

Supplemental Shareholder Information

Income (loss) before cumulative effect of accounting change and diluted earnings per share were significantly affected by (1) loss on impairment of intangible assets, (2) gains and losses on assets held for sale, (3) gains and losses from marketable equity securities and other investments and (4) ceasing the amortization of license costs and goodwill effective January 1, 2002, upon the adoption of Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets." An analysis of these items, net of tax, is shown below.

Year Ended December 31,	2004	2003	2002	2001	2000
(Dollars in thousands, except per share amounts)					
Income (loss) before cumulative effect of accounting change	\$109,021	\$ 57,006	\$ (18,385)	\$173,876	\$197,568
Add (subtract)					
Loss on impairment of intangible assets	—	49,595	—	—	—
(Gain) loss on assets held for sale	(10,806)	45,908	—	—	—
(Gain) loss on investments	(24,436)	5,200	295,454	—	(96,075)
(Gain) loss adjustments	(35,242)	100,703	295,454	—	(96,075)
Income tax expense (benefit)	21,487	(40,921)	(112,199)	—	44,912
Net (gain) loss adjustments	(13,755)	59,782	183,255	—	(51,163)
License and goodwill amortization, net of tax	—	—	—	26,361	24,419
As Adjusted	\$ 95,266	\$116,788	\$164,870	\$200,237	\$170,824
Diluted earnings per share before cumulative effect of accounting change	\$ 1.26	\$ 0.66	\$ (0.22)	\$ 1.99	\$ 2.27
Net (gain) loss adjustments	(0.16)	0.69	2.11	—	(0.56)
Net license and goodwill amortization	—	—	—	0.29	0.27
As adjusted	\$ 1.10	\$ 1.35	\$ 1.89	\$ 2.28	\$ 1.98

Use of Non-GAAP Financial Information

The amount of operating income before depreciation, amortization and accretion and the as adjusted amounts reported in the table of financial highlights on page 1 and in the above table of Supplemental Shareholder Information are non-GAAP financial measures under rules of the Securities and Exchange Commission. The reason for such information is to show the impact of amounts that have had a significant effect on measures determined under generally accepted accounting principles (GAAP). U.S. Cellular does not intend to imply that any of the amounts that are included or excluded are non-recurring, infrequent or unusual or that they are not reasonably likely to recur. The non-GAAP measures are used by management to assess the operating performance of U.S. Cellular. U.S. Cellular believes that such non-GAAP measures provide useful information to investors regarding its results of operations in that they provide additional details regarding U.S. Cellular's operating performance and facilitate comparison from period to period or with other companies. Nevertheless, such measures may not be consistent with similarly captioned measures reported by other companies, and such measures should not be construed as alternatives to measures of performance determined under GAAP.

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