



# UBS 38<sup>th</sup> Annual Global Media and Communications Conference

December 7, 2010



LeRoy T. Carlson, Jr.

President and CEO

# Safe Harbor

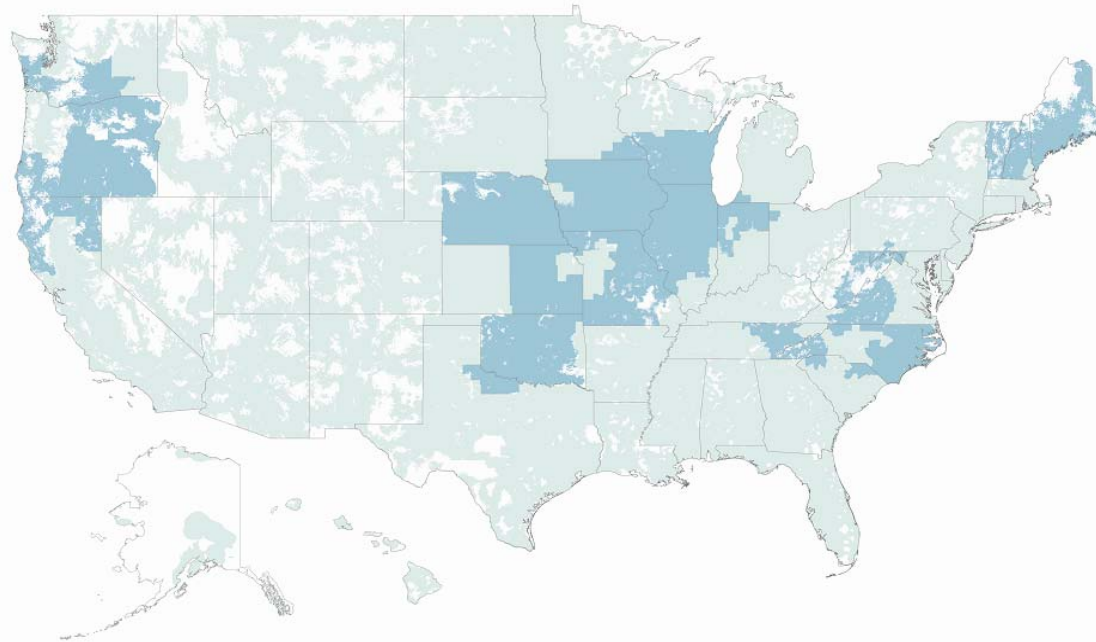
**Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995:** *All information set forth in this presentation, except historical and factual information, represents forward-looking statements. This includes all statements about the company's plans, beliefs, estimates and expectations. 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 grow its markets; the overall economy; competition; the access to and pricing of unbundled network elements; 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; risks and uncertainties relating to possible future restatements; 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.*

# TDS Overview

- Diversified telecommunications company with two principal business units
  - **U.S. Cellular** (83%-owned)—wireless; 94% retail postpay (NYSE:USM)
  - **TDS Telecom** (wholly-owned)—wireline; broadband focus
- 7.2 million customers in 36 states
- Fortune 500® member
- Controlled company with focus on long-term value creation
- Strong balance sheet; investment-grade debt ratings



# U.S. Cellular Operations



- High-quality nationwide network
- 47M operating pops; 90M total pops
- 6.1M customers in 26 states

# Recognized for Service, Quality and Integrity

## **PC Magazine Readers' Choice Award** (2010 Cellular Service Providers: Contract Providers)

"It's not the biggest company, but its customers like it just the same. Call coverage and quality were on par with Verizon Wireless, and respondents were much more satisfied with how much they're being charged."

- September 7, 2010, PC Magazine



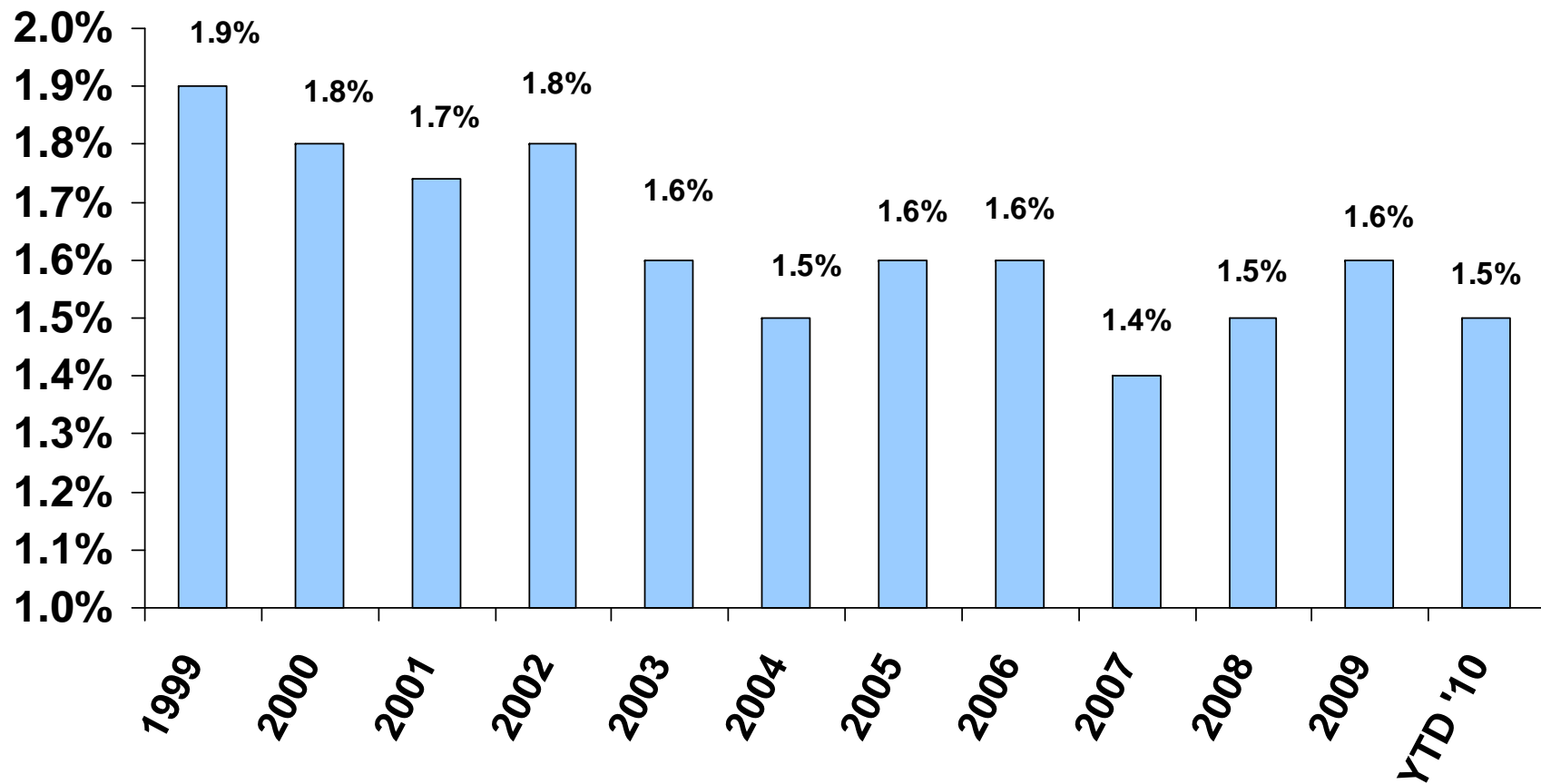
U.S. Cellular named among **Top 200 Most Trustworthy** companies

## **J.D. Power and Associates** **Highest Call Quality in the** **North Central Region** 10 consecutive awards



# Excellent Customer Experiences

Postpaid churn <2% for 10+ years





# Strategy to Differentiate

- Understand our target customers
- Leverage our understanding to create a **differentiated strategy**
- Unique value proposition:
  - Leverage our core strengths
  - Focus on building **loyal advocates**

# The Belief Project



The value proposition eliminates, contracts while driving acquisition, retention and loyalty through protection and rewards

- “One and Done” Contracts
- Belief Rewards
- Phone Replacement
- Billing Discounts for Online Payment
- Overage Cap/ Forgiveness

# Belief Project Expected Results



- More new customers attracted → incremental gross postpaid additions of at least 10%
- Customers spending more → incremental growth in ARPU
- Customers staying longer → improvement in already low postpaid churn

# Attractive Portfolio of Devices

Android™  
powered

BlackBerry

Windows

Tablet

Modems



# Technology Path for Data

- EVDO Rev. A (3G) → LTE (4G)
- 3G access for 98% of customers now
- LTE technical trials under way
- LTE launch market likely in late 2011

# Innovating the Customer Experience

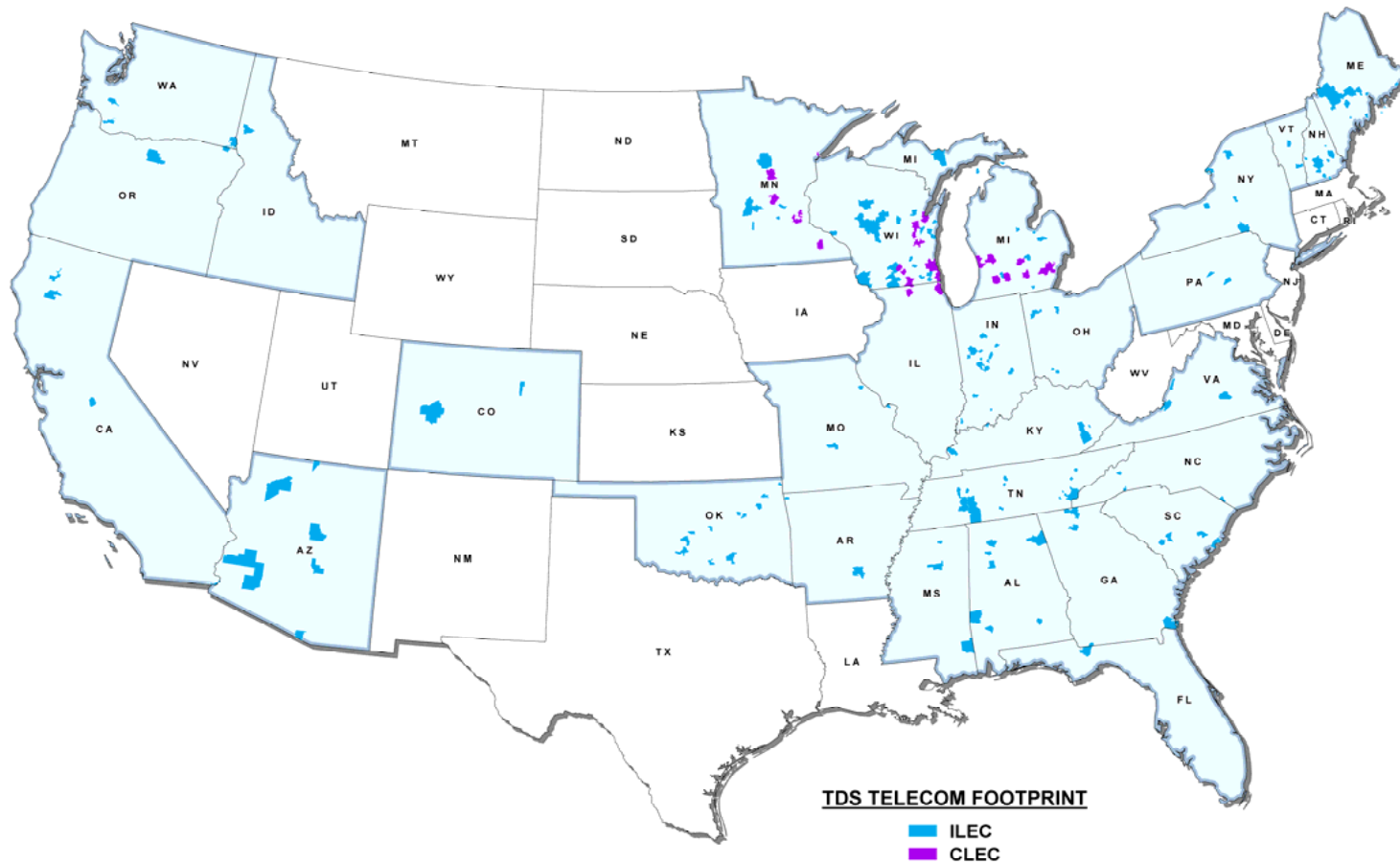
Financially  
Strong

- 6.1 million customers
- The Belief Project
- Valuable spectrum
- 4,300 owned towers
- Los Angeles minority position



**TDS Telecom**

# TDS Telecom Operations



- 1.1 million equivalent access lines: ILEC 70% / CLEC 30%
- ILEC 76% residential and 82% rural / small town
- CLEC 80% small / medium commercial





# Strategies

- Compete aggressively for broadband services to consumers and businesses
- Long-term view— high speed data market will largely evolve into two wired competitors (ILEC and cable)
- Selective M&A

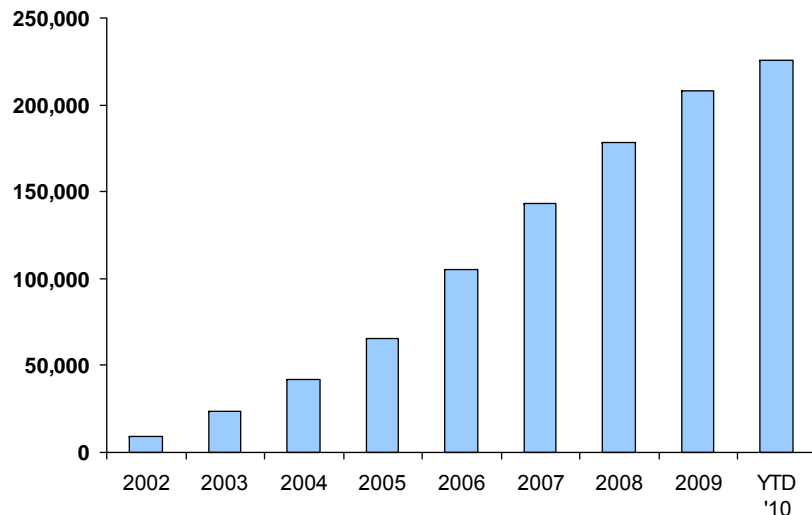


# Broadband and Bundling

## High-Speed Data Growth

## Bundling Reduces Churn

Number of customers



**44% HSD penetration of ILEC access lines**

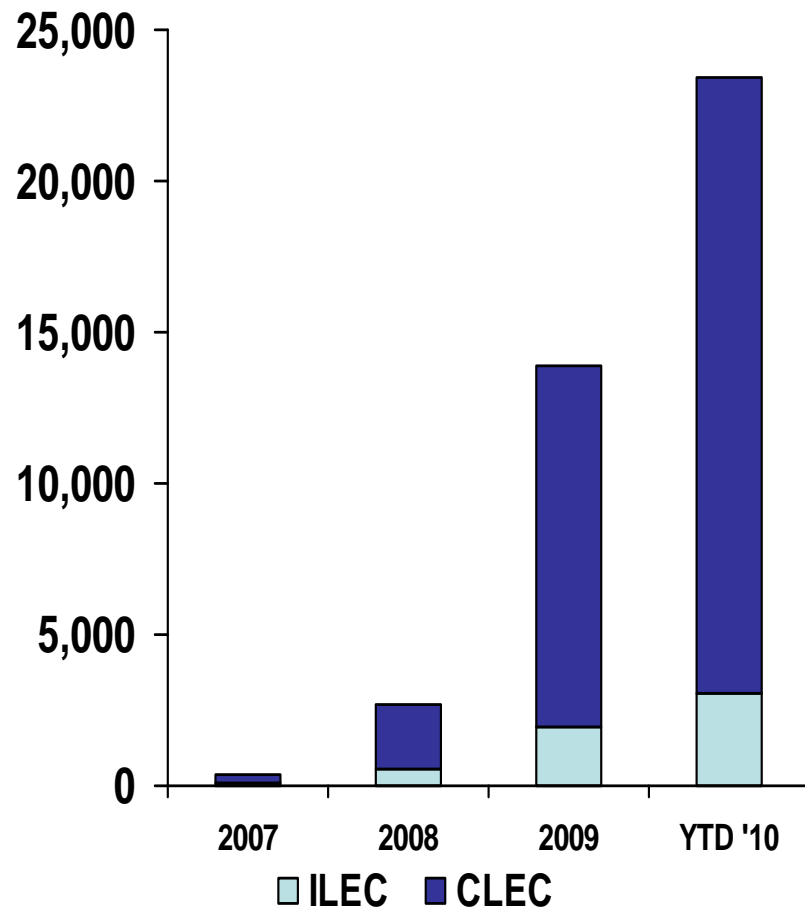
Voice churn	2.2%
Voice + HSD churn	1.6%
Voice + DISH churn	1.1%
Triple play* churn	0.5%

**24% of ILEC residential customers have triple play bundles**



# Commercial Services

*managedIP* stations



- *managedIP*
- 10Gig regional fiber network
- Hosted and Managed Services (HMS)
  - VISI





**Douglas Shuma**

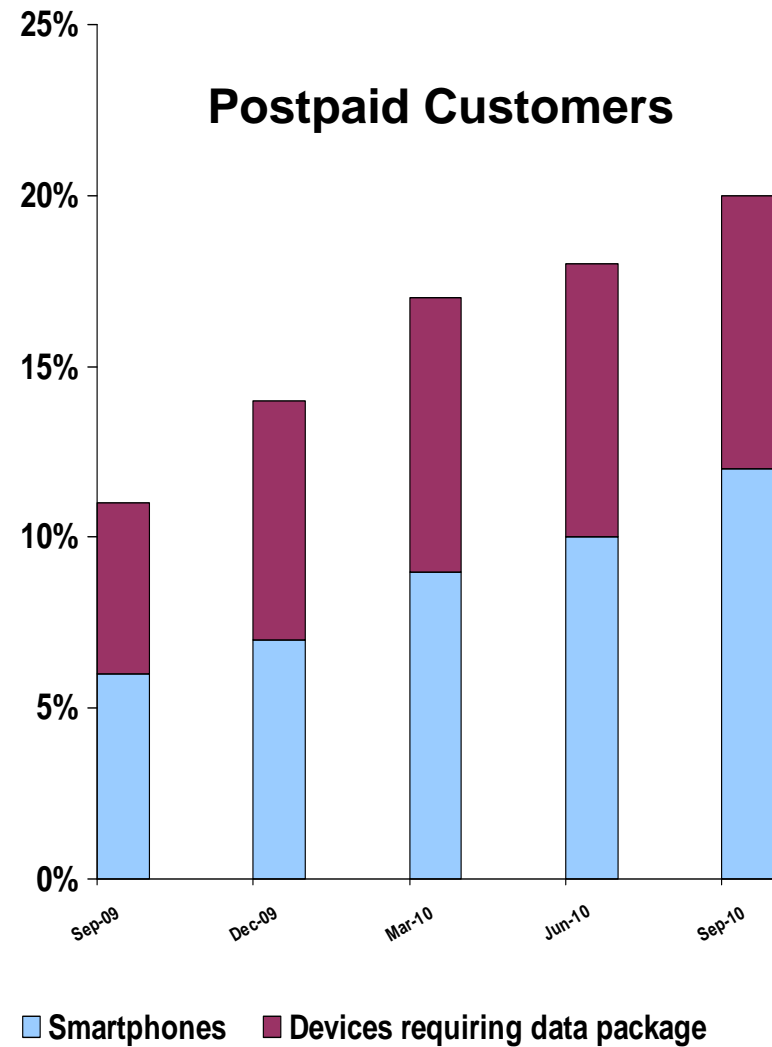
**Senior Vice President and Corporate  
Controller**

# U.S. Cellular Financial Highlights

	<u>YTD '10</u>	<u>YTD '09</u>
Service revenues	\$2,921.1	\$2,941.7
Total revenues	3,114.5	3,153.8
Adjusted OIBDA	641.8	748.1
Operating income	201.0	316.8
Depreciation, amortization and accretion	432.4	422.7
Capital expenditures	379.7	357.8

# Belief Plan Accounting

- Reward points
- Bundling allocations



# U.S. Cellular 2010 Guidance

As of Nov. 4, 2010

Service revenues	\$3,925 – \$3,975 million
Adjusted OIBDA (1)	\$800 – \$850 million
Operating income	\$200 – \$250 million
Depreciation, amortization and accretion (2)	Approx. \$600 million
Capital expenditures	Approx. \$600 million

- (1) Adjusted OIBDA is defined as operating income, excluding the effects of: depreciation, amortization and accretion (OIBDA); the net gain or loss on asset disposals (if any); and the loss on impairment of assets (if any). This measure may also be commonly referred to by management as operating cash flow. This measure should not be confused with cash flows from operating activities, which is a component of the consolidated statement of cash flows.
- (2) Includes estimated losses on disposals of assets, but does not include an estimate for loss on impairment of assets, since this cannot be predicted.

# TDS Telecom Financial Highlights

	<u>YTD '10</u>	<u>YTD '09</u>
Total revenues	\$596.7	\$591.8
Adjusted OIBDA	205.9	194.7
Operating income	75.0	67.7
Depreciation, amortization and accretion	130.2	125.3
Capital expenditures	95.4	86.8





# Federal Broadband Stimulus Funding

	Applications Approved	Total Projects Approved	Federal Grants	TDS Telecom Funding
Round 1	2	\$12.5 M	\$12.5 M	---
Round 2	<u>42</u>	<u>\$123.5 M</u>	<u>\$92.6 M</u>	<u>\$30.9 M</u>
	44	\$136 M	\$105.1 M	\$30.9 M



# TDS Telecom 2010 Guidance

As of Nov. 4, 2010

Operating revenues	\$785 – \$800 million
Adjusted OIBDA (1)	\$265 – \$280 million
Operating income	\$90 – \$105 million
Depreciation, amortization and accretion (2)	Approx. \$175 million
Capital expenditures (3)	Approx. \$155 million

- (1) Adjusted OIBDA is defined as operating income excluding the effects of: depreciation, amortization and accretion (OIBDA); the net gain or loss on asset disposals (if any); and the loss on impairment of assets (if any). This measure may also be commonly referred to by management as operating cash flow. This measure should not be confused with cash flows from operating activities, which is a component of the consolidated statement of cash flows.
- (2) Includes estimated losses on disposals of assets, but does not include an estimate for loss on impairment of assets, since this cannot be predicted.
- (3) The capital expenditure guidance does not include amounts awarded to TDS Telecom through the Broadband Stimulus programs under the American Recovery and Reinvestment Act



# TDS Financial Highlights

	<u>YTD 2010</u>	<u>YTD 2009</u>
Total revenues	\$3,721.1	\$3,758.0
Adjusted OIBDA	851.2	940.4
Operating income	271.5	372.8
Depreciation, amortization and accretion	570.6	557.2
Capital expenditures	486.1	450.6

# Significant Liquidity

## Ample Cash Liquidity Available to TDS

*(\$ in millions)*

Cash and cash equivalents	\$ 390.0
U.S. Treasury securities and other government guaranteed securities	412.7
Certificates of deposit	97.8
<b>Total Cash Liquidity Available</b>	<b>\$900.5</b>

## Financial Strength

\$696.4 million available on credit facilities

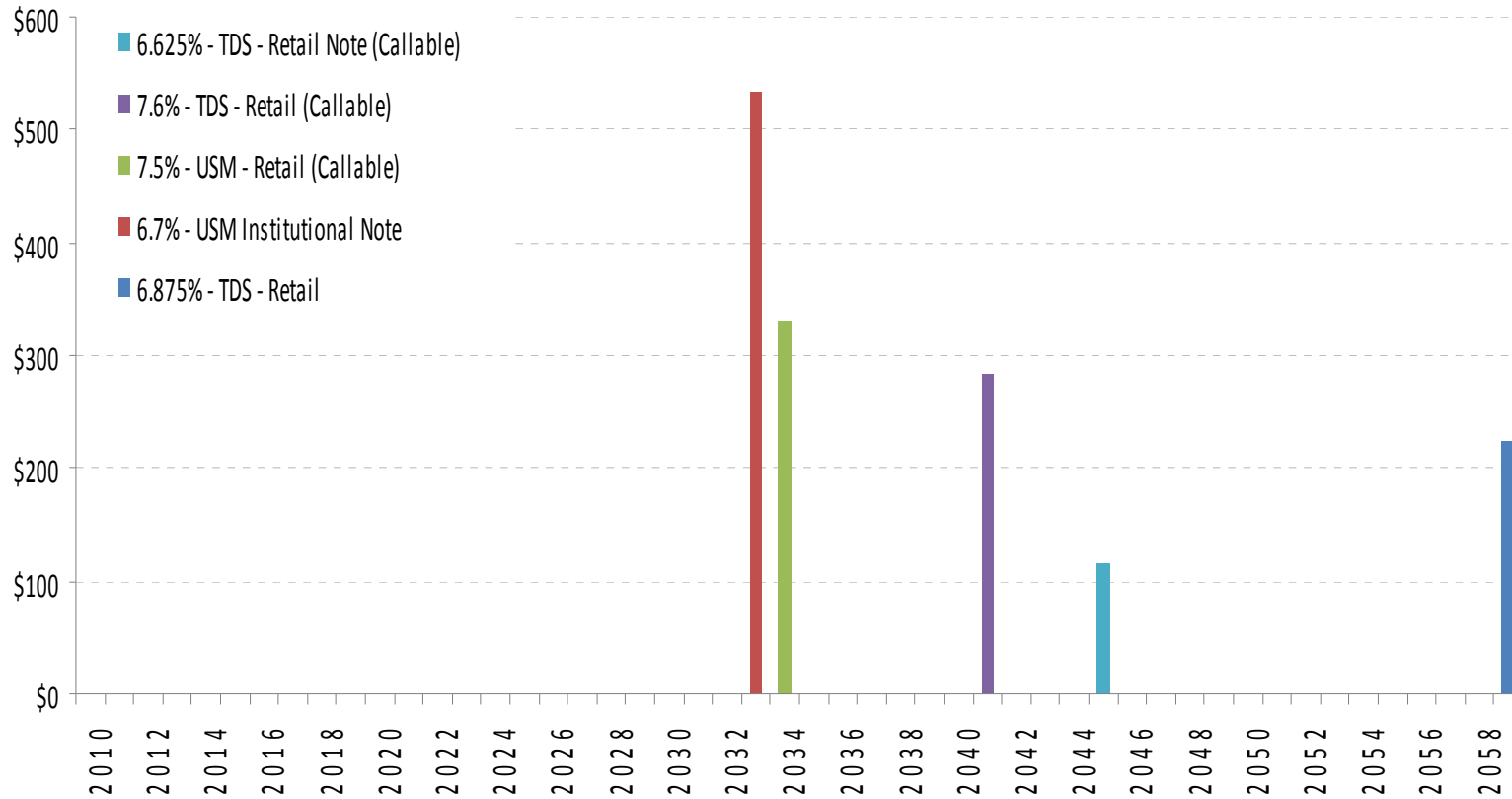
~4,300 owned towers

– Tower rental revenues of \$32 M in 2009

Los Angeles minority position

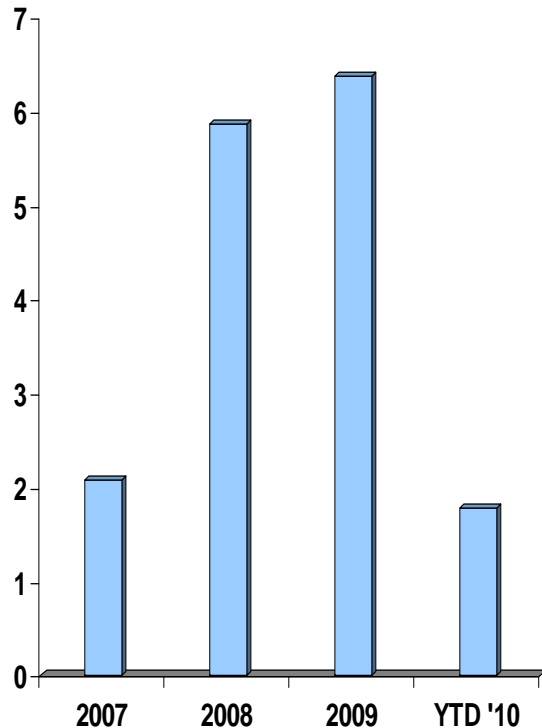
– \$65 M of investment income in 2009

# Long Term Debt Schedule

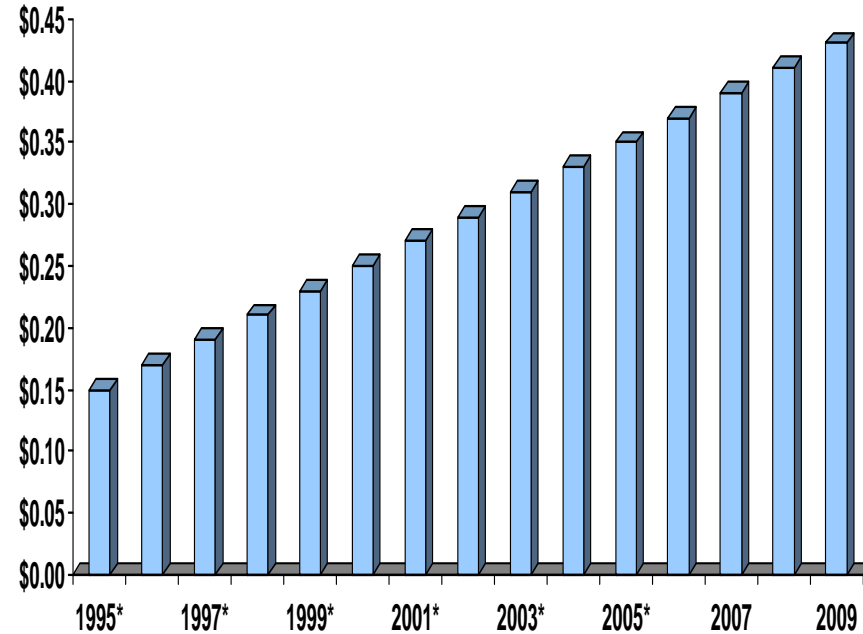


# Delivering Value to Shareholders

## Shares Repurchased (Common/Special Common) (in millions)



## Dividends Per Share



\* Retroactively adjusted for the effect of the 2005 stock dividend.



# Adjusted OIBDA

Nine Months Ended September 30, 2010	U.S. Cellular	TDS Telecom (1)	All Other (2)	Consolidated Total
<b>Operating revenues</b>	\$ 3,114,531	\$ 596,741	\$ 9,798	\$ 3,721,070
Deduct:				
U.S. Cellular equipment sales revenue	193,444			
<b>Service revenues</b>	\$ 2,921,087			
<b>Operating income</b>	\$ 200,961	\$ 75,015	\$ (4,438)	\$ 271,538
Add:				
Depreciation, amortization and accretion	432,405	130,217	7,997	570,619
(Gain) Loss on asset disposals	8,407	667	(51)	9,023
<b>Adjusted OIBDA (3)(4)</b>	\$ 641,773	\$ 205,899	\$ 3,508	\$ 851,180

Nine Months Ended September 30, 2009	U.S. Cellular (5)	TDS Telecom (1)(5)	All Other (2)	Consolidated Total (5)
<b>Operating revenues</b>	\$ 3,153,782	\$ 591,804	\$ 12,447	\$ 3,758,033
Deduct:				
U.S. Cellular equipment sales revenue	212,062			
<b>Service revenues</b>	\$ 2,941,720			
<b>Operating income</b>	\$ 316,755	\$ 67,698	\$ (11,687)	\$ 372,766
Add (Deduct):				
Depreciation, amortization and accretion	422,707	125,272	9,239	557,218
Loss on asset disposals	8,641	1,752	69	10,462
<b>Adjusted OIBDA (3)(4)</b>	\$ 748,103	\$ 194,722	\$ (2,379)	\$ 940,446

(1) Includes ILEC and CLEC intercompany eliminations.

(2) Consists of a non-reportable segment (Suttle-Straus), corporate operations, intercompany eliminations between U.S. Cellular, TDS Telecom and corporate investments. Amounts in this column are presented only to reconcile to consolidated totals and may not otherwise be meaningful.

(3) Adjusted OIBDA is a segment measure reported to the chief operating decision maker for purposes of making decisions about allocating resources to the segments and assessing their performance. Adjusted OIBDA is defined as operating income excluding the effects of: depreciation, amortization and accretion (OIBDA); the net gain or loss on asset disposals (if any); and the loss on impairment of assets (if any). This measure also may be commonly referred to by management as operating cash flow. This measure should not be confused with cash flows from operating activities, which is a component of the consolidated statement of cash flows.

(4) Adjusted OIBDA excludes the net gain or loss on asset disposals and loss on impairment of assets, if any, in order to show operating results on a more comparable basis from period to period. TDS does not intend to imply that any of such amounts that are excluded are non-recurring, infrequent or unusual, and accordingly, they may be incurred in the future.

(5) Amounts have been adjusted. See "Revision of Prior Period Amounts" section for additional details.

# Investment Highlights

- Strategies focused on providing exceptional customer experiences
- Well-positioned in existing markets
- Experienced management teams
- Financially strong
- Fortune 500<sup>®</sup> company



