



"TDS Telecom is a successful wireline communications company because our customers know they can rely on us to provide excellent service and products, today and in the future. Taking advantage of the opportunities presented by the changing wireline environment, we are reinventing TDS Telecom to meet the growing communication needs of our customers. We aim to be the broadband provider of choice in the markets we serve, as well as continuing to provide voice and other communications services. All of our actions are guided by our ever-present focus on satisfying our customers. With our telecom expertise and the trust we have built up over the years with our customers, we are positioning ourselves today for a strong tomorrow."

James Barr III
President and Chief Executive Officer, TDS Telecom

TDS Telecom

Driving growth through a reputation for value and quality

In today's marketplace, consumers have a wealth of service choices and providers to meet their communications needs. And while the many communications options present opportunities of choice for consumers, they can also create confusion. TDS Telecom has a competitive advantage in this respect in its reputation for providing high-quality communications services that customers need and value. Therefore, when faced with myriad choices and new providers, many TDS Telecom customers turn to the company they know they can trust to meet their communications needs — TDS Telecom.

Customers continue to give the company high marks in terms of their experience with TDS Telecom. And many of them cite their high level of satisfaction as a key reason for remaining TDS Telecom customers. That's why the cornerstone of TDS Telecom's strategy is, like that of its sister company U.S. Cellular, satisfying customers in every respect. And the

strategy is working. Customer perception surveys conducted by the incumbent local exchange carrier (ILEC) operations rate its consumer service as 91 percent "good or excellent," and its commercial service as 94 percent "good or excellent."

Satisfaction with TDS Telecom's competitive local exchange carrier (CLEC) operations are high as well, ahead of its competitors. Contributing to these high ratings is the fact that the CLEC uses its own switches for 88 percent of its operations, allowing the CLEC to offer customers differentiated products and services. This strategy contributed to a 17 percent growth in the CLEC's equivalent access lines during 2004.

TDS Telecom aims to keep its customers satisfied, and is working on several levels to do that. It offers round-the-clock customer service every day of the year, through its Virtual Business Office (VBO) call centers, Extended Customer Care Center and Network Management Center,

along with its Internet web sites at www.tdstelecom.com and www.tdsmetro.com. In line with TDS Telecom's brand promise of serving customers "At Every Point of Contact," the company considerably enhanced its web sites in 2004, launching TDS ePay—an online billing and payment system that allows TDS customers to receive, view and pay their monthly bills online. Available to residential and business customers of both the ILEC and CLEC operations, the online payment service offers customers greater accessibility to their accounts as well as more control over payment options. TDS ePay is another way TDS Telecom is building on its reputation for meeting customer needs and demand. TDS ePay also represents significant cost savings for the company, involving approximately 65 percent less processing cost than a paper bill.



Online billing
now available!

Get positive in paper, stamps and checks.
See our site to learn more.

Event Alert

See Details

*NOTE: Grouped out categories are not available in your area

Local Phone Services

TDS e99y

• 3-Party Calling

• TDS e99y

• Additional Lines

• Calling Features

• Caller ID

• Mobile Wire Protection Plan

• TDS e99y

• TDS e99y

• Local Phone Service

National Directory
Assistance

National Directory
Assistance

Internet Services

• TDS



TDS Telecom is transforming itself to meet customers' growing communications needs, whether for telephone service, online access or entertainment options.

Driving growth through a robust triple-play offering

People are communicating more than ever, and TDS Telecom aims to be the single source for customers for all of their communications needs, whether voice, online access or video entertainment.

Long the leader for telephone service in its ILEC markets, where the company continues to have 98 percent of the market for local service, TDS Telecom is transforming the company to be the preferred broadband service provider in its markets, too.

Of particular importance to fixed-line communications companies is providing customers the "triple-play" offering of voice, data and video. TDS Telecom currently offers customers a video service offering through its partnership with direct broadcast satellite provider EchoStar. However, TDS Telecom wants to be able to provide a video entertainment option through its own network as well, as it is firmly convinced that broadband is the key to future success for fixed-line communications.

Advancements in broadband technology enable the transmission of the high density of data required for video. But there are many options, and some require significant infrastructure investment.

TDS Telecom is actively considering how best to offer the triple-play offering over its network and launched three video trials in 2004, each with different network configurations. Trialing the different configurations will help TDS Telecom determine how to best leverage its existing network with the new technologies, as well as to address the different geographical composition of its markets. The trials will also provide feedback as to what most resonates with customers, a key consideration that will help TDS Telecom refine its triple-play offering.

A major focus of the trials is Fiber-to-the-Premises (FTTP), a fiber-optic technology with bandwidth capabilities for transmitting video. TDS Telecom is assessing the use of blended FTTP and copper Digital

Subscriber Line (DSL) technologies as well. While the company plans to deploy FTTP for new subdivisions, in other areas a blended fiber-copper technology might be more appropriate.

A significant development in TDS Telecom's triple-play strategy was the announcement in June 2004 that the company received approval for a 15-year franchise agreement to provide video entertainment services to homes in the city of Farragut, Tenn. TDS Telecom plans to have the network up and running within three years to support the video service offering. The build-out and market development of television video services in Tennessee should provide an excellent framework for TDS Telecom to determine the best way to bring video to markets similar in composition.

Providing high-quality, reliable products and services is another way TDS Telecom is driving growth for the future.

Driving growth with enhanced products and services

TDS Telecom prides itself in offering products and services its customers want and value. One of the company's most popular product offerings is its Digital Subscriber Line (DSL) service. The popular high-speed data service offering reached a milestone in November 2004, when TDS Telecom ILEC customers with DSL service surpassed those using cable modems in those markets with DSL service. These results, which are based on TDS Telecom customer perception surveys, are particularly significant considering that TDS Telecom entered the high-speed data business later than the cable competition.

TDS Telecom's DSL service had impressive growth in 2004: ILEC subscribers to DSL increased 78 percent, and DSL service at the CLEC grew 44 percent over 2003.

One of the reasons TDS Telecom's DSL offering is growing so rapidly is the attractive pricing plans and increased speeds the company offers, designed to meet the varying needs of its customers. The company has worked to improve the speed of the popular service, and continues to roll out new DSL markets to meet

the growing demand. At the end of 2004, 66 percent of TDS Telecom's ILEC physical access lines were equipped for DSL.

DSL and other forms of high-speed data are also an important component of the CLEC's strategy, which focuses on small- and mid-sized business customers. Almost 40 percent of the CLEC's commercial customers now subscribe to a high-speed data service.

Long distance is another key product offering for TDS Telecom's ILEC operations. At the end of 2004, TDS Telecom provided long-distance services on 295,000 access lines, and penetration was 45 percent, up from 35 percent in 2003. That customers value TDS Telecom's long-distance service is evident from the fact that TDS Telecom surpassed all other long-distance carriers as the long-distance carrier of choice in its markets within three years of launching the service.

TDS Telecom continues to work for greater penetration of the long-distance market through effective cross-selling and by offering big-minute plans. During 2004, the company expanded its long-distance

product set with the launch of "Total Talk," a one-price bundled product built around large-minute, long-distance plans, with the ability to add three to four additional calling features. This bundle, offered to business and residential customers in most of the states TDS Telecom serves, has proven a popular option with customers.

Bundling popular products and services is an important concept for TDS Telecom, and one that it implements with great success. TDS offers a great variety of features and services that customers can bundle—DSL, long-distance and vertical services such as call waiting and call forwarding. Bundling offers customers the added convenience of having their communications met by one provider, with discounted pricing and the ability to tailor the services they receive to their needs. It is an excellent way not only to enhance customer satisfaction, but to retain existing customers and attract new ones.

