

Slide 1: INTRO

Good morning. It's a pleasure to be able to join you today. I'd like to thank Collette Fleming, Mark Kinarney and their team at UBS Warburg for inviting us today and giving us this opportunity to talk with you share some key points about U.S. Cellular.

With me is Mark Steinkrauss, vice president of Corporate Relations for TDS, the majority owner of U.S. Cellular. Mark manages investor relations for U.S. Cellular as well as for TDS. Mark and I would be happy to answer any additional questions you may have during the conference.

Slide 2: SAFE HARBOR

I'll now remind everyone that our remarks include forward-looking information, so please review our Safe Harbor statement.

Slide 3: U.S. CELLULAR

As you can see from this slide, we are the eighth largest wireless provider, serving nearly 4.3 million customers. Our strategy is based on providing a higher level of customer satisfaction, the success of which can be seen in our low churn rate for the September quarter – and that was not an aberration. Our churn rate has been – and continues to be – low as well as steady.

Customer service is our principal differentiator and truly permeates the culture of our company. All our associates are focused on meeting customer needs and generating total customer satisfaction. Under this strategy, the customer gets good value for their money, and the shareholder benefits from longer customer lives, higher lifetime revenue and a greater return on acquisition costs.

Slide 4: U.S. CELLULAR STRATEGY

All components of our strategy at U.S. Cellular firmly support and promote this emphasis on customer satisfaction.

First, we've positioned the company as a **regional carrier** focused on profitable growth with particular emphasis on our Midwest markets. I'll address this aspect of our strategy in more detail shortly.

Second, we differentiate from the competition with exceptional customer service. High-quality networks with broad coverage are vital in this business. We provide service to our customers over a broad network of more than 4,100 cell sites. We assess the competitiveness our network regularly and are pleased with of the results of these third-party tests. We are focused on key network performance metrics, such as blocked or dropped calls, and overall network availability and coverage superiority, and are proud of our results. Proud but not satisfied, because customer expectations keep increasing, and our strategy is based on being the best in meeting those rising expectations.

Similarly, our distribution strategy is broad-based with 2,300 outlets in convenient locations for our customers. We have a strong dealer network of both exclusive and non-exclusive dealers. And over the last two years, we have grown and strengthened our exclusive-dealer channel, a channel that delivers a high level of customer satisfaction. These locations offer our award-winning U.S. Cellular service as well as U.S. Cellular programmed phones and ancillary products, and the sales

personnel are well trained and very knowledgeable about the service and handsets they sell.

The **third** component of our strategy relates to our network. We're well into our three-year initiative to **upgrade the network technology** in all of our markets to CDMA1X. This effort is going well, ahead of plan and below cost. More on this later as well.

And **fourth**, we're focused on **strengthening our regional footprint**, building on existing markets and exiting those that do not necessarily complement our regional focus. As many of you know, we acquired the Chicago market in August of last year, solidifying our presence in our strongest market, the Midwest. Then in March of this year, we announced the exchange of wireless properties with AT&T Wireless, which I'll also be discussing shortly.

Together, these four strategic elements make U.S. Cellular a very strong regional wireless carrier and the eighth largest in the U.S.

Slide 5: 3RD QRT ACCOMPLISHMENTS

I am pleased to report that the third quarter was a quarter of many accomplishments. In July we completed the conversion of the third-party billing system in Chicago to our own system, eliminating billing, customer service and consulting costs.

As you know, the Chicago market came with its own billing system. With the conversion, U.S. Cellular has one billing system for all of its customers across the country. This billing system conversion, along with improved bad debt expense, were the primary drivers to a \$25 million sequential improvement in G&A in the third quarter.

In September, we began launching our data product. We were not one of the first wireless providers to launch data. This was intentional on our part. We wanted to ensure that we got the service and its back-office support right from the start. Our goal is to simplify wireless data services, providing clear, understandable products and services that ensure that customers are always satisfied and understand the value of what they have received.

In terms of our network, we completed the CDMA overlay in our existing Oklahoma markets and northern Missouri and now have approximately 80% of our pops covered by CDMA.

And August 1, we completed the first tranche of our property exchange with AT&T Wireless.

SLIDE 6: MAP

SLIDE 7: 3RD QTR FINANCIAL HILITES

Turning now to our most recent financial results for the third fiscal quarter. We are very intent on managing the company to drive profitable growth. To that extent, I believe we showed excellent progress in our most recent quarter.

Service revenues grew 12% as we benefited from continued growth in the number of subscribers and minutes of use. Retail ARPU was up about 2%, the sixth quarter in a row of positive compares. Overall ARPU at \$49.05 was down about a half of a percent, due principally to lower roaming revenues. Roaming revenues were adversely affected by the trade with AT&T Wireless of the north Florida and south Georgia

properties, which were high roaming revenue markets. Additionally, there was the effect of lower contractual roaming prices.

Operating income increased 55% in the quarter. As I mentioned earlier, we benefited significantly from lower G&A expenses in the Chicago market due to the elimination of the dual billing system. Another factor contributing to the improvement in operating income was an improvement in bad debt expense. Bad debt for the quarter was less than 2% of total revenues compared to more than 3% a year ago.

Gross adds in the quarter were less than planned. Some of the shortfall may be attributed to delayed consumer purchases in some of the markets in the process of converting to CDMA and markets awaiting the launch of **easyedge**, our new data product. Likely the most significant factor effecting adds was handset pricing.

We are a strong believer that a major negative for this industry is equipment pricing. Because so many carriers give phones away, including the new camera phones that have recently come into the market, the consumer begins to think that handsets have little value because they often get them for next to nothing. In other words, the wireless industry has essentially commoditized handset products.

Therefore in the quarter, we actually raised equipment pricing, hoping that some of the other carriers would follow suit. Unfortunately, no one followed us, and after about 6 to 8 weeks, we went back to the prevailing competitive pricing on the equipment.

SLIDE 8: EASYEDGE

We launched easyedge in September. The product offers all the traditional data services such as games, ring tones, Internet access, etc. In addition, we have a modem card for the business user.

SLIDE 9: EASYEDGE LAUNCHES

As this slide shows, we launched our data product almost simultaneously in most of our CDMA markets. And while easyedge has only been on the market for about a month and a half, initial results are very positive.

We were definitely not the first carrier to launch data but as I mentioned before, we wanted to make sure that we did it right the first time. Besides making sure that we could bill for it correctly, we felt that the training of our associates was critical to its success. In terms of the customer experience, there is nothing more frustrating than to buy a product and then not be able to figure out how to use it – and then deal with customer service reps who don't know, either. So we educated our sales force.

SLIDE 10: EASYEDGE SUCCESS FACTORS

Prior to launching the product, we gave all of our associates – sales associates, customer service associates, engineers, everyone – easyedge-enabled handsets and told them to trial the product – download the games, change the ring tones, access the Internet. Basically, learn how to use the product so that they could show the customer. The result is a sales associate or customer service tech that can show the customer everything that easyedge can offer. And that's what we have today, and we believe that it is a competitive advantage for us.

SLIDE 11: CDMA PROGRESS

Our CDMA1XRTT build out is proceeding smoothly. We converted New England and Missouri during the quarter bringing total CDMA pops

covered to 80%.

We anticipate spending about \$50 million this year on CDMA. That would bring the total spent to date to \$265 million to convert to CDMA. We are fortunate to have benefited from attractive equipment prices. We will complete the conversion in 2004 and, at least at present, anticipate spending between \$120 to \$145 million in 2004 to do so. We will update you each quarter regarding our progress.

The choice of CDMA1X technology has served us and our customers well in the form of improved voice capacity, quality and coverage. Additionally, CDMA1X gives us the capability to offer high-speed data products like easyedge.

SLIDE 12: USM / AWE EXCHANGE

SLIDE 13: 1ST TRANCHE

We closed on the first tranche of properties involved in the exchange with AT&T Wireless in the quarter. They represent 5.9 million incremental contiguous pops and 3.9 million overlap pops. We have already begun building out Oklahoma City, Portland, Maine and the St. Louis markets. Lincoln Nebraska just recently closed, and we will begin building it out as well. We expect to begin commercial operations in these markets in 2004.

SLIDE 14: AWE EXCHANGE MAP

As this map shows, the green represents the markets we acquired on August 1 from AT&T Wireless. In exchange, we gave up most of our Florida and Georgia properties. We are taking the properties we acquired from AT&T Wireless in tranches because of the FCC build-out requirements on some of the markets, plus our engineering team has their hands full with building-out the new markets along with the CDMA migration.

SLIDE 15: WNP

Moving now to wireless number portability, we are ready for the effective date – one week from today. We have the infrastructure in place to accommodate wireless number portability and we have spent approximately \$50 million to make sure we are able to support the switching requirements.

In addition, we are promoting an aggressive retention program in our core markets. For instance, like other companies, we have been targeting customers that are coming out of contract within the next 6 months. In our newer markets like Chicago or Omaha or Ft. Wayne, Indiana, we have put in place an aggressive acquisition program.

SLIDE 16: WNP – USM POSITIONING

U.S. Cellular has always differentiated itself from the competition with **exceptional customer service**, supported by the quality of our network, our broad distribution and our dedicated associates. This is evidenced by our low 1.6% churn rate. Why switch carriers if you are already receiving outstanding customer service?

SLIDE 17: CHICAGO UPDATE

We closed on Chicago a little over a year ago. We do not break out Chicago results, but we did want you to know that our awareness surveys show that we have differentiated ourselves well in Chicago. In name awareness, we have achieved levels in Chicago in just one year almost equal to markets where we've been operating for 10 years.

We have enhanced our network in both the city proper and in the surrounding areas. Also, we continue to build our distribution network and have brought on a number of authorized agents who will sell our products and services exclusively. All of this has allowed us to increase our market share in Chicago, a trend we hope to continue in 2004.

This holiday season could be really interesting. There is new technology like data and camera phones, as well as the potential WNP effect, and we are well prepared for both.

SLIDE 18: 2003 OUTLOOK

In the third quarter, given the lower gross adds, we reduced the net add target for the full year by 25,000 adds, moving from our previous outlook range of between 475 to 500,000 net adds to our current range of 450 to 475,000. We did not change our service revenue or CAPX guidance. Since depreciation has been running a little lower this year, we lowered our depreciation guidance by \$10 million and increased our operating income target by \$10 million.

SLIDE 19: EXCELLENT PROSPECTS

In closing, we believe that U.S. Cellular's prospects going forward are excellent. Combine our solid fundamentals and proven track record back with our unwavering focus on customer satisfaction and profitable growth, and we believe we have a winning formula.

We continue to grow and change the company, while building platforms for future success. These accomplishments include;

- the acquisition and launch of the Chicago market,
- the exchange of properties with AT&T wireless,
- the launch of our data services product,
- the network upgrade to CDMA 1XRTT,
- the successful and cost-effective conversion of Chicago to our own billing and customer-service system.

All of these achievements position us to conclude the year successfully and enter 2004 with a lot of positive momentum. And to continue delivering what our customers – and you – expect.

Slide 20: Reconciliation Slide

Slide 21: Title Slide

And with that, I would be glad to take any questions you have – and again, I'd like to thank everyone at UBS for inviting us to the conference. Thank you.