry® service offerings**
 - Wireless e-mail access
 - Internet browsing
- **Data Services**
 - **easyedgeSM** from U.S. Cellular
 - Ringtones
 - Text Messaging
 - **NEW:** My Contacts Backup

Data Services Drive Growth

(\$ in millions)

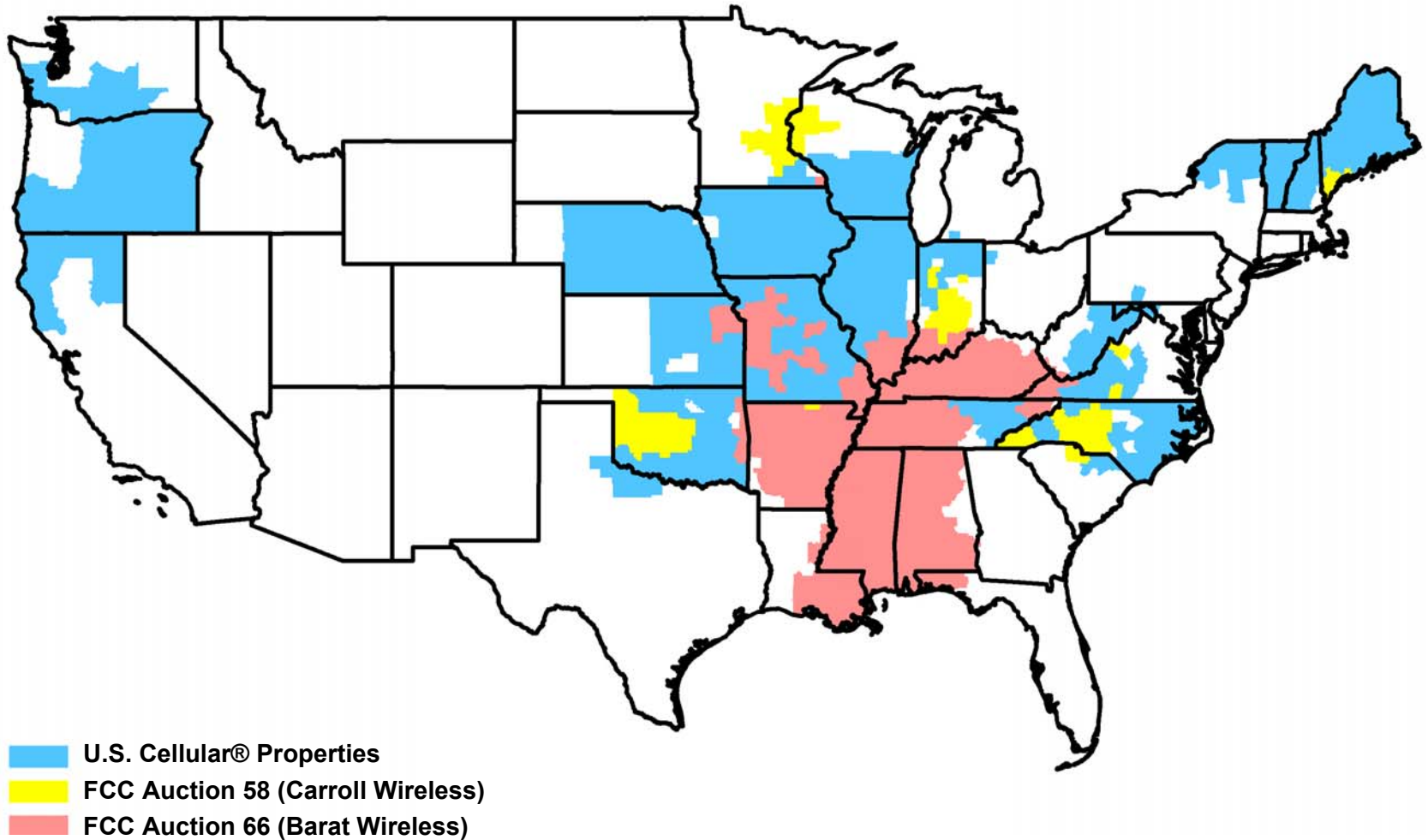


Growing Strategically



- U.S. Cellular® Properties
- Heartland Markets (Kansas/Nebraska)
- Tennessee RSA #3

Growing Strategically



EVDO Trials

- 2005: Technical trials
- 2006: Market launch in Milwaukee
- 2007: Release A general availability
- U.S. Cellular wants to ensure that:
 - Technology is supported by value-added applications customers will want and value
 - It's ready to fully support the new technology and any new services or applications it provides

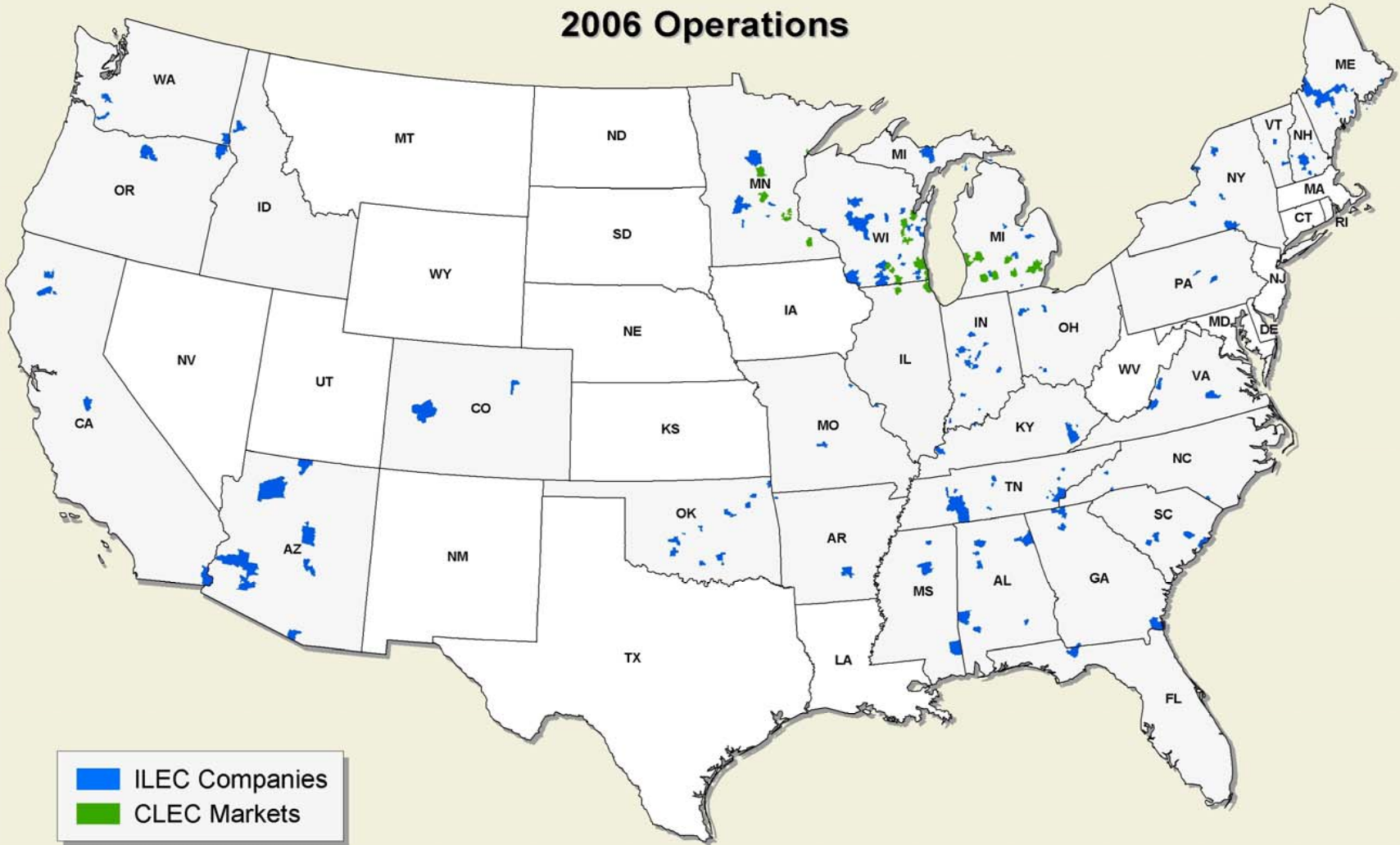
USM: Excellent Prospects



- Proven strategy
- Financially strong
- Broad and competitive service/product offerings
- Extensive network and distribution
- Dedicated people
- Positive momentum



2006 Operations

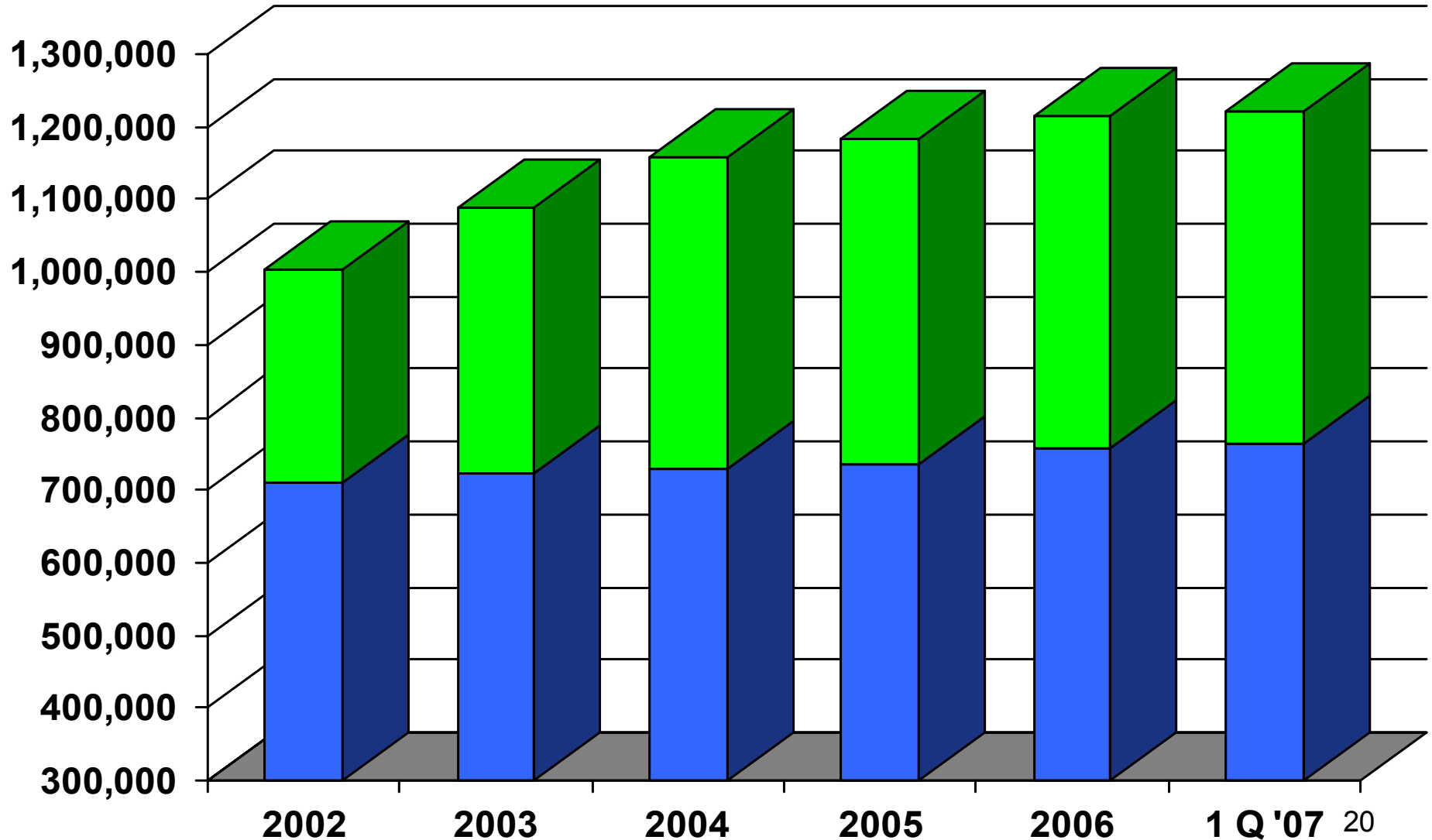


TDS Telecom

Largest Equivalent Access Line States

	<u>12/31/06</u>	<u>% of total</u>
Wisconsin	391,200	32%
Michigan	152,500	13%
Minnesota	118,900	10%
Tennessee	116,500	10%
Georgia	61,400	5%
New Hampshire	41,600	3%
Indiana	37,800	<u>3%</u>
		76%

Growth in Equivalent Access Lines



TDS Telecom Strategy

- Be the preferred broadband provider
- Bundle aggressively
- Defend core markets
- Drive video and fixed wireless trials

Broadband is Key to the Service Bundle

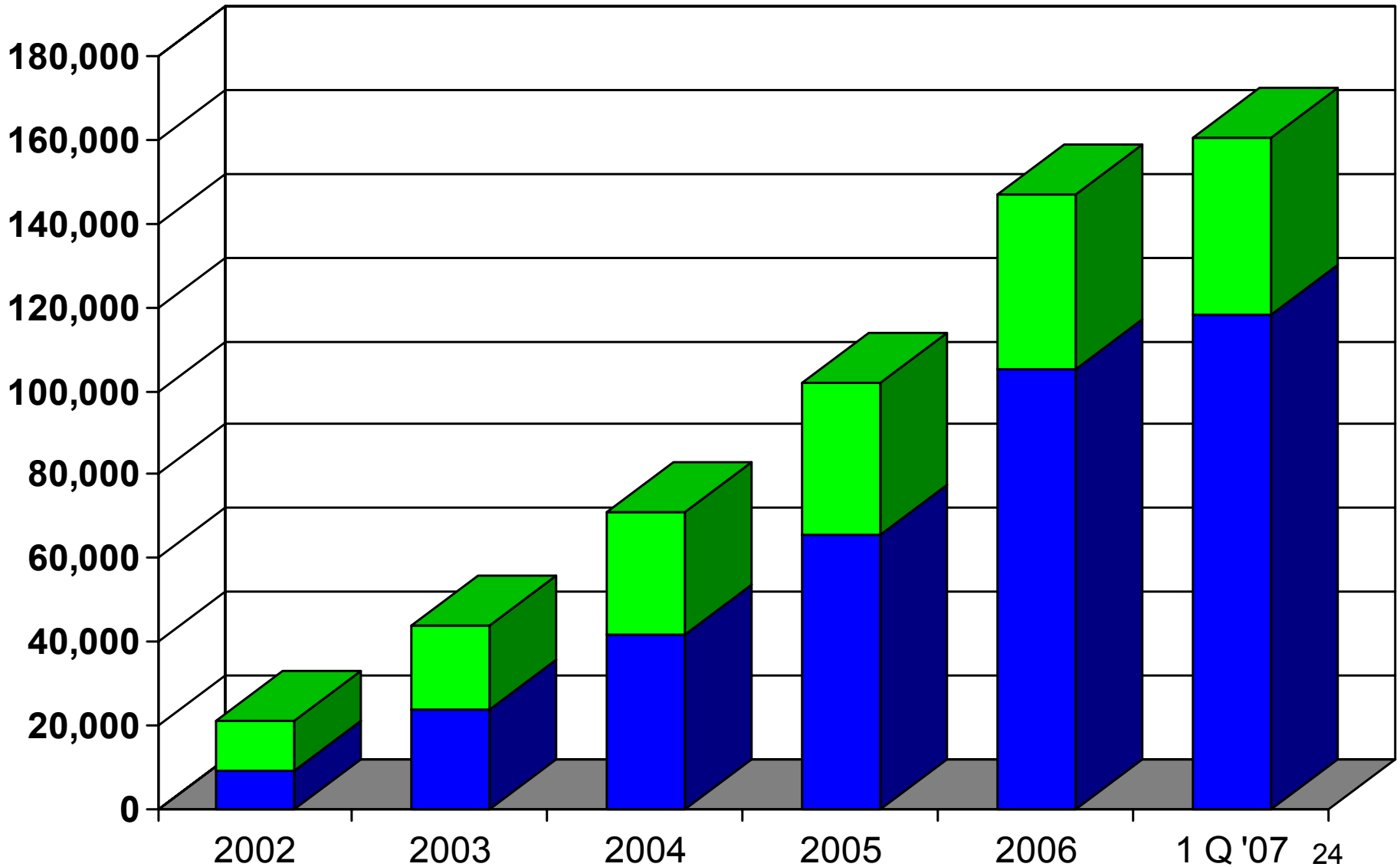
Goal to be preferred broadband provider

- Have long been the preferred voice provider
- Investing in network to increase speeds and remain competitive
- Have expanded high-speed data offerings to ensure that we supply the broadband pipe into the home
- CAPX related to broadband:
 - 2006 – 38%
 - 2005 – 27%
 - 2004 – 20%

DSL

- 160,600 customers (ILEC & CLEC)
- 83% of ILEC lines DSL equipped
- 70+% DSL market share in markets offering DSL
- Primarily consumer
- Product bundles

Growth in DSL



Fiber to the Premises

- Deploy fiber into new subdivisions - “greenfields”
- Two Tennessee video trials
 - Greenfield
 - Fiber overbuild – “brownfield”
- Evaluating copper technologies
 - ADSL2+
 - VDSL

Broadband TV

- Demand for bandwidth
- Transitioning from linear to broadband tv
- Use satellite for bundles

Fixed Wireless - CLEC

- Commercial service in Fox Valley
- Trial in Madison
- Eliminates “last mile” loop from RBOC
- Trialing high-speed data & VOIP

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 11,600 people
- Focused on building shareholder value



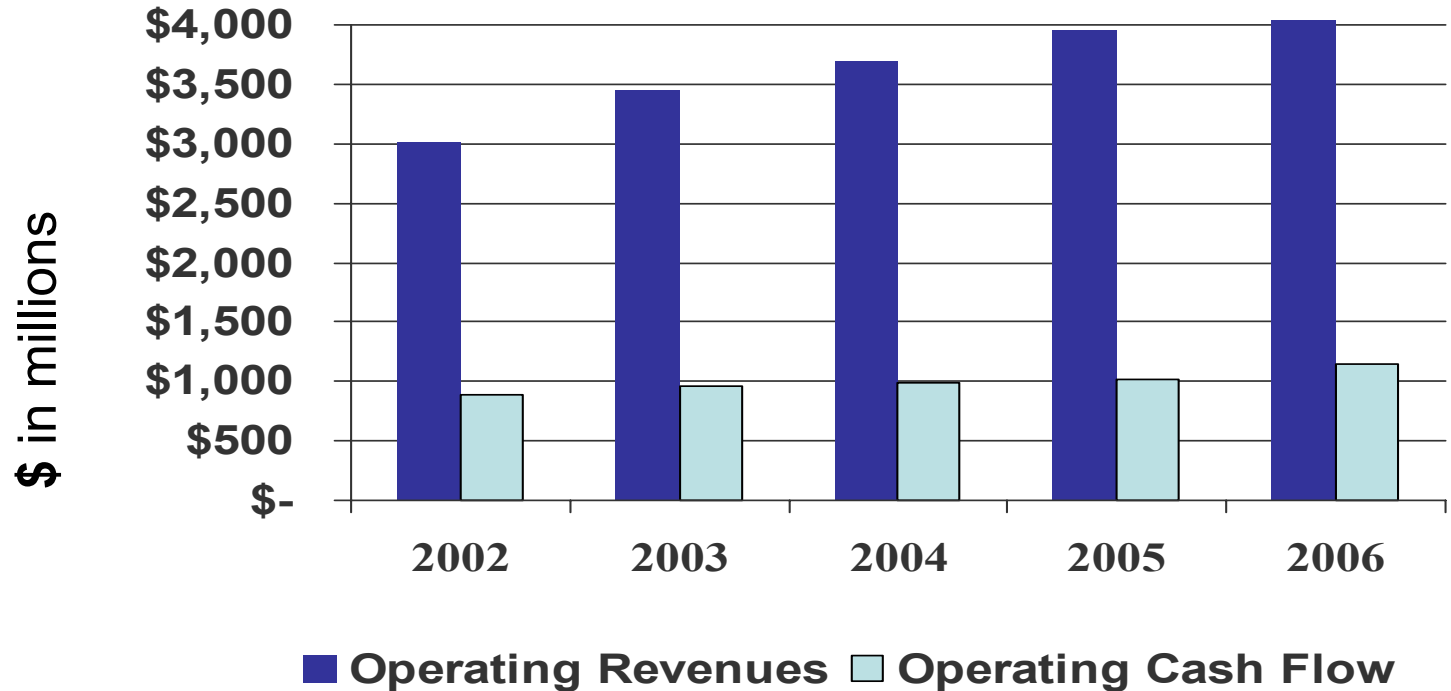
Kenneth R. Meyers

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

Five-Year Track Record



Year Ended December 31



12/31/06

5-year CAGR revenue

11.0%

5-year CAGR OCF

5.4%

Consolidated Year End Results

	<u>2006</u>	<u>2005</u> <i>(as restated)</i>
Customers	7,028,500	6,665,900 + 5.4%
Revenues	\$4,365 M	\$3,953 M + 10.4%
Operating Cash Flow	\$1,150 M	\$1,017 M + 13.1%
Operating income	\$ 413 M	\$ 381 M + 8.4%

Consolidated Q1 '07 Results

	<u>Q1'07</u>	<u>Q1'06</u> <i>(as restated)</i>	
Revenues	\$1,157 M	\$1,059 M	9.2%
Operating income	\$ 143 M	\$ 107 M	33.2%
OCF	\$ 334 M	\$ 290 M	15.2%

Q1'07 Highlights



Q1'07

Service revenues	\$ 860.6 M	+11.9%
Operating income	\$ 108.5 M	+55
OCF	\$ 257.8 M	+22
Net income	\$ 74.4 M	+89
EPS	\$.84	+87
ARPU	\$ 48.69	+5.5
Data revenues	\$ 78.0 M	+71
Retail net adds	146,000	+20
Churn--postpay	1.5 %	UNC
Cell sites	6,004	+566 sites

Q1 '07 Highlights



Operating revenue	\$ 217.6 M	(.6%)
Operating income	\$ 37.5 M	(2.2%)
Operating cash flow	\$ 77.4 M	(1.5%)

Access line equivalents (*thousands*)

ILEC & CLEC	1,219.6	+2.4%
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Improved Debt Structure

In first half of 2006:

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

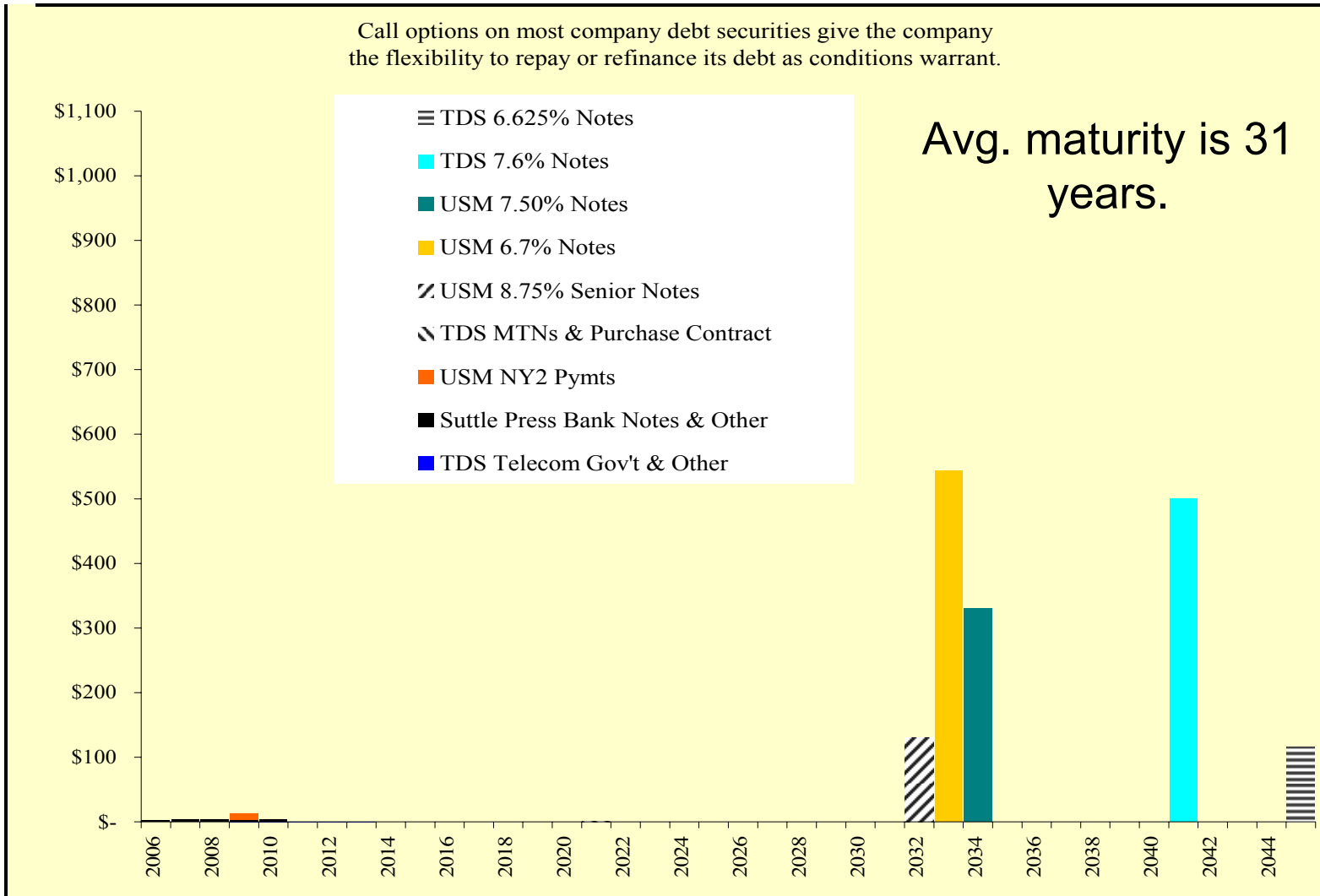
For the year 2006:

- Total long-term debt, including current portion, decreased \$235 M

Long Term Debt Repayments

Par call feature provides financial flexibility on 65% LTD

(\$ in Millions)



Liquidity

	<u>3/31/07</u>
• Cash	\$1,176 M
• Available credit facilities	<u>1,311 M</u>
Total:	\$2,487 M
• Q1 cash flow from operations	\$ 287.1 M + 35%

May–Sept 2007

Prepaid Forward Contract Maturities

- In the process of delivering shares to settle the contracts
- Selling remaining shares

- USM VOD (8.9 M ADRs, 4 contracts)
- TDS VRSN (2.4 M shares, 1 contract)
- TDS DT (45.5 M shares, 5 contracts)

Financial Guidance for 2007

6/19/2007

Net retail customer additions	375,000 - 425,000
Service revenues	Approx. \$3.5 billion ⁽²⁾
Operating cash flow ⁽¹⁾	\$990 - \$1,040 million ⁽²⁾
Operating income	\$375 - \$425 million ⁽²⁾
Depreciation, amortization & accretion	Approx. \$615 million ⁽²⁾
Operating cash flow	\$990 - \$1,040 million ⁽²⁾
Capital expenditures	\$600 - \$615 million ⁽²⁾

(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.

(2) Unchanged from May 15, 2007

Any guidance that is not consistent with the above should not be relied upon. The foregoing guidance represents the views of management as of the dates[®] indicated and should not be assumed to be accurate as of any date other than such date. TDS undertakes no legal duty to update such information whether as a result of new information, future events or otherwise.

Financial Guidance for 2007

TDS Telecom: ILEC and CLEC

6/19/2007⁽²⁾

Operating revenues	\$850 - 900 million
Operating cash flow⁽¹⁾	285 - 305 million
Operating income	130 - 150 million
Depreciation and amortization	155 million
Operating cash flow	285 - 305 million
Capital expenditures	110 - 130 million

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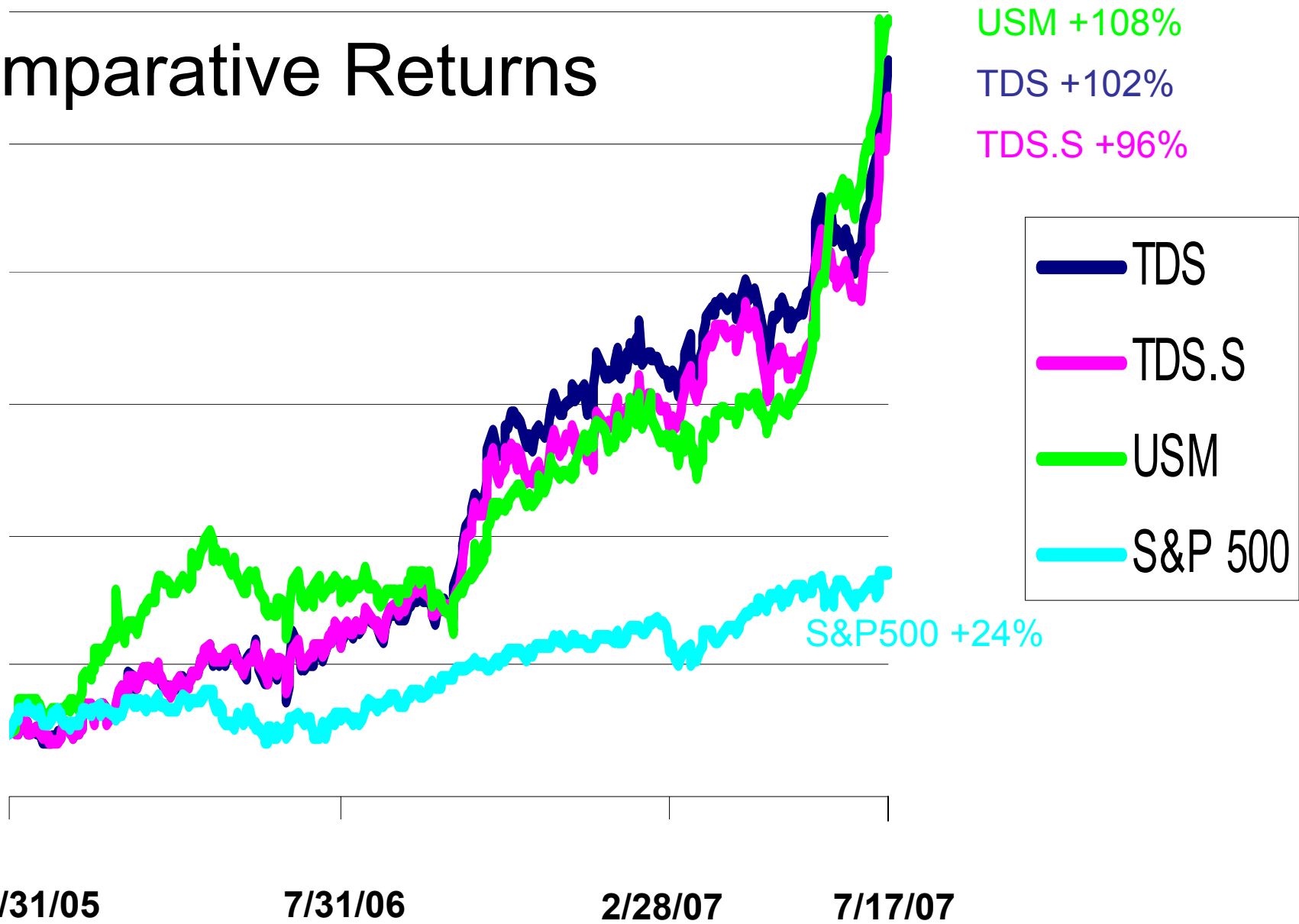
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Stock Repurchases

- U.S. Cellular
 - 500,000 shares authorized
 - 170,000 shares de minimus authorized
 - 670,000 shares purchased via ASR completed in April 2007
- TDS
 - \$250 million of special common shares authorized

Comparative Returns



TDS Financial Objectives

- 7-10% compound annual revenue growth
 - Over 5 years
 - Organic and M&A
 - Returning at least the cost of capital
- Improve return on capital performance.
Reach WACC's:
 - USM WACC 8.7 %
 - ILEC WACC 8.0 %
- Target an A-/A3 rating

TDS:

Strong Company

- Strong balance sheet
 - Over \$1 billion in cash
- U.S. Cellular in 2006
 - Double digit revenue growth
 - OCF up 24%
 - Free cash flow positive
 - Improving margins
- TDS Telecom
 - Free cash flow
 - Strong DSL growth

Reconciliation of Additional Disclosures

For the quarter ended March 31, 2007

Quarter Ended at Mar. 31, 2007	U.S. Cellular	TDS Telecom		All Other	Total
		ILEC	CLEC		
Operating cash flow:					
Operating income as reported	\$ 108,523	32,590	4,931	(3,247)	\$ 142,797
Add:					
Depreciation, amortization and accretio	149,257	34,046	5,859	2,148	\$ 191,310
Operating cash flow	\$ 257,780	66,636	10,790	(1,099)	\$ 334,107

Quarter Ended at Mar. 31, 2006	U.S. Cellular	TDS Telecom		All Other	Total
		ILEC	CLEC		
Operating cash flow:					
Operating income as reported	\$ 70,013	37,324	1,051	(1,204)	\$ 107,184
Add:					
Depreciation, amortization and accretio	142,025	33,576	6,654	711	\$ 182,966
Operating cash flow	\$ 212,038	70,900	7,705	(493)	\$ 290,150

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Reconciliation of Additional Disclosures

	2001	2002	2003	2004	2005	2006
Operating Cash Flow:	\$434,976	\$380,243	(\$93,444)	\$201,253	\$380,698	\$412,777
Operating Income (as reported)						
Add:						
Depr/Amortization	450,374	513,712	600,332	675,093	678,858	737,478
Gains (losses) on sales of assets		1,485	402,436	29,440		
Loss on impaired intangible assets			4,914	87,910		
Loss on long lived assets			45,908	(10,806)	(42,425)	
Operating Cash Flow:	\$885,350	\$895,440	\$960,146	\$982,890	\$1,017,131	\$1,150,255

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