





"Our goal at U.S. Cellular is to drive profitable growth by providing the highest level of customer satisfaction to our customers. We've built U.S. Cellular into a major brand in every market we serve. Targeted advertising, strong community involvement, competitive promotion and the invaluable equity of favorable referrals from satisfied customers have made U.S. Cellular the leading carrier in most of our markets, and a worthy competitor in our new markets. We are successfully growing our customer base everywhere we operate. And underlying our efforts is the commitment of our associates, who are dedicated to making the customer's experience a satisfying one. We know customers expect excellence in all aspects from their wireless provider, and we are delivering on those expectations."

John E. "Jack" Rooney  
President and Chief Executive Officer, U.S. Cellular

# U.S. Cellular Driving growth through a focus on the customer

*At the heart of U.S. Cellular's strategy is providing exceptional experiences for its customers — whenever they walk into a U.S. Cellular store, use their cell phones or call Customer Service. This focus on customer satisfaction is what differentiates U.S. Cellular from its competition, and it's an important growth driver for the company.*

*U.S. Cellular knows that satisfied customers are one of the best forms of "advertisement" there is, especially in an industry characterized by unhappy consumers — except at U.S. Cellular. U.S. Cellular works hard to keep its customers happy and does so in four major ways — through the extremely high caliber of service its dedicated associates deliver; through its competitive calling plans and products; through its pervasive distribution network of 1,800 locations; and through its high-quality network of more than 4,850 cell sites. The strategy is working: U.S. Cellular's 1.5 percent post-pay churn rate, which measures how many post-pay customers disconnect service per month, is one of the lowest in the industry.*

*Not all customers are alike. Not all need the same type of service. And rather than push the most expensive or extensive plan on prospective customers, U.S. Cellular associates work with new customers to find the plan that best works for them. Faced with an increasingly complex set of options for wireless service, customers appreciate this attention to their needs.*

*U.S. Cellular continues to drive excellent service to ensure that its customers' experiences exceed industry standards. In 2005, the company will open a new call center in Bolingbrook, Ill. to address increased call volumes and support U.S. Cellular's data services offerings. The company is expanding its Knoxville, Tenn. call center as well.*

*Consistently high call quality is critical to customer satisfaction. U.S. Cellular's network is one of the most reliable and high-quality wireless networks, a claim routinely supported by third-party drive tests. And the network is even better since the completion in 2004 of U.S. Cellular's*

*three-year comprehensive initiative to upgrade its entire network to Code Division Multiple Access (CDMA) 1X. CDMA 1X technology not only benefits customers in the form of improved quality, coverage and voice capacity, but it also enables the company to offer its increasingly popular **easyedge**<sup>SM</sup> wireless data services.*

*Looking to the future, U.S. Cellular is conducting technical trials for Evolution Data Optimized (EVDO), advanced wireless technology that provides data connections at broadband speeds. In keeping with its strategy of providing services its customers want and value, and ensuring that the company can fully support new services on all levels, U.S. Cellular is evaluating how best to proceed with this new technology.*

*All of U.S. Cellular's efforts and initiatives are integrally related, all with the aim of driving increased customer satisfaction, and ultimately, profitable growth for the company.*

Strengthening U.S. Cellular's regional presence broadens its coverage area, making the calling experience even better for customers, especially when traveling.

# Driving growth by strengthening our footprint

*Strengthening the areas where it offers service — its footprint — particularly in the Midwest and Northeast regions, is another important way U.S. Cellular is driving growth. Over the past three years, U.S. Cellular has launched new service in 12 new markets, including Chicago. All the new market launches build on the company's existing footprint. The company launched service in Chicago in 2002, solidifying its position in its largest region, the Midwest. 2003 saw the launch of eight markets, all complementing the Midwest region's footprint — Enid and Stillwater, Okla.; Omaha, Neb.; Council Bluffs, Iowa; St. Joseph, Mo.; Rochester, Minn.; and South Bend and Fort Wayne, Ind.*

*In 2004, U.S. Cellular launched service in three markets, all acquired as part of a property exchange with AT&T Wireless — now Cingular Wireless — in August 2003. The company began offering service in Oklahoma City, Okla. (now the company's third-largest market served after Chicago*

*and Milwaukee) and Lincoln, Neb. in July, followed a month later by the launch of service in Portland, Maine. And U.S. Cellular's three newest markets are all doing well — new customer activations have exceeded expectations.*

*In 2005, in addition to broadening coverage and enhancing service to customers throughout its markets, U.S. Cellular plans to introduce service to customers in St. Louis, Mo. With a total estimated market population of more than 2.9 million, St. Louis will become U.S. Cellular's second-largest market after Chicago. The expanded service area will not only provide opportunities for growth, it will also improve service for U.S. Cellular customers in the Midwest.*

*Along with strengthening U.S. Cellular's existing footprint, the company has been taking steps to divest non-strategic properties. In 2004, the company divested non-strategic operations in southern Texas, Florida, Georgia and Ohio. Proceeds from*

*the divestitures were used to help fund the buildout of the new markets and for other corporate purposes.*

*Despite these divestitures, U.S. Cellular's customer base grew admirably in 2004. The company added a record 627,000 net new customers, not including the divestitures, a 40 percent increase over 2003. By the end of 2004, U.S. Cellular was serving almost 5 million customers in 25 states, representing a 12 percent growth in the customer base over the previous year.*

*With its footprint initiatives, U.S. Cellular is expanding its service areas in the company's key regions, which means better coverage for its customers. And because many of U.S. Cellular's service areas are in rural areas, where wireless penetration remains at less than 60 percent of the population, the company has additional opportunities to add to its customer base. With its reputation for service excellence and integrity, the company is well positioned for growth.*







Offering a wide array of data services, U.S. Cellular's **easyedge**<sup>SM</sup> suite is popular and growing rapidly.

# Driving growth with a popular data services offering

Data services are another driver of growth for U.S. Cellular. **easyedge**, the company's suite of data services, launched late in 2003 with the introduction of **easyedge** Phone Download Service. It's been growing exponentially since then. In addition to **easyedge** Phone Download Service, the data services line also offers Picture Messaging and, in select markets, Wireless Modem service.

**easyedge** Phone Download Service offers customers more than 250 downloadable applications, ranging from ringtones to games and real-time updates on news, weather, sports and traffic information. And with the launch of **nWeb** wireless Internet access in November 2004, **easyedge** customers can surf the Web from their handsets as well. **nWeb** also has a feature unique to U.S. Cellular—password protection, which allows parents to control web site access.

**easyedge** Picture Messaging, introduced early in 2004, is also proving popular. This mobile messaging service allows customers

to send photos or images to other cell phones or e-mail addresses.

And **easyedge** is now available in all of U.S. Cellular's markets, thanks to the completion of the CDMA 1X network upgrade that supports these popular data service offerings. Increased availability, enhanced features and services, and a growing trend for consumers to use and value these services in general all point to continued growth for U.S. Cellular in the data services arena.

The **easyedge** services complement Mobile Messaging, U.S. Cellular's popular text messaging service. And the data services are growing rapidly. In 2004, revenues for U.S. Cellular's data services increased three-fold, with data services representing \$1.19 of the average retail service revenue per customer per month, for a total of \$67 million, or 2.5 percent of total service revenues.

U.S. Cellular continues to enhance its **easyedge** offerings. Initiatives for 2005 include plans to introduce AOL

Instant Messaging, a feature expected to be in great demand by the important youth segment. In addition, the company is working to enable "data roaming" so **easyedge** customers can access the data services while traveling outside of U.S. Cellular's service areas. U.S. Cellular is also working to enable video messaging through its Picture Messaging service. These enhancements work to make **easyedge** a tremendously robust suite of data services.

U.S. Cellular continues to enhance its other service offerings as well. The company plans to launch a "push-to-talk" service later in 2005. This service features the ability for customers to immediately connect with designated parties in a "walkie-talkie" fashion. Many of U.S. Cellular's business customers have indicated they would value this instant communication, and the company is pursuing the push-to-talk service for retail consumers as well.