



# **LeRoy T. Carlson, Jr.**

President and Chief Executive Officer

**Baird's 2008 Growth Stock Conference**

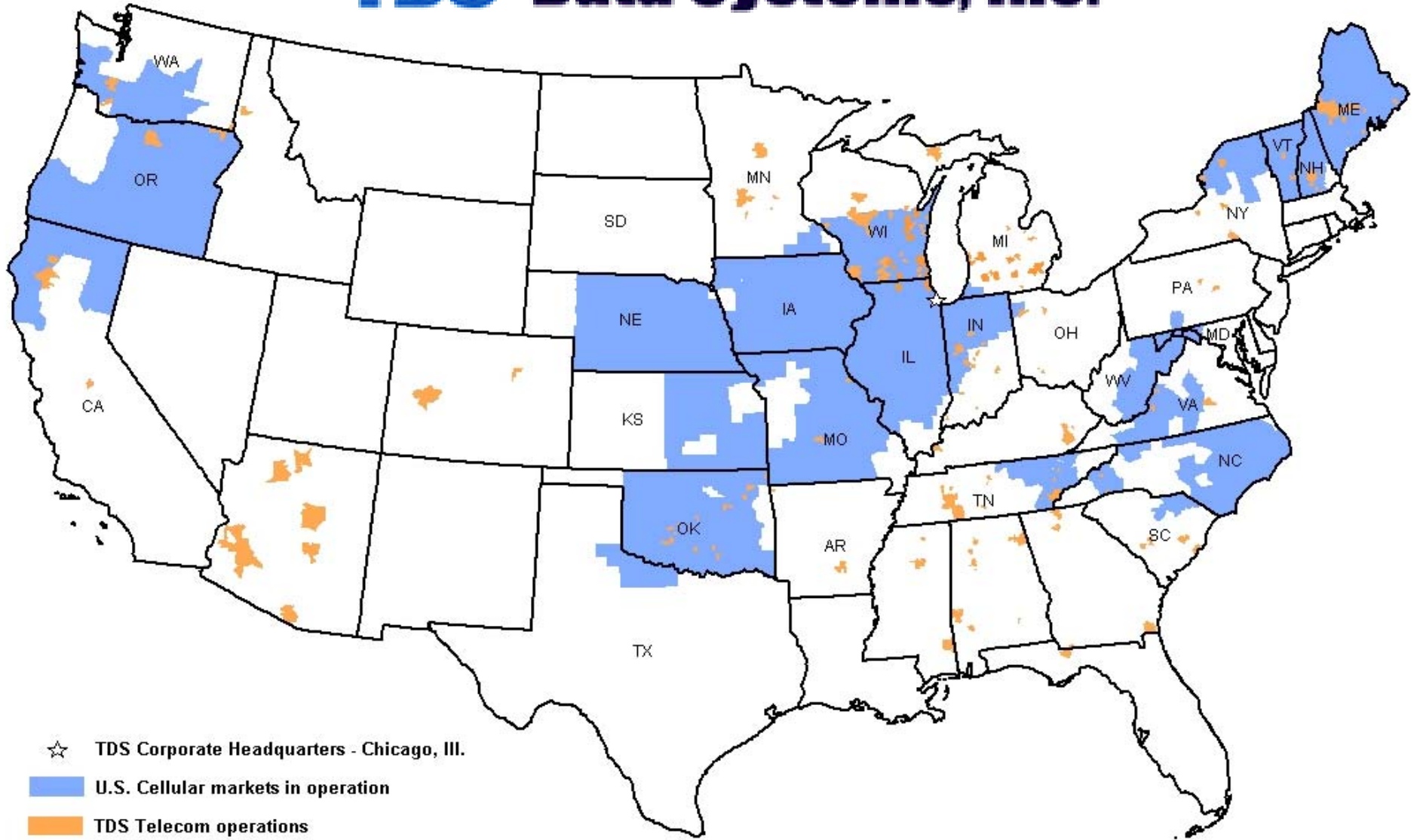
*May 13, 2008*

# 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 more recently launched markets; changes in the overall economy, competition, the access to and pricing of unbundled network elements, the state and federal telecommunications regulatory environment, and the value of assets and investments, including variable prepaid forward contracts; adverse changes in the ratings afforded TDS and U.S. Cellular debt securities by accredited ratings organizations; industry consolidation; possible participation in FCC spectrum auctions; advances in telecommunications technology; 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; changes in income tax rates, laws, regulations or rulings; acquisitions/divestitures of properties and/or licenses; and changes in customer growth rates, average monthly revenue per unit, churn rates, roaming terms, the availability of devices, or the mix of products and services offered by U.S. Cellular and TDS Telecom. Investors are encouraged to consider these and other risks and uncertainties that are discussed in documents filed with the SEC.

*Strong foundation for future growth*

# Telephone and Data Systems, Inc.



# U.S. Cellular Growth Strategies

- Focus on the postpay customer
- Differentiate with high customer satisfaction:
  - Quality network
  - Broad distribution
  - Excellent customer service
- National, wide-area and family plans
- Competitive products and data offerings
- Strategically strengthen competitive footprint

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# U.S. Cellular 2008 Objectives

- Focus on retail postpay customers
- Profitable growth
- New data products
- More data-intensive smart phones
- EVDO in more markets
- LTE future path

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# U.S. Cellular 1st Quarter Highlights

	1Q, '08	1Q, '07	
Service revenues	\$ 962.1 M	\$ 860.6 M	+12%
Data revenues	\$ 115.7 M	\$ 77.5 M	+49%
Operating income	\$ 119 M	\$ 108.5 M	+10%
ARPU	\$ 52.06	\$ 48.69	+ 7%

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# U.S. Cellular 1st Quarter Highlights

	1Q, '08	1Q, '07
Retail net adds	85,000	146,000
Churn – retail postpay	1.4 %	1.3%
ETC revenues	\$30.5 M	\$22.5 M
Inbound Roaming	\$54.1 M	\$41.3 M

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# TDS Telecom's Strategy

Provide outstanding customer satisfaction

- Be the preferred broadband provider in its markets ...aggressively deploy advanced network
- Bundle aggressively – bigger the bundle the less the churn\*\*

One service churn ~2.8%

Two service churn ~1.8%

Three service churn ~.8%

\*\* 2007 Churn analysis study

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# TDS Telecom 2008 Objectives

- Add DSL customers
- Increase DSL speeds
- New broadband services
- Aggressively market bundles and triple play
- Streamlining for efficiency

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# TDS Telecom 1<sup>st</sup> Quarter Highlights

	1Q, '08	1Q, '07	
Operating revenues	\$ 206.1 M	\$217.6 M	- 5%
Operating income	\$ 37.8 M	\$ 37.5 M	+ .7%
ILEC data revenues	\$ 21.2 M	\$ 16.4 M	+ 29 %
ILEC DSL customers	154,800	118,000	+31%

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# Investors Ask

- 1) Increasing penetration in the wireless industry
- 2) Can the company improve profitability?
- 3) Any impact from the unlimited \$99 plans?
- 4) How has the economy affected your businesses?
- 5) What 4G path will you take?

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# Why is the Company Attractive?

- Generating free cash flow
- Excellent balance sheet
- Investment grade
- Sound business strategies and experienced management teams
- Opportunity to improve profitability
- Improved return on capital
- Attractive valuation

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# TDS: Excellent Prospects

- Financially strong
- Well positioned in existing markets
- Strategies focused on network quality, customer service and competitive service offerings
- Experienced management teams
- A Fortune 500® company

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