

JOHN E. ROONEY
KENNETH R. MEYERS
U.S. Cellular 2004 Annual Meeting
June 29, 2004 – 8:30 a.m.
Chicago, IL

SLIDE 1	TITLE SLIDE
SLIDE 2	JOHN ROONEY Thank you Ted. Good morning and thank you for joining us today at our annual meeting of shareowners. I would like to take this opportunity to update you on our Strategy and accomplishments at U.S. Cellular.
SLIDE 3	SAFE HARBOR But before I start, I need to remind everyone at this point that we may be discussing some forward-looking information today, so please review these Safe Harbor provisions as well as our filings with the SEC.
SLIDE 4	MISSION These are exciting times at U.S. Cellular. The strategy we first enunciated 4 years ago is alive and well. It is all about being the best wireless company in the markets we serve... not the biggest... just the best. To do this we need to provide services in market areas that are important to our customers, we need to provide valued products & services over high quality networks and we need all of our associates aimed at one goal... being the best at satisfying our customer's needs. We have continued to make progress on each of these aspects of our strategy, our footprint, our network, our products & services and our culture. Results include new markets in which we are introducing our services and new products like our easyedgeSM data services, both of which drive growth in customers and revenue. But before I get to all the details, let me start with an overview.
SLIDE 5	U.S. CELLULAR MAP U.S. Cellular is the eighth largest wireless provider in the U.S., serving over 4.5 million customers in 26 states. This map shows U.S. Cellular's footprint today. Our largest presence is in the Midwest though we also have smaller operations in New England, the mid-Atlantic area and the Northwest.
SLIDE 6	U.S. CELLULAR OVERVIEW Our strategy is to deliver a higher level of customer satisfaction than our competitors. It is a successful strategy, as evidenced by our low churn rate – once with us, customers tend to stay with us. And that's good, because the cost of adding a new customer is greater than keeping an existing one. It takes dedicated people, high quality networks and broad distribution to achieve that result, but it pays off big time.
SLIDE 7	POSTPAY CHURN Our strategy of satisfying customers is evidenced by our low churn rate. Our churn rate has been – and continues to be – one of the lowest in the industry, despite increasing levels of competition and the introduction of wireless number portability late last year. This slide, which shows post pay churn on an annual basis since 1998, says it all. Keep in mind that U.S. Cellular is 97% post pay, meaning customers on contract.

	And, first quarter of 2004 was even more impressive at 1.3%!
SLIDE 8	U.S. CELLULAR STRATEGY
	<p>U.S. Cellular's strategy consists of four basic components.</p> <p>First, we've positioned U.S. Cellular as a regional carrier focused on profitable growth, with particular emphasis on our Midwest markets.</p> <p>Secondly, we differentiate from the competition by focusing on being the best at satisfying our customers, whether in the form of our high-caliber service or associates we have.</p> <p>Our network at U.S. Cellular consists of 4,100 cell sites, more than 500 of which we added in 2003. We regularly assess the competitiveness of our network through third-party tests that focus on key metrics such as blocked or dropped calls, overall network availability and coverage superiority.</p> <p>We're proud of our consistent ranking within the top three providers in terms of network service, but we don't rest on our laurels. In addition to this 3rd party information, we are constantly talking to our customers to understand their changing needs. We continuously improve the network, because we know that customers continue to expect more and more from their wireless provider. Our strategy is based on being the best at meeting customers' rising expectations.</p> <p>Just as with our network, our distribution strategy is broad-based, with 2,300 outlets conveniently located for our customers. A strong dealer network has both exclusive and non-exclusive dealers, and over the last several years, we have aggressively grown and strengthened our exclusive-dealer channel. Exclusive dealer outlets – which look to customers like U.S. Cellular outlets – offer our excellent service as well as our programmed phones and ancillary products. The success of our exclusive-dealer outlets was very evident in the Chicago market in 2003, as 85% of dealer gross adds came from our exclusive dealer channel.</p> <p>Dedicated people are the key to our execution of the customer-focused strategy. We carefully select, then thoroughly train, associates <i>before</i> they get to talk to customers.</p> <p>The third component of our strategy is our initiative to upgrade the network technology to CDMA1X in all of our markets. Ken will be discussing this effort in more detail shortly.</p> <p>And fourth, we are focused on strengthening our footprint, building on existing markets and exiting those that do not necessarily complement our regional focus.</p>
SLIDE 9	STRENGTHENING THE FOOTPRINT
	Three key transactions show this component of our strategy in action. The transactions highlighted on the slide are all excellent examples – the divestiture of our south Texas markets in the first quarter, the exchange of wireless assets last year with AT&T Wireless, and the acquisition of the Chicago market in 2002.
SLIDE 10	SALE OF SOUTH TEXAS
	Our sale in February of our South Texas markets to AT&T Wireless demonstrates our stated strategy of exiting markets that are not strategic to the company's long-term success. South Texas was a smaller market, and it was not contiguous to

	<p>any of the others.</p> <p>We've used the \$97 million in proceeds from the transaction to pay down debt as well as for other corporate purposes, such as helping us to build out Oklahoma City; Portland, Maine; and Lincoln, Nebraska – all of which should be launched by the end of the third quarter.</p>
SLIDE 11	U.S. CELLULAR AND AT&T WIRELESS PROPERTY EXCHANGE
	In August of last year, we exchanged properties in Northern Florida and Georgia for wireless licenses from AT&T Wireless in seven states that are either adjacent to or overlapping our existing markets.
SLIDE 12	MAP: 2004 FOOTPRINT AND MARKET BUILDOUT
	<p>On this map our existing operations are noted in blue. The properties in orange represent the properties we divested in South Texas, Florida and Georgia. The red areas on this map are the AT&T Wireless assets that we have received or will be receiving.</p> <p>Currently we are building out three markets from the AT&T exchange, which include Oklahoma City; Lincoln, Nebraska; and Portland Maine. These markets will have high quality CDMA 1X networks in place before we launch our award-winning services over the next few months. We're also building out some of the Missouri markets, including St. Louis, which we plan to launch in 2005.</p> <p>The build-outs require a great deal of work on the part of many teams within the company. Our engineering team, for example, is overseeing the construction of new cell sites in the new markets to ensure the high quality of network coverage our customers expect.</p>
SLIDE 13	CHICAGO UPDATE
	<p>Moving to Chicago, we acquired the Chicago market in August 2002. As you can see from the maps we've shown, Chicago is an excellent fit for solidifying our footprint in the Midwest. How could we have said that we were a Midwest regional carrier and not have Chicago? Obtaining Chicago was like filling the hole in the middle of a doughnut. Plus, I ran the Chicago market at my former employer, and I can tell you that I know the Chicago market quite well, as do many of our management team.</p> <p>While we don't break out individual market results, I can tell you that we have done an excellent job building brand awareness for the Chicago market. In fact, awareness surveys show that U.S. Cellular has achieved name awareness levels in Chicago in just one year that are almost equal to markets where the company has been operating for 10 years.</p> <p>In addition, we gained market share and growth in our customer base since launching service in Chicago, a trend we are continuing this year. Helping support our marketing efforts in Chicago is the enhancement we have made to both our wireless and distribution network in the city.</p> <p>Also, since we started Chicago, we have seen a major shift in our customer base to on-contract with a subsequent drop in churn rates as well as bad-debt expense.</p> <p>As you know, U.S. Cellular does offer a prepay product – we call the product</p>

	<p>TalkTracker. We use it as just one more product offering for our customers and to ensure that we have a presence in the prepay market. For instance, parents will purchase the prepay product for their kids. Recently this prepay product has had a strong take rate in Chicago. It is a profitable product for U.S. Cellular, and we view it as just one more tool in our arsenal to attract customers.</p>
SLIDE 14	U. S. CELLULAR STRATEGY
	<p>To sum up, U.S. Cellular is a regional carrier that focuses itself on customer satisfaction. Over the last couple of years we have worked very hard to improve our footprint, such as divesting markets in Florida, Georgia and Texas which were not strategic to the company. And we obtained licenses for properties that are contiguous to our markets and will make us a much stronger company.</p> <p>We have a strong bullet-proof network demonstrated by our third-party testing results. We have a broad distribution network with over 2,300 locations so that it is convenient for our customers and potential customers to find a U.S. Cellular store.</p> <p>And we know our strategy works evidenced by the 1.3% churn rate in the first quarter.</p> <p>Now I'd like to turn the presentation over to Ken Meyers. Ken....</p>
SLIDE 15	KEN MEYERS
SLIDE 16	1ST QTR 2004
	<p>Good morning, it is a pleasure to be here today.</p> <p>Jack talked about our strategy and changes we have made to our service areas over the last few years and the new products we rolled out. All those changes and others helped produce a very strong first quarter.</p> <p>As Jack said, our postpay churn rate for the first quarter was 1.3% - the lowest in our history of tracking churn and among the very best in the industry.</p> <p>Our low churn rate helped our net customer addition performance during the quarter – our net adds were up 43% over the first quarter of 2003. This was despite the fact that we divested certain markets that were in operation a year ago and not included in this quarter's results.</p> <p>A good retail environment, great retention and slightly improving average revenue per customer drove a 10% increase in service revenues and a 12% increase in operating cash flow.</p> <p>Operating income year-over-year comparability is skewed since we actually had an operating loss in the first quarter of 2003 on assets held for sale related to the AT&T Wireless trade of the North Florida and Georgia markets, so that's not really a meaningful number.</p> <p>The number of cell sites are up year-over-year, despite the South Texas and Florida /Georgia markets, as we continue to drive for network quality as well as address the growth in customers and minutes of use.</p>
SLIDE 17	RECONCILIATION SLIDE
	This slide shows the calculation of operating cash flow, or EBITDA.

SLIDE 18	EasyedgeSM
	<p>One of our goals last year was to introduce data-services products that would be well received in the marketplace. And last September we launched easyedge - our data-product family.</p> <p>easyedge consists of three basic services – download applications, picture messaging, which we just introduced in March of this year, and wireless modem service for our business customers. easyedge is now available in all of our CDMA 1X markets, which represent about 80% of the areas we currently serve.</p> <p>We were not the first wireless provider to launch a data product. This was intentional on our part. We want to offer products that customers want – and we want to ensure that we get the service and all the back-office support systems it requires right – from the very start. And in the case of wireless data services, our goal is to provide customers with clear, understandable products and services that we could support internally. We believe that’s the key to success.</p> <p>Our philosophy has served us well. We have had very positive reaction to the easyedge products from customers today. Downloads are running at twice the level we anticipated. And, a surprising percentage of customers have opted for the higher-end plans.</p> <p>Our combined short-message service and easyedge services, the total data product, contributed \$11 million to service revenues in the first quarter, roughly 2% of service revenue. This compares to just \$2 million in first quarter of last year, when we had SMS alone up and running. Going forward our business plan projects strong growth in data.</p> <p>We’re excited about further prospects in the data-services arena, particularly with the launch in March of our easyedge picture-messaging service, or MMS, which is the industry acronym, which allows a U.S. Cellular customer to send photos or images to an e-mail or another U.S. Cellular customer. We’ve had very positive customer reaction to this service to date.</p>
SLIDE 19	CDMA PROGRESS
	<p>Obviously, we could not have launched the data services without a network that supports it. That’s one of the reasons we undertook a three-year initiative starting in 2002 to upgrade our network to CDMA 1X. The technology benefits both customers and the company in the form of improved voice capacity, improved voice quality and coverage.</p> <p>The build-out has gone extremely well. We’ve completed the upgrade in most of our markets, and are targeting those few markets not yet upgraded in the Northwest and mid-Atlantic states for conversion this year.</p> <p>We expect to complete the upgrade later this year, and anticipate spending approximately \$30 to \$35 million on the project. Combined with the \$265 million we spent in 2002 and 2003, that brings the total spend for the upgrade to a little bit more than \$300 million, well below our original estimates of \$420 to \$450 million.</p>
SLIDE 20	WNP
	<p>Late year, wireless number portability rolled out to the industry. Our largest markets were impacted in November of 2003, and in May of 2004, the rest of our</p>

	<p>service areas rolled out. I am proud to say that our systems worked and worked well.</p> <p>We were well prepared for WNP. We spent about \$50 million over the last two years to ensure that our infrastructure supported number portability and that our associates were well trained in managing the many logistics involved.</p> <p>We had no significant issues when wireless number portability went into effect last November for the major metropolitan areas, nor when the rest of the markets were rolled out last month. Our systems performed well, and our on-going focus or customer satisfaction is paying off.</p> <p>So far we have not seen much of an effect on our business from wireless number portability, but we will be watching it carefully.</p>
SLIDE 21	USM 2004 OUTLOOK
	<p>Moving to our outlook for the rest of this year, which incorporates our build-out and launch of the three new markets that Jack mentioned – Oklahoma City, Lincoln, Nebraska and Portland, Maine – as well as capital spending for our Missouri markets, which we anticipate launching in 2005.</p> <p>In terms of our targets, we recently increased our service revenue target for the year by \$50 million from \$2.5 billion to \$2.55 billion as a result of the very positive and strong customer growth in the first quarter as well as the data-service revenue growth we saw in the first quarter. Given the strength of our net add performance in the quarter, we also increased our targets for the year from a range of 325,000 to 350,000 new customers this year to a range of 475,000 to 500,000.</p> <p>Other guidance remains unchanged. We anticipate operating income in the range of \$160 to \$210 million, with depreciation and amortization of approximately \$480 million.</p> <p>Capital expenditures are expected to run about \$610 to \$630 million, including the capital to begin service in those three markets that we talked about as well as the early construction in St. Louis.</p>
	RECENT ACCOMPLISHMENTS
	<p>To sum up, things have been pretty busy at U.S. Cellular. These are only a recap of our accomplishments in 2003 and the recent months – and they all tie to our strategy of providing exceptional customer satisfaction, while at the same time focusing on growing the company profitably.</p> <p>Additionally, we plan to maintain a strong balance sheet with ample liquidity. Over the past couple of weeks, we completed two long-term financings, both for 30 years in which we raised over \$410 million. These funds will be used to refinance other long-term debt with shorter-term maturities, as well as the company's convertible securities.</p>
SLIDE 22	USM EXCELLENT PROSPECTS
	<p>We are very excited about our prospects in 2004 and going forward, having just completed an outstanding quarter. We have a proven strategy in place, a strategy based on satisfying the customer, while at the same time focused on profitable growth. Furthermore, we're delivering on our strategy, as our positive results attest. We've successfully weathered challenges within the industry, in</p>

	part due to our focus on long-term value creation. We're financially strong, and we have very capable and committed associates. We see that as a winning combination.
SLIDE 21	CONCLUDING SLIDE
	Thank you for your interest today.