



Kaufman Bros. 12th Annual Investor Conference

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Jane W. McCahon

Vice President Corporate Relations



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 the company to successfully grow its markets; the current credit crisis affecting financial markets, and its effects on the overall economy; competition; the access to and pricing of unbundled network elements; the ability to obtain or maintain roaming arrangements with other carriers; the state and federal telecommunications regulatory environment; the value of assets and investments; adverse changes in the ratings afforded TDS and U.S. Cellular debt securities by accredited ratings organizations; industry consolidation; advances in telecommunications technology; uncertainty of access to the capital markets; 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 revenue and terms, the availability of handset 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 furnished to the SEC.

Telephone and Data Systems, Inc.



- A Fortune 500[®] Company (#465) listed on the NYSE (TDS, TDS.S)
- Diversified telecommunications company with 7.3 million customers in 36 states ... HQ in Chicago
 - **U.S. Cellular** (81% owned) – wireless, principally postpaid (NYSE:USM)
 - **TDS Telecom** (100% owned) – wireline, focused on broadband
- Strong balance sheet...investment grade
- Paid 133 dividends through 6/30/09; 35 years of consecutive annual increases; 18%* 2008 payout ratio
- TDS stock in various indexes (S&P 400 Mid-cap, Russell 1000 and Russell 3000, MSCI ACWI (All Country World Index) IndexSM, MSCI World IndexSM)

Telephone and Data Systems, Inc.



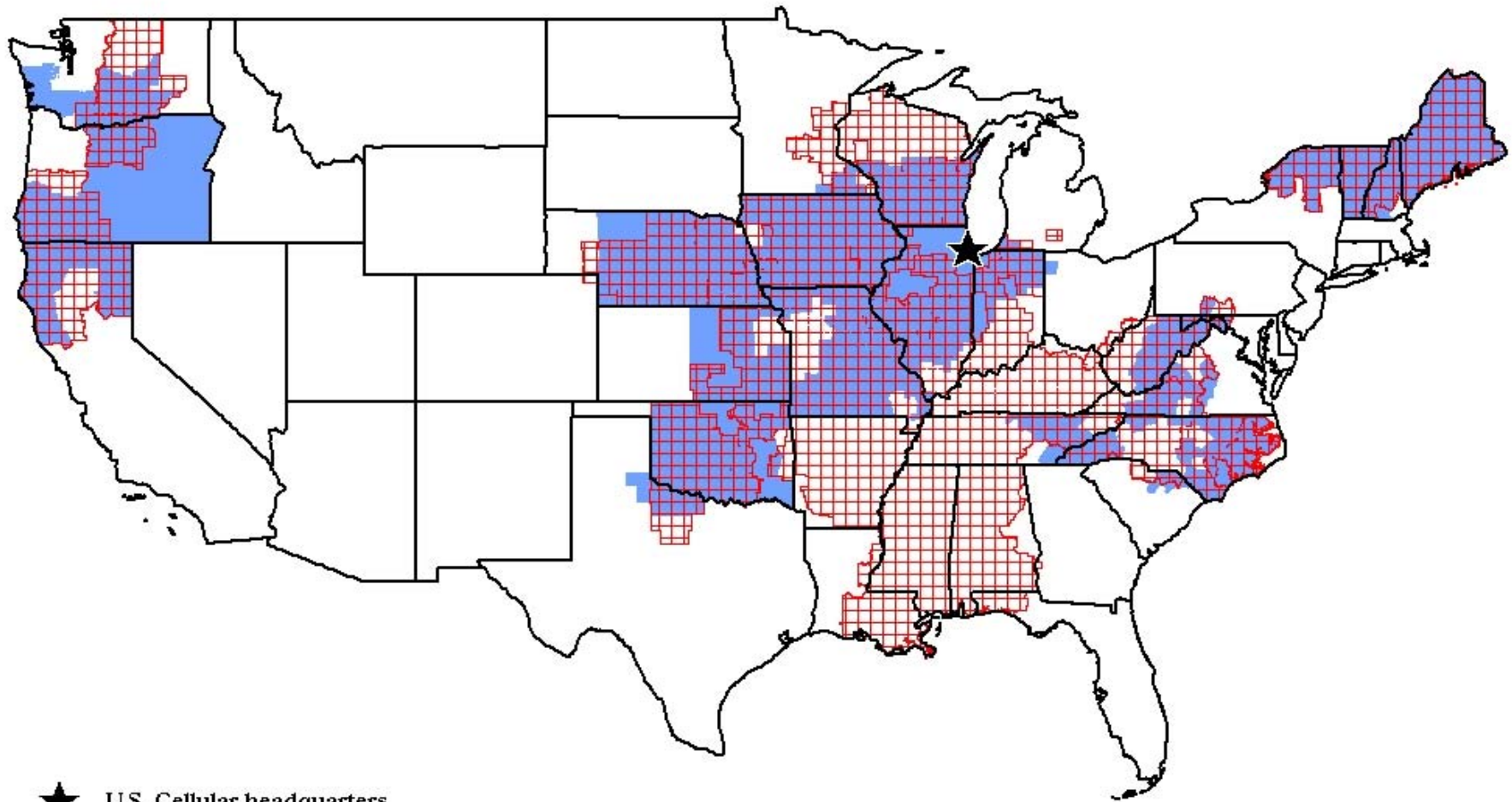
- Compelling value - attractive valuation
- High quality, defensible businesses
- Proven track record
- Free cash flow-positive
- Strong balance sheet
- Buying back stock

What we don't have

- Union representation (less than 1%)
- Unfunded pensions...defined contribution plans
- Off-balance sheet arrangements
- Foreign currency exchange exposure

“Believe in Something BetterSM” U.S. Cellular

- 5th largest full-service wireless provider
- Differentiating with excellent customer experience
- 46 M operating pops; 84 M total pops
- Approx. 6.2 M customers in 26 states
- Low postpay churn rate... <2% for 12 yrs.
- Broad distribution... ~1,500 points of presence
- Extensive, high quality network ... 7,043 cell sites (~4,000 owned towers); transitioning CDMA 1X technology (2 ½ G) to EV-DO (3G)



★ U.S. Cellular headquarters

■ Licenses currently owned or operated by U.S. Cellular

■ Licenses owned or won in auction by limited partnerships in which U.S. Cellular is a limited partner *

* Some licenses have not been awarded

Growth Strategies

- Focus on the postpay customer...95% retail postpay
- 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

Network Quality

- Won eight consecutive J.D. Power and Associates Award for Call Quality in the North Central Region
- Added 447 cell sites to enhance coverage and capacity



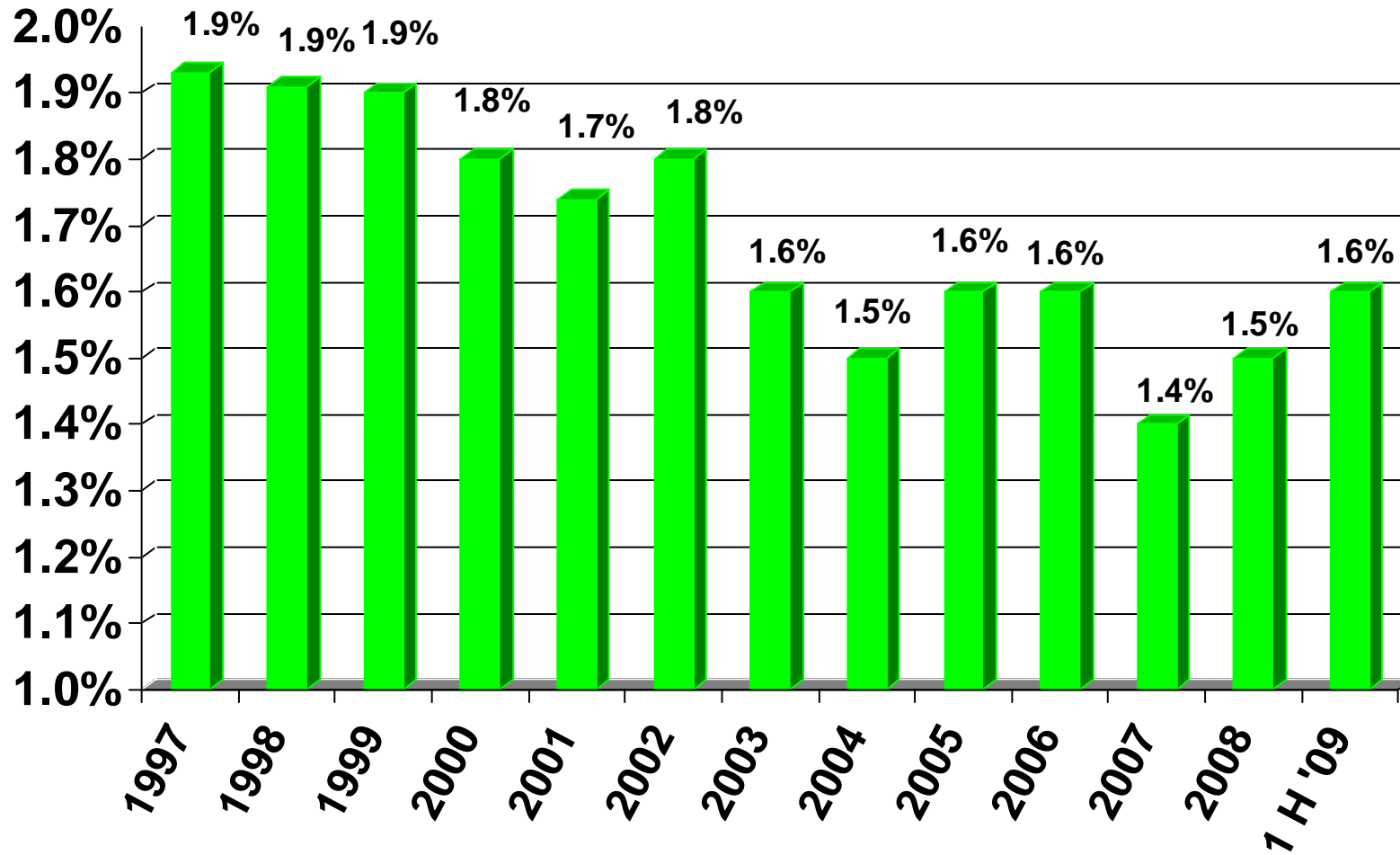
Excellent Customer Service

- Primary means of differentiation
- Significant initiatives under way to enable even higher levels of differentiation
- Early proof points
 - Free incoming calls, texts and pix from anyone!
 - Battery swap – customers can change out a dead or dying battery free of charge

Postpay Churn < 2%



12- year track record... and still strong



Competitive Calling Plans

- National, wide area and family plans
- Good value to customers
- Simplicity of plans across all markets

Postpay customer base 6/30/09

42% national plans

– yet ~ 95% MOU on-net in Q2

70% family plans

Approx. 10% business

Prepaid Wireless



- Excellent network... 8 J.D. Power awards
- 15 day test guarantee
- Unlimited plans
- Developing a more robust prepaid product

Strong Handset Lineup



Samsung
Gloss™



LG Tritan™



Samsung
Two Step™
(red, blue or pink)

Upcoming Handsets

Launching 12 new devices in second half 2009

- Samsung Trill – stylish music slider, sound technology by Bang & Olufsen ICEpower®
- **Motorola Quantico** – first full military spec handset, submerge 30 mins.
- **Motorola Crush** – touch for the masses, 2.8” touch display, 2 MP camera

Smartphones:

- LG Bliss™ – slim, 3” touch display
- Samsung Caliber – premium device, 3.2” full touch, 3 MP camera
- Blackberry Tour™ – high-end Blackberry, world phone capabilities, 3.2 MP camera
- HTC Snap™ – Windows Mobile® 6.1 device, 2MP camera, 2.4” QVGA (Quarter Video Graphics Array) display
- HTC Touch Pro2™ – first Windows Mobile® 6.5 device, 3.6” touch display, full QWERTY

Growing Demand for Smartphones and premium touch screen phones

ARPU is nearly double with Smartphone customers

Offering two of the top mobile platforms: BlackBerry® and Windows Mobile®

HTC Touch Pro™—touch screen, QWERTY
BlackBerry® 8330 Curve
BlackBerry® Pearl: ultra thin, sleek design
HTC PPC6800 and HTC Touch™ --touch screen,
QWERTY keyboard and Windows Mobile® 6

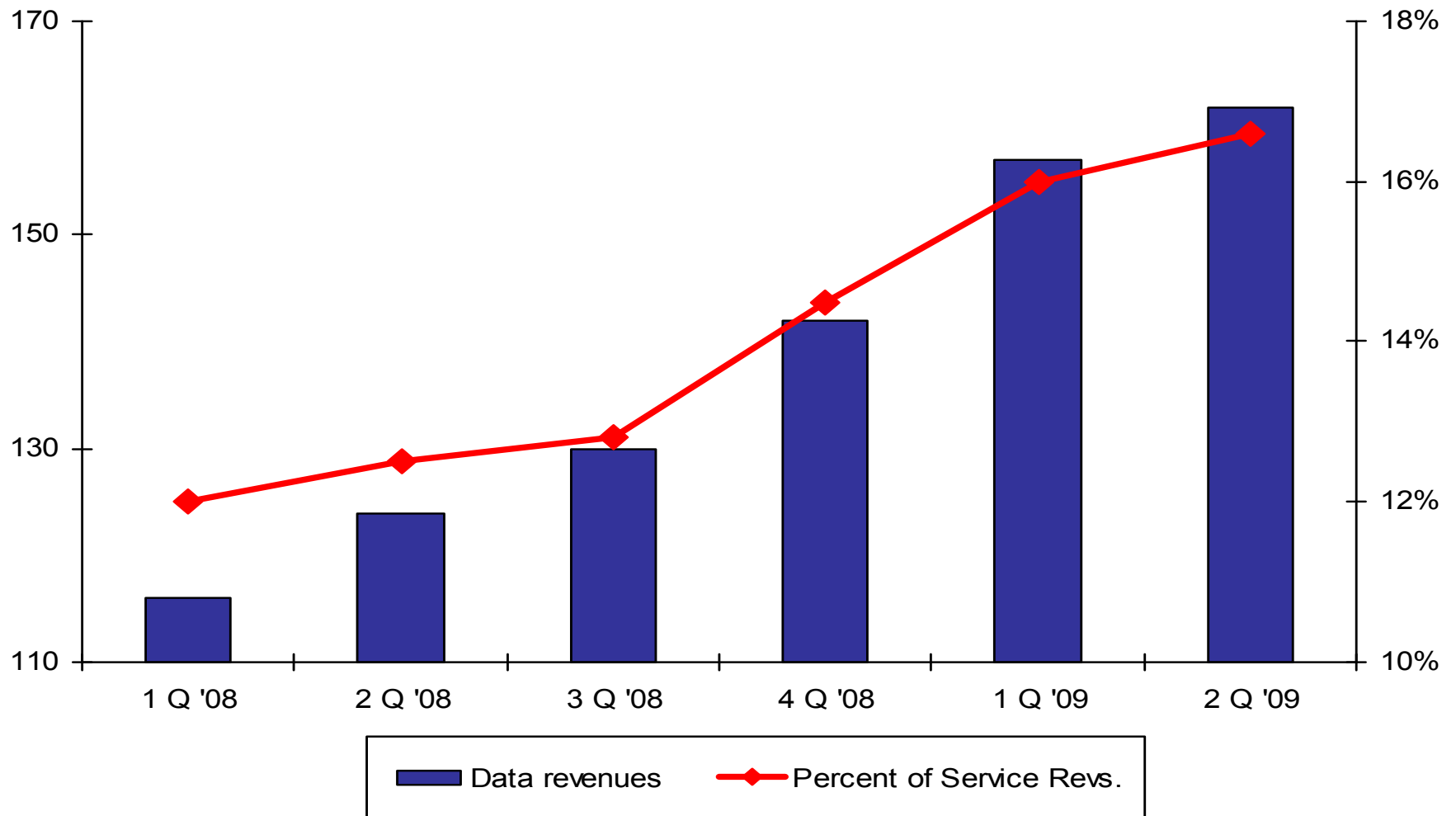


The Curve is the #1 selling Smartphone in the U.S.



Strong Data Revenue Growth

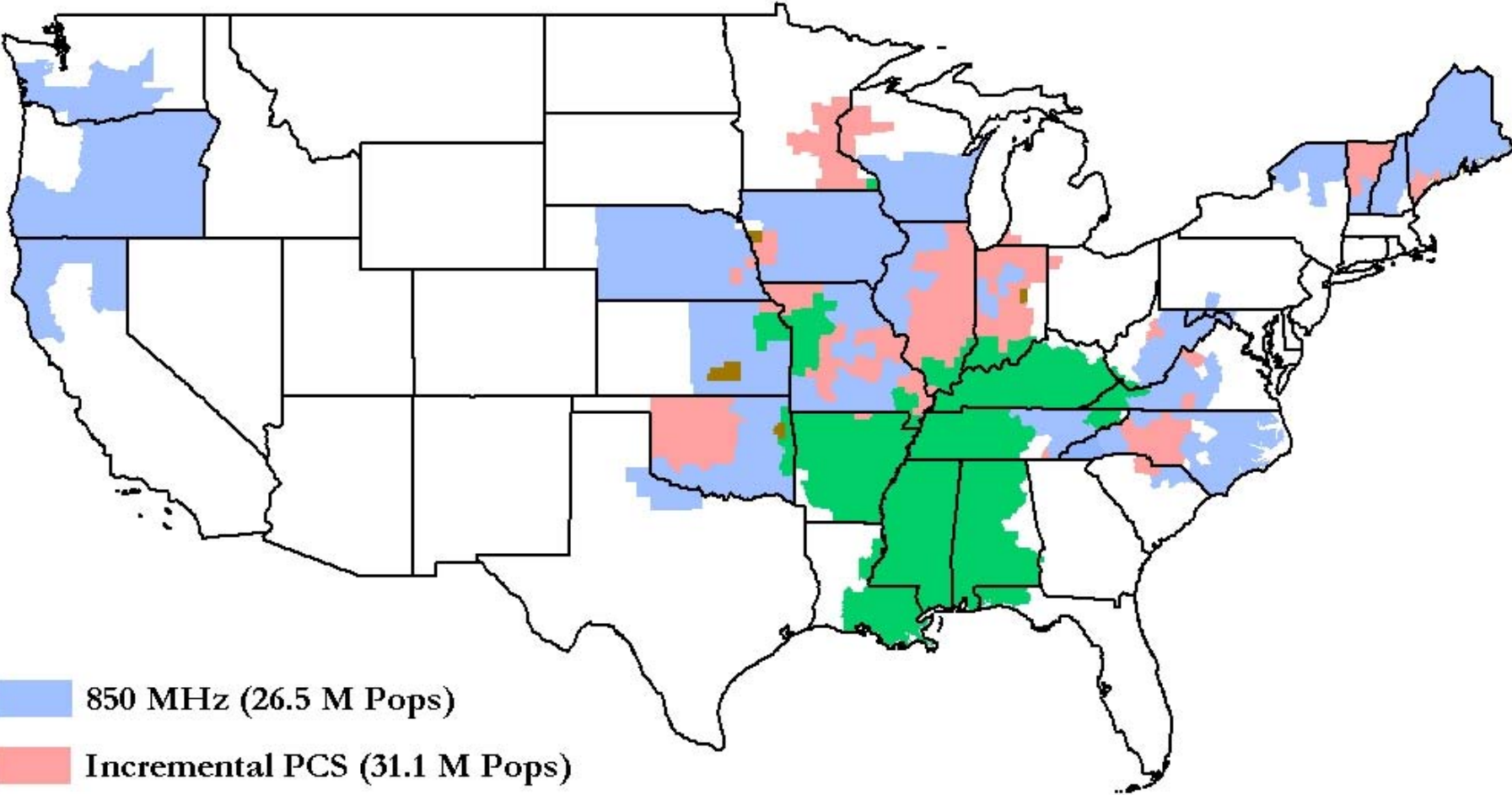
(Dollars in millions)



Technology

- “Smart Follower” strategy
- CDMA 1XRTT → EV-DO Rev. A → LTE
- Expect >70% of customers covered by EV-DO by year-end 2009
- Understanding LTE capabilities and our requirements
 - Field trials 2009/2010

Spectrum Owned or Potentially Available by Lease*



- 850 MHz (26.5 M Pops)
- Incremental PCS (31.1 M Pops)
- Incremental AWS (25.9 M Pops)
- Incremental 700MHz (0.7 M Pops)

* Excluding Auctions 73 and 78, for which licenses have not yet been awarded

Initiatives: 2009 & Beyond

- Develop deeper and more customized relationships:
 - New customer relationship management system
 - New electronic data warehouse
- Drive online sales and support:
 - Enhance uscellular.com
- Provide faster service and access to products:
 - Unified billing and operational support system
- Introduce products and services more quickly:
 - Improve product development capabilities
- Automate inventory process:
 - Handset logistics system



Financial Highlights

(millions)

	Six months ended June 30,		
	<u>2009</u>	<u>2008</u>	<u>% Change</u>
Service Revenues	\$1,956.6	\$1,949.4	---
Total Revenues	2,095.3	2,098.4	---
Operating Income	255.7	236.9	+8%
Depr., Amort. & Accretion	276.3	287.8	(4%)
Operating Cash Flow *	536.2	534.5	---
CAPX	228.9	249.5	(8%)

* Reconciliation on slide 41

2009 Guidance as of Aug. 6, 2009

Net Retail Customer Additions (1)	---
Service Revenues	\$3,900 - \$3,950 million
Operating Income (2)	\$300 – 375 million
Depr., Amort. & Accretion (2)	Approx. \$600 million
Operating Cash Flow (3)	\$900 - \$975 million
Capital Expenditures	Approx. \$575 million

- (1) U.S. Cellular has withdrawn its net retail customer additions guidance for the remainder of 2009 due to uncertainty related to the weak economy and consumer purchasing intentions
- (2) Includes losses on disposals of assets
- (3) See slide 41 for definition

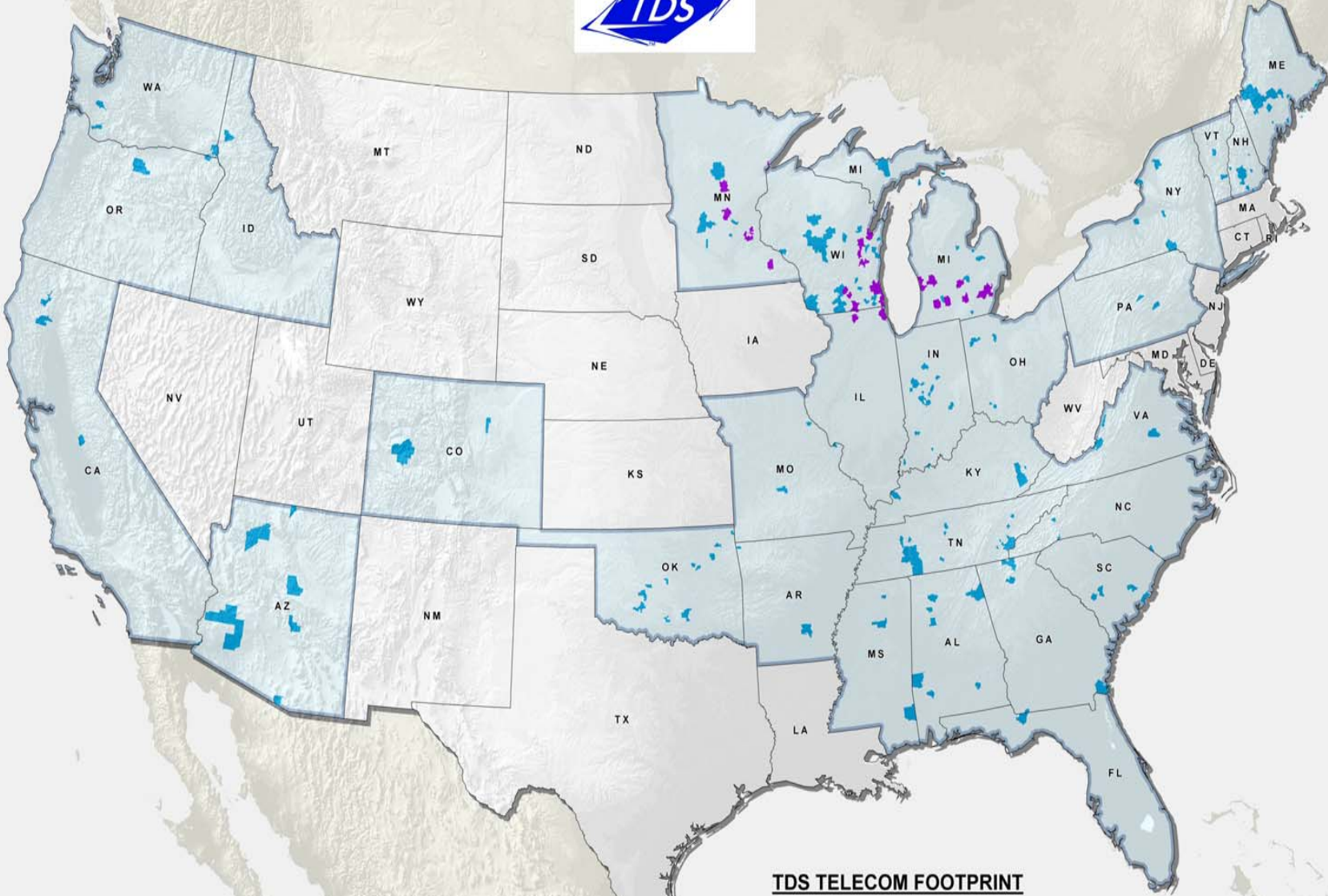


Julie D. Mathews
Manager, Investor Relations



TDS Telecom®

- 8th largest local exchange company
- 1.1 million equivalent access lines, rural and small town
- ILEC primarily residential (76%)... and primarily rural/small town (82%)
- CLEC primarily consumer (small/medium business) (77%)



TDS TELECOM FOOTPRINT

-  ILEC
-  CLEC

Strategy



- Be the preferred broadband provider in its markets ...aggressively deploy advanced network
- Bundle aggressively – the bigger the bundle, the lower the churn
- Provide outstanding customer satisfaction
- Increased focus on small-medium business market
- Focus on efficiency, cost control and process improvement to generate profitable growth

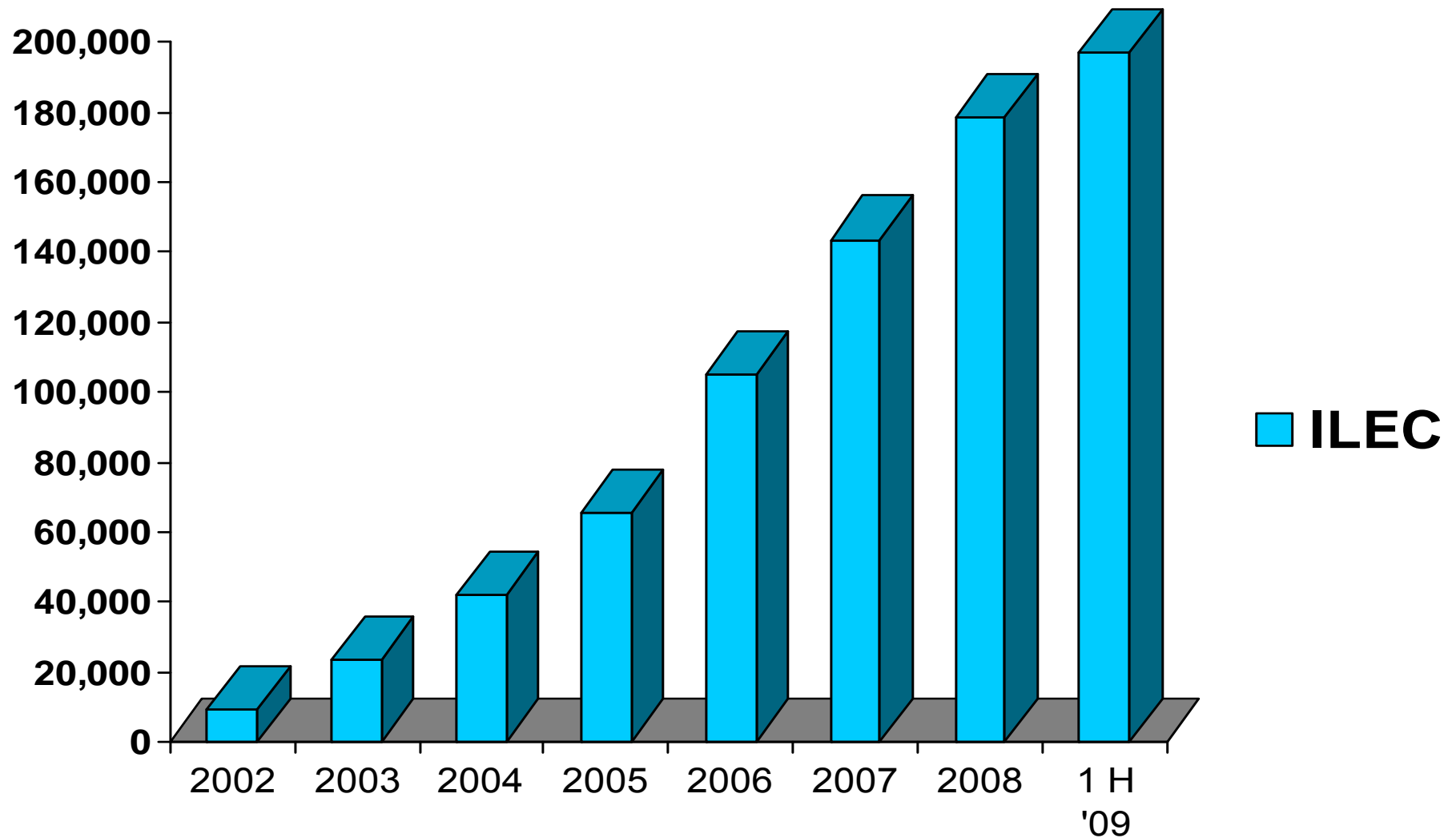


Initiatives

- Grow high-speed data customers/revenue and triple play customers
- Expand 10-gigabit speed regional fiber transport network
 - provides more capacity, lower costs, and enhanced reliability through multiple routes
 - allows company to roll out new services quickly
- Aggressively market *managed*IP – a hosted IP solution
- Pursue Federal “stimulus” initiatives



Growth in HSD Customers



36% penetration at 6/30/09



Bundling Reduces Churn

Voice churn	1.8%
Voice + HSD churn	1.5%
Voice + DISH churn	0.8%
Triple play churn	0.5%



managedIP

- Full integration of voice and data
- Rich call management features
- Reliability... carrier-grade failover capability
- No upfront CAPX... pay as you go...scalable
- No obsolescence
- Well-received by small/medium businesses



Clustered Acquisitions

		<u>Price</u>	<u>Equiv. Access Lines</u>	<u>DSL</u>
7/27/09	Union Telephone Co. (New Hampshire)	---	8,500	1,900
11/30/08	State Long Distance Co. (Wisconsin)	\$27 M	11,500	2,200
5/31/08	Mosinee Tel Co. (Wisconsin)	\$17.4 M	5,800	1,200
2/13/08	West Point Tel. Co. (Indiana)	\$6.8 M *	1,100	300

* Includes some wireless assets and cash



Financial Highlights

(millions)

Six months ended June 30,

	<u>2009</u>	<u>2008</u>	<u>% Change</u>
Total Revenues	\$395.3	\$413.5	(4%)
Operating Income	44.6	73.0	(39%)
Depr., Amort. & Accretion	83.5	78.6	6%
Operating Cash Flow*	128.7	151.8	(15%)
CAPX	58.3	45.6	28%



TDS Telecom (ILEC & CLEC) 2009 Guidance as of Aug. 6, 2009

Operating Revenues	\$775 – 800 million
Operating Income (1)	\$85 – 105 million
Depr., Amort. & Accretion (1)	Approx. \$165 million
Operating Cash Flow (3)	\$250 – 270 million
Capital Expenditures	Approx. \$125 million

(1) Includes losses on disposals of assets

(3) See definition on slide 41



TDS Consolidated Financial Highlights

(millions)

	Six months ended June 30,		
	<u>2009</u>	<u>2008</u>	<u>% Change</u>
Total Revenues	\$2,499.1	\$2,523.5	(1%)
Operating Income	290.8	303.4	(4%)
Depr., Amort. & Accretion	366.1	374.2	(2%)
Operating Cash Flow*	661.8	687.6	(4%)
CAPX	287.2	295.1	(3%)



Liquidity

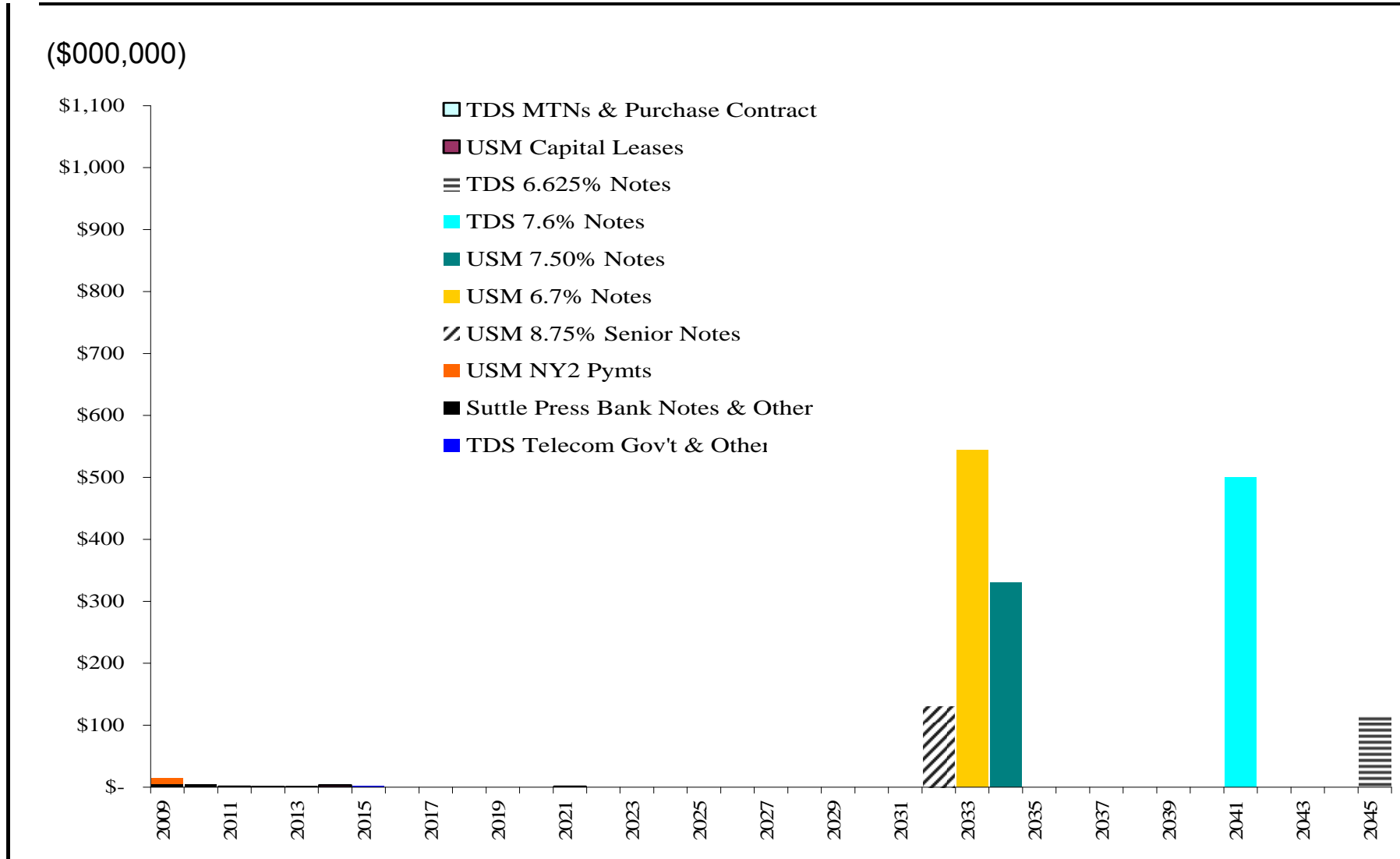
June 30, 2009

- Cash \$ 664.8 M
- Other liquid investments (CD's) 136.5
- Available credit facilities 696.3

Total: \$1,497.6 M

- 4,000 owned towers (\$8 million 2Q '09 - tower rental revenue)
- Los Angeles minority position...carried at book...generated \$66.1 million investment income in 2008

Long Term Debt Repayment



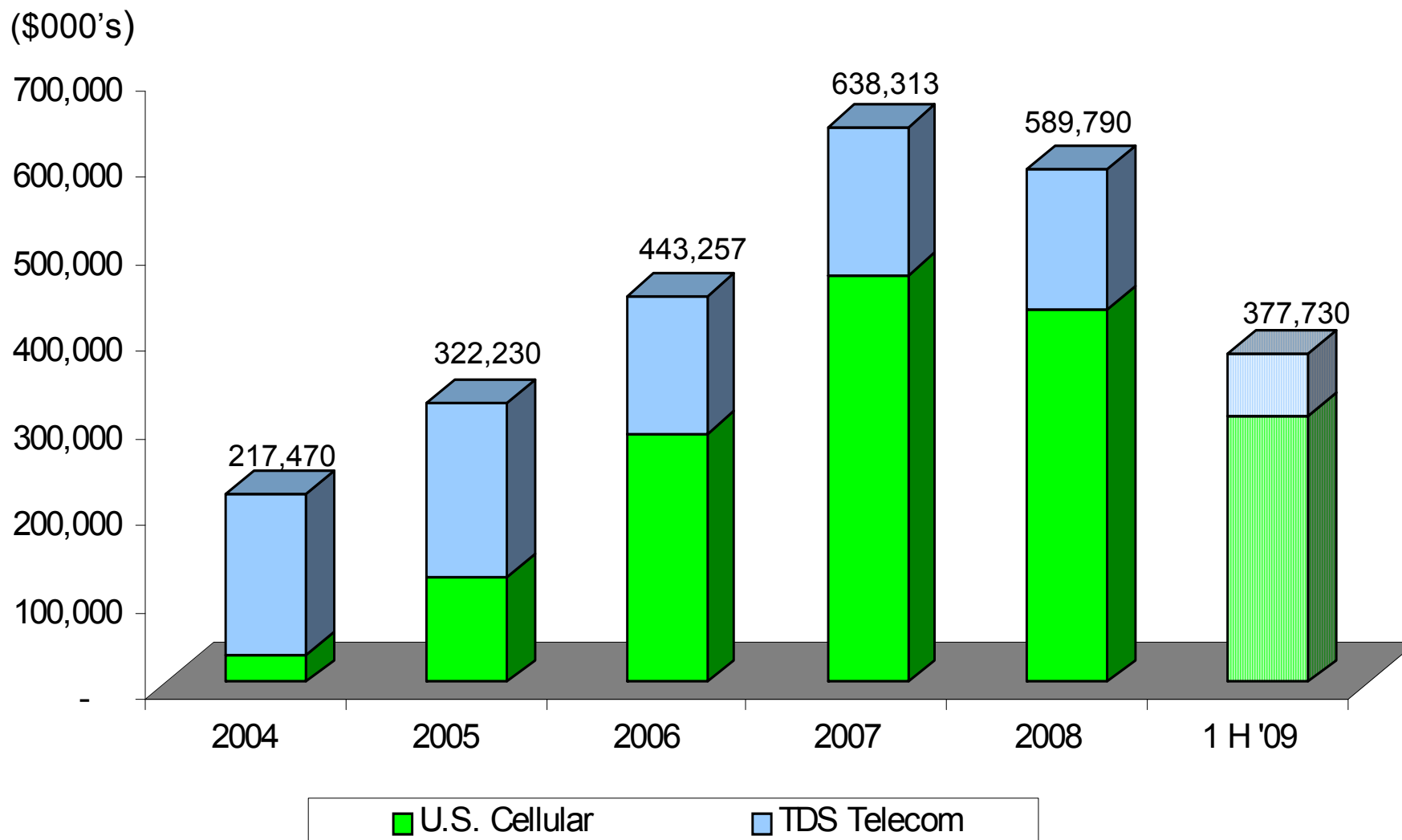


Investment-Grade Credit Ratings

	<u>TDS</u>	<u>USM</u>	<u>Outlook</u>
Moody's	Baa2	Baa2	Stable
Standard & Poor's	BBB-	BBB-	Positive
Fitch	BBB+	BBB+	Negative



“Simple” Free Cash Flow



Reconciliation on slide 42



Stock Repurchases

TDS – 11/’08 authorized \$250 M TDS/TDS.S - \$88 M remaining

YTD 2009: 3,188,293 TDS.S shares purchased (\$86 M)

TDS – 10/’08 completed \$250 M of TDS.S

2008: 5,861,822 shares purchased (\$199.6 M)

2007: 2,076,979 shares purchased (\$126.7 M)

U.S. Cellular

YTD 2009: 507,000 shares purchased (\$19.3 M)*

2008: 600,000 shares purchased (\$32.9 M)

2007: 1,006,000 shares purchased (\$83.3 M)



Investment Highlights

- 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

Reconciliation of YTD OCF

(\$000)



Six months ended June 30, 2009	U.S. Cellular	TDS Telecom		All Other ⁽¹⁾	Total
		ILEC	CLEC		
Operating cash flow:					
Operating income (loss) as reported	\$255,689	\$43,639	\$917	(\$9,436)	\$290,809
Add:					
Depreciation, amortization and accretion	276,265	71,388	12,138	6,324	366,115
Loss on asset disposals	4,277	421	196	18	4,912
Operating cash flow	\$536,231	\$115,448	\$13,251	(\$3,094)	\$661,836

Six months ended June 30, 2008	U.S. Cellular	TDS Telecom		All Other ⁽¹⁾	Total
		ILEC	CLEC		
Operating cash flow:					
Operating income (loss) as reported	\$236,868	\$62,330	\$10,676	(\$6,522)	\$303,352
Add:					
Depreciation, amortization and accretion	287,788	67,126	11,453	7,817	374,184
Loss on asset disposals	9,892	(46)	244	--	10,090
Operating cash flow	\$534,548	\$129,410	\$22,373	\$1,295	\$687,626

Operating Cash Flow as used above represents operating income before depreciation, amortization and accretion, loss on asset disposals, net (if any), and loss on impairment of intangible assets (if any). 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.

(1) Consists of Suttle Straus printing and distribution operations, corporate operations and intercompany eliminations



Reconciliation of “Simple” Free Cash Flow

(\$000)	(as restated)	(as restated)				
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>1 H '09</u>
U.S. Cellular						
Operating Income	\$162,583	\$231,197	\$289,896	\$396,199	\$27,710	\$255,689
Loss on impairment of intangibles	---	---	---	24,923	386,653	---
Loss on asset disposals	---	20,394	19,587	34,016	23,378	4,277
(Gain) on assets held for sale	(10,806)	(44,660)	---	---	---	---
Depreciation, amortization and accretion	<u>502,564</u>	<u>490,093</u>	<u>555,525</u>	<u>578,186</u>	<u>576,931</u>	<u>276,265</u>
Operating cash flow	\$654,341	\$697,024	\$865,008	\$1,033,324	\$1,014,672	\$536,231
CAPX	623,058	576,525	579,785	565,495	585,590	228,900
"Simple" Free Cash Flow	\$31,283	\$120,499	\$285,223	\$467,829	\$429,082	\$307,331

(000's)	(as restated)	(as restated)				
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>1 H '09</u>
TDS Telecom						
Operating Income	\$37,070	\$160,725	\$128,856	\$141,202	\$142,244	\$44,556
Loss on impairment of intangibles	117,350	---	---	---	---	---
Loss on asset disposals	---	---	---	---	857	617
Depreciation, amortization and accretion	<u>170,014</u>	<u>165,616</u>	<u>159,612</u>	<u>157,462</u>	<u>158,366</u>	<u>83,526</u>
Operating cash flow	\$324,434	\$326,341	\$288,468	\$298,664	\$301,467	\$128,699
CAPX	<u>138,247</u>	<u>124,610</u>	<u>130,434</u>	<u>128,180</u>	<u>140,759</u>	<u>58,300</u>
"Simple" Free Cash Flow	\$186,187	\$201,731	\$158,034	\$170,484	\$160,708	\$70,399

Operating Cash Flow as used above represents operating income before depreciation, amortization and accretion, loss on asset disposals, net (if any), and loss on impairment of intangible assets (if any). 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.



2008 Payout Ratio Reconciliation

2008 Dividends per share	<u>\$0.41</u>	= 18%
Diluted EPS – Operations excluding gains/losses	\$2.29	
<u>Diluted EPS</u>		
Operations excluding gains/losses	\$2.29	
Effect of gains/losses	.31	
Loss on impairment of intangibles assets	<u>(1.80)</u>	
Diluted Earnings Per Share, as reported	\$0.80	



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