

May 17, 2012



# Annual Meeting of Shareholders



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LeRoy T. Carlson, Jr., President and CEO





# 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 Mission

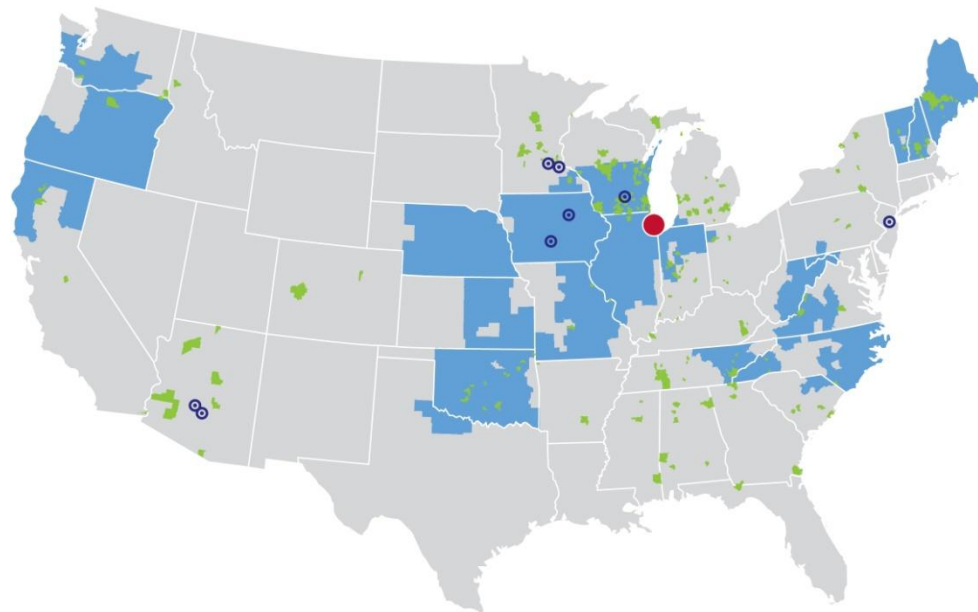
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To provide outstanding communications services to our customers and meet the needs of our shareholders, our people and our communities.

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# TDS Overview



- Telephone and Data Systems headquarters, Chicago, IL
- U.S. Cellular operations
- TDS Telecom operations
- ⊙ Hosted and managed services facilities

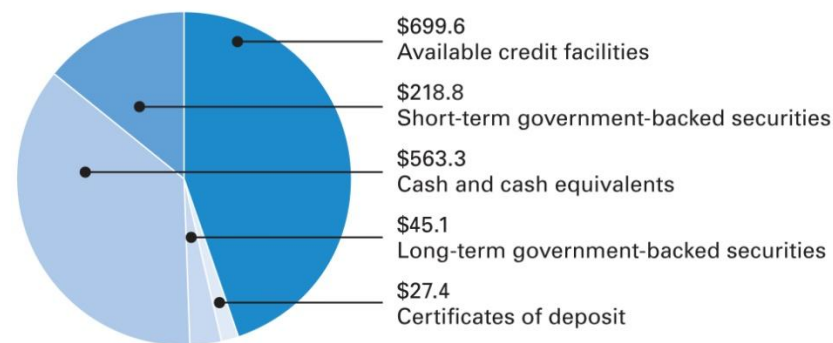
- Diversified telecommunications provider
- Two principal businesses:
  - U.S. Cellular—wireless
  - TDS Telecom—wireline
- Approximately seven million customers in 36 states
- Fortune 500<sup>®</sup> member
- Long-term focus



# TDS Long-term Financial Objectives

- Financial strength and flexibility to support business unit strategies
- Achieve return on capital greater than weighted average cost of capital in each business
  - U.S. Cellular—8.7%
  - TDS Telecom—8.5%
- Maintain investment-grade debt ratings

**LIQUIDITY**  
(in millions)





# Advocating for Our Businesses

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- New FCC rules on intercarrier compensation and universal service funding
  - Many areas still under review and discussion
  - TDS advocating on issues that impact our ability to serve customers effectively
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## TDS 2011 Overview

- Increased revenues, improved profitability in 2011
- U.S. Cellular: Growth in smartphone sales and data services, average revenue per unit
- TDS Telecom: Increase in broadband customers and data revenues



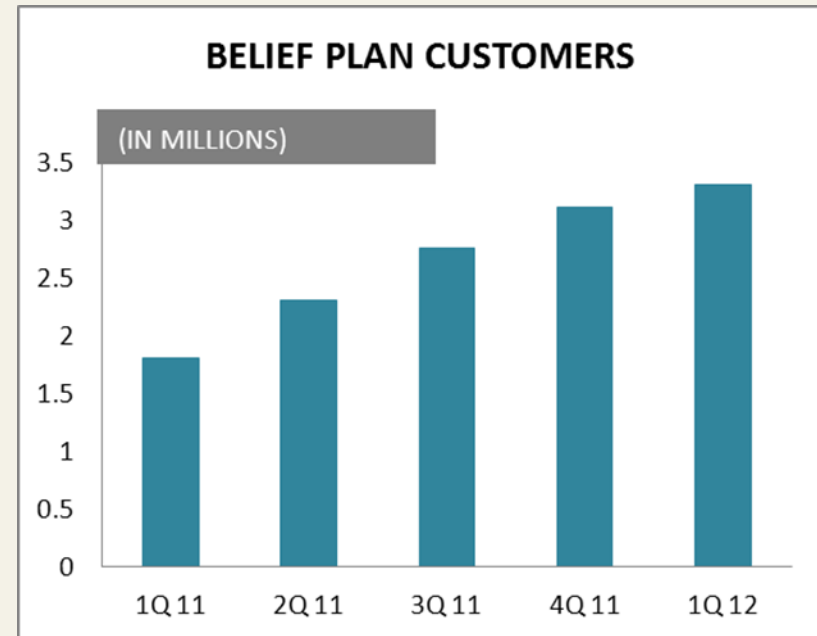
## U.S. Cellular Overview

- Seventh-largest wireless carrier in the U.S.
- High-speed nationwide network
- Competitive device portfolio— including Android®, BlackBerry®, Windows® smartphones
- Innovative and outstanding customer experiences



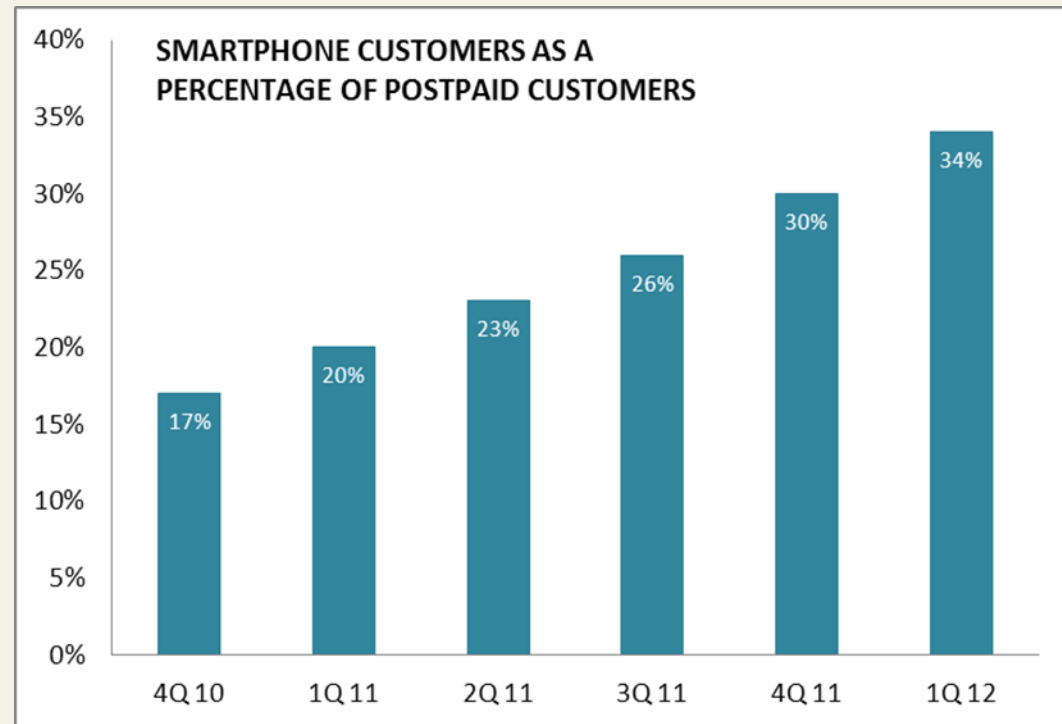
# Differentiating through the Customer Experience

- Raising the standards for outstanding customer experiences
- Providing compelling reasons to switch to U.S. Cellular
- Expanding distribution with prepaid service at Walmart
- Targeting customer segments more effectively
- 3.3 million Belief Plan customers as of first quarter 2012



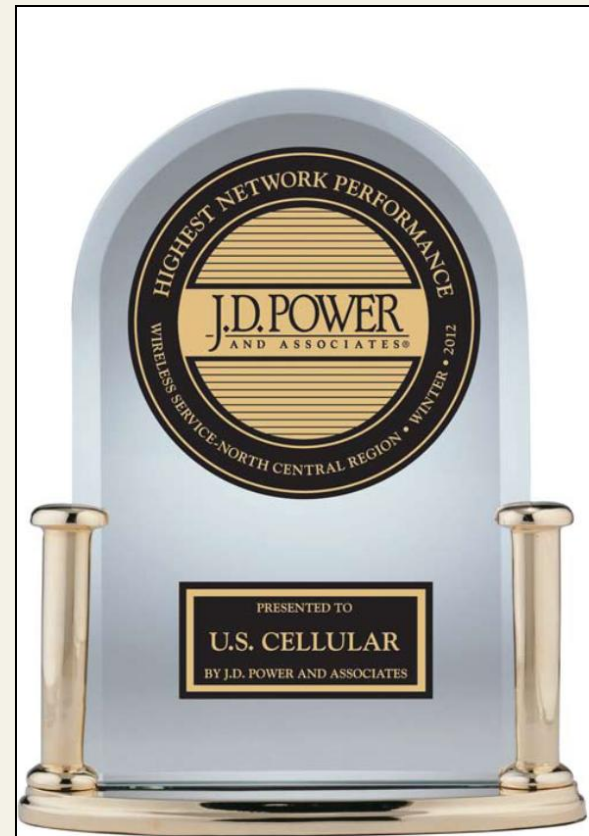
## Increasing Smartphone Sales and Data Use

- Smartphone customers were 34% of customer base in the first quarter
- Smartphone penetration and data use driving ARPU growth
- Tiered data plans introduced in May
- Effectively managed subsidies by offering diverse portfolio of devices



# Ensuring Outstanding Communications Experiences

- Increasing network quality and capacity as data traffic increases
- Thirteen consecutive quality awards from J.D. Power and Associates
- Bringing 4G LTE access to 50 percent of customers in 2012



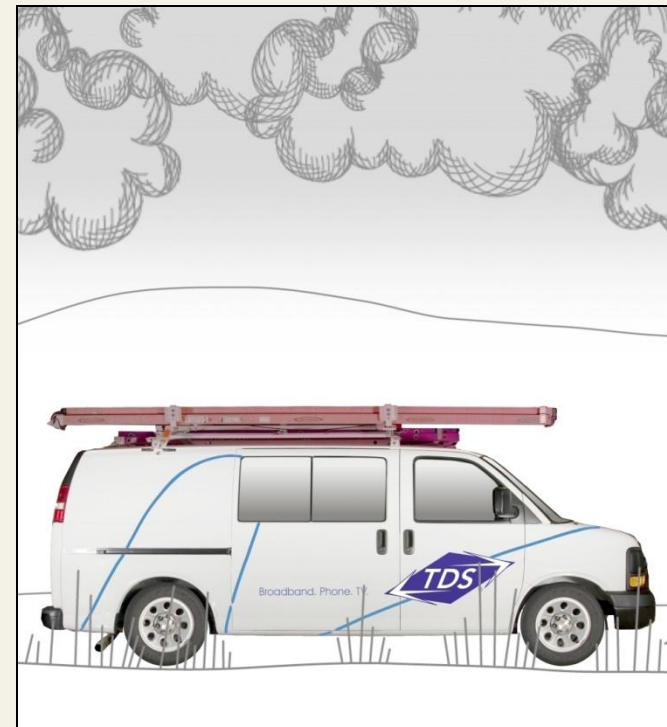
## Improving Agility and Efficiency

- Enablement initiatives to develop and deliver services faster and more effectively
  - **Web:** *Online sales and account management, customer ratings and feedback*
  - **Enterprise Data Warehouse/Customer Relationship Management:** *More targeted marketing, deeper customer understanding*
  - **Billing and Operational Support System:** *Fully operational in 2013*



## TDS Telecom Overview

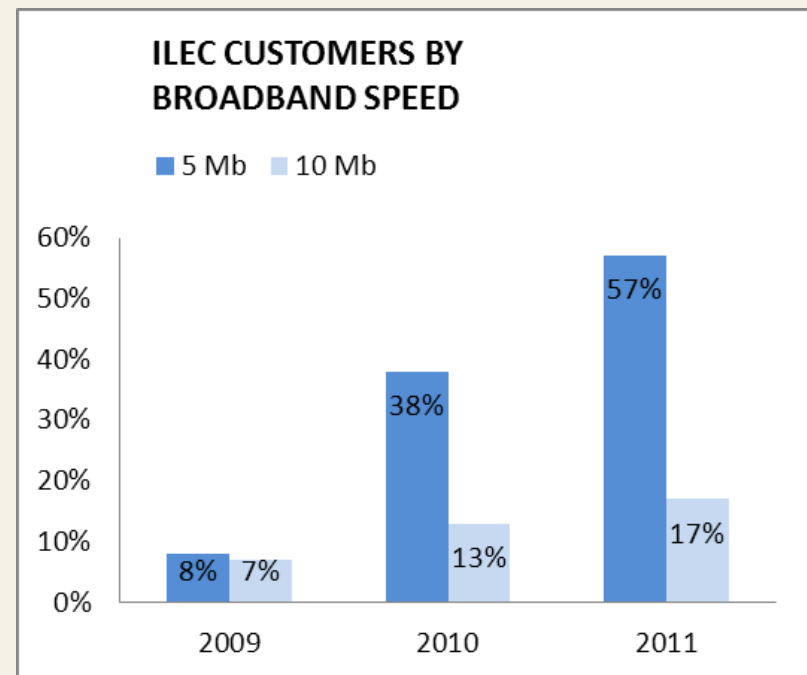
- Seventh-largest local exchange company in U.S.
- Residential voice, video and broadband service provider
- Broadband, VoIP and Hosted and Managed Services for business customers
- Increased revenues in 2011, reduced costs and improved efficiency





## Driving Broadband Growth

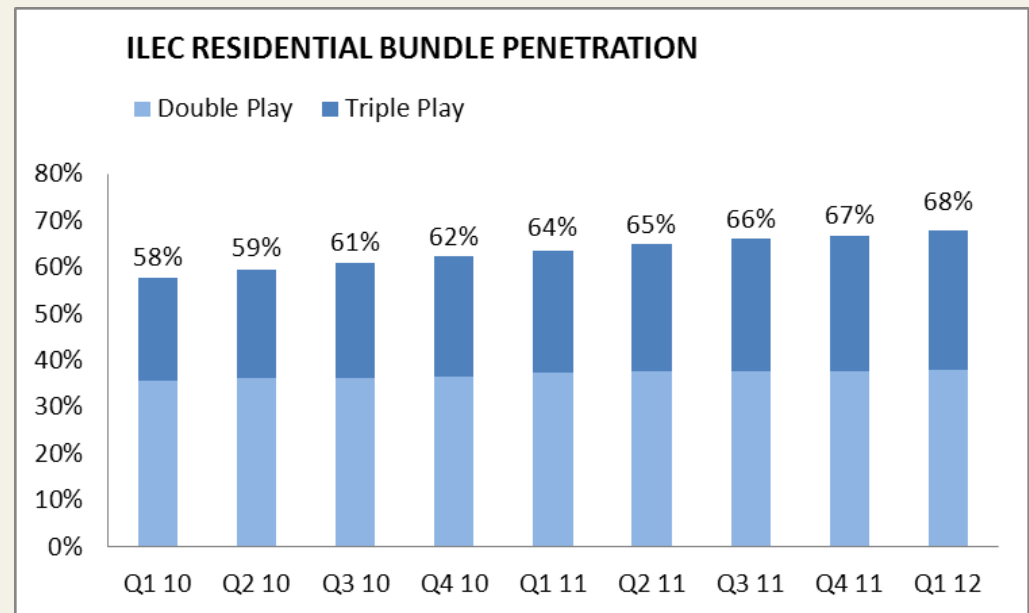
- Increasing broadband speeds and penetration
- 57 percent of ILEC customers had 5Mbps or higher speeds in 2011
- Nearly 95 percent of ILEC lines equipped for broadband in the first quarter





# Increasing Residential Customer Loyalty

- Successful bundling strategy: broadband + voice + video
- Nearly 68 percent of ILEC residential customers have 2 or more services
- Monthly churn rate for triple-play customers is 0.5 percent
- TDS TV® expanding to more markets

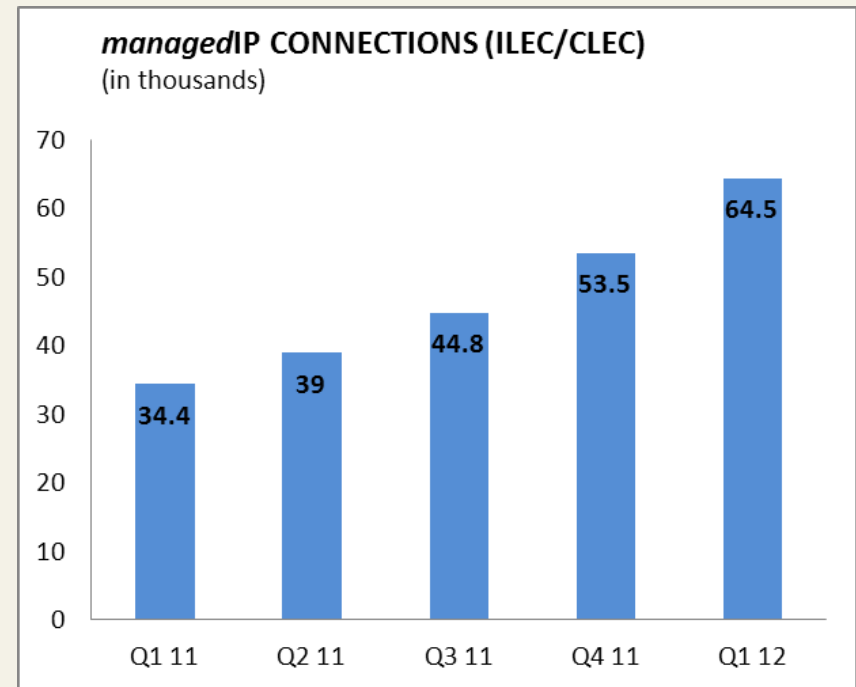






# Building A Strong Commercial Base

- Increased *managed*IP connections 88 percent in the first quarter
- Building hosted and managed services (HMS) team/operations
- Looking for additional HMS acquisition opportunities





# Thank You

- To the 12,300 dedicated associates and employees of TDS, U.S. Cellular, TDS Telecom and Suttle-Straus
- To the shareholders and debt holders of TDS and U.S. Cellular

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