

Supplemental Shareholder Information

RECONCILIATION OF INCOME (LOSS) FROM CONTINUING OPERATIONS AND DILUTED EARNINGS PER SHARE

Income (loss) from continuing operations and diluted earnings per share from continuing operations per share were significantly affected by (1) losses on impairment of intangible and long-lived assets, (2) gains and losses on assets held for sale, (3) gains and losses on 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 and minority share, is shown below.

Year Ended or at December 31,	2004	2003	2002	2001	2000
(Dollars in thousands, except per share amounts)					
Income (loss) from continuing operations	\$ 42,642	\$ 60,006	\$ (987,737)	\$(173,963)	\$115,056
Add (subtract)					
Loss on impairment of intangible assets	29,440	49,595	—	—	—
Loss on impairment of long-lived assets	87,910	4,914	—	—	—
(Gain) loss on assets held for sale	(10,806)	45,908	—	—	—
(Gain) loss on investments	(36,854)	10,200	1,888,391	548,305	(15,716)
(Gain) loss adjustments	69,690	110,617	1,888,391	548,305	(15,716)
Income tax expense (benefit)	7,108	(42,717)	(720,470)	(211,946)	15,942
Minority share of income	2,480	(10,670)	(32,664)	—	9,000
Net (gain) loss adjustments	79,278	57,230	1,135,257	336,359	9,226
License and goodwill amortization, net of tax and minority interest ^(a)	—	—	—	29,507	26,323
As adjusted	\$121,920	\$117,236	\$ 147,520	\$ 191,903	\$150,605
Diluted earnings per share from continuing operations	\$ 0.73	\$ 1.02	\$ (16.85)	\$ (2.97)	\$ 1.88
Net (gain) loss adjustments	1.38	0.99	19.35	5.71	0.16
Net license and goodwill amortization	—	—	—	0.50	0.43
As adjusted	\$ 2.11	\$ 2.01	\$ 2.50	\$ 3.24	\$ 2.47

(a) Net income (loss) available to common adjusted to exclude license and goodwill amortization expense, net of tax, for the years prior to 2002, pursuant to SFAS No. 142.

RECONCILIATION OF OPERATING CASH FLOW

Year Ended December 31, 2004	U.S. Cellular	TDS Telecom		Total
		ILEC	CLEC	
(Dollars in thousands)				
Operating cash flow:				
Operating income (loss) as reported	\$177,762	\$187,082	\$(144,093)	\$220,751
Add:				
Depreciation, amortization and accretion	497,942	131,665	38,349	667,956
Loss on impairment of intangible assets	—	—	29,440	29,440
Loss on impairment of long-lived assets	—	—	87,910	87,910
(Gain) loss on assets held for sale	(10,806)	—	—	(10,806)
Operating cash flow	\$664,898	\$318,747	\$ 11,606	\$995,251

Year Ended December 31, 2003	U.S. Cellular	TDS Telecom		Total
		ILEC	CLEC	
(Dollars in thousands)				
Operating cash flow:				
Operating income (loss) as reported	\$ 118,983	\$ 174,882	\$ (25,977)	\$ 267,888
Add:				
Depreciation, amortization and accretion	432,333	130,036	33,363	595,732
Loss on impairment of intangible assets	49,595	—	—	49,595
Loss on impairment of long-lived assets	—	351	4,563	4,914
(Gain) loss on assets held for sale	45,908	—	—	45,908
Operating cash flow	\$ 646,819	\$ 305,269	\$ 11,949	\$ 964,037

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RECONCILIATION OF U.S. CELLULAR SERVICE REVENUES

(Dollars in thousands)

Year Ended December 31, 2004

Service revenue as reported	\$2,647,227
Less service revenue attributed to markets sold in 2004	<u>7,341</u>
Pro-forma service revenue for the year ended December 31, 2004	<u>\$2,639,886</u>

Year Ended December 31, 2003

Service revenue as reported	\$2,423,789
Less service revenue attributed to markets sold or traded in 2003 and 2004	<u>126,775</u>
Pro-forma service revenue for the year ended December 31, 2003	<u>\$2,297,014</u>

Percentage year-over-year service revenue growth for the year ended December 31, 2004:

Based on amounts as reported	9.2%
Based on pro forma service revenue for the years ended December 31, 2004 and 2003	<u>14.9%</u>

USE OF NON-GAAP FINANCIAL INFORMATION

The as adjusted amounts, the amounts of operating cash flow and pro-forma service revenues in the above Supplemental Shareholder Information are non-GAAP (generally accepted accounting principles) financial measures under rules of the Securities and Exchange Commission (SEC).

Management uses operating cash flow to evaluate the operating performance of its business, and it is a measure of performance used by some investors, security analysts and others to make informed investment decisions. Operating cash flow is used as an analytical indicator of income generated to service debt and fund capital expenditures. In addition, multiples of current or projected operating cash flow are used to estimate current or prospective enterprise value. Operating cash flow does not give effect to cash used for debt service requirements, and thus does not reflect funds available for investment or other discretionary uses.

The other non-GAAP measures referenced are used by management to assess the operating performance of TDS. The reason for such information is to show the impact of amounts that have had a significant effect on measures determined under GAAP. TDS 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. TDS believes that such non-GAAP measures provide useful information to investors regarding its results of operations in that they provide additional details regarding TDS's operating performance and facilitate comparison from period to period or with other companies.

The above non-GAAP 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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