

TELEPHONE AND DATA SYSTEMS, INC.
Reconciliation of Additional Disclosures

CONTENTS

| <i>Item</i> | <i>Page</i> |
|--------------------------------------------------------------------------|-------------|
| <i>Reconciliation of Additional Disclosures: Operating Cash Flow</i> | 1 |
| <i>Reconciliation of Additional Disclosures: Service Revenues</i> | 2 |
| <i>Reconciliation of Additional Disclosures: Marketing Cost per CPGA</i> | 3 |
| <i>Full-Year 2004 Guidance Update</i> | 4 |
| <i>Telephone and Data Systems, Inc. Safe Harbor Cautionary Statement</i> | 5 |
| <i>U.S. Cellular Corporation Safe Harbor Cautionary Statement</i> | 7 |
| <i>Additional Disclosures from Q&A Session of Conference Call</i> | 9 |

Reconciliation of Additional Disclosures
For the Three Months Ended September 30, 2004 and September 30, 2003

| Quarter Ended at September 30, 2004 | U.S. Cellular | TDS Telecom | | Total |
|--------------------------------------------|-------------------|------------------|-------------------|-------------------|
| | | ILEC | CLEC | |
| <i>(Dollars in thousands)</i> | | | | |
| Operating cash flow: | | | | |
| Operating income (loss) as reported | \$ 42,009 | \$ 43,501 | \$ (10,530) | \$ 74,980 |
| Add: | | | | |
| Depreciation, amortization and accretion | 127,408 | 32,667 | 9,387 | 169,462 |
| Loss (gain) on assets held for sale | - | - | - | - |
| Operating cash flow | <u>\$ 169,417</u> | <u>\$ 76,168</u> | <u>\$ (1,143)</u> | <u>\$ 244,442</u> |

| Quarter Ended at September 30, 2003 (Restated) | U.S. Cellular | TDS Telecom | | Total |
|------------------------------------------------|-------------------|------------------|---------------|-------------------|
| | | ILEC | CLEC | |
| <i>(Dollars in thousands)</i> | | | | |
| Operating cash flow: | | | | |
| Operating income (loss) as reported | \$ 95,561 | \$ 46,780 | \$ (8,292) | \$ 134,049 |
| Add: | | | | |
| Depreciation and Amortization | 103,634 | 32,059 | 8,545 | 144,238 |
| Loss (gain) on assets held for sale | (1,442) | - | - | (1,442) |
| Operating cash flow | <u>\$ 197,753</u> | <u>\$ 78,839</u> | <u>\$ 253</u> | <u>\$ 276,845</u> |

NB: The Operating Cash Flow amounts in the tables presented above are not determined in accordance with generally accepted accounting principles (GAAP) in the United States of America. 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. Operating Cash Flow as presented herein may not be comparable to similarly titled measures reported by other companies.

UNITED STATES CELLULAR CORPORATION Reconciliation of Service Revenues

(Dollars in thousands)

Quarter Ended September 30, 2003:

| | |
|---------------------------------------------------------------------------------------------|-------------------|
| Service revenue as reported | \$ 628,440 |
| Less service revenue attributed to markets sold or traded to AT&T Wireless in 2003 and 2004 | <u>(23,991)</u> |
| Pro-forma service revenue for the three months ended Sept. 30, 2003 | <u>\$ 604,449</u> |

Service revenue as reported for the three months ended Sept. 30, 2004 \$ 691.964

Percentage year-over-year service revenue growth for the three months ended Sept. 30, 2004:

| | |
|------------------------------------------------------------------------------|-------|
| Based on amounts as reported | 10.1% |
| Based on pro forma service revenue for the three months ended Sept. 30, 2003 | 14.5% |

The pro-forma numbers above are non-GAAP financial measures as defined by SEC rules. Management believes they are useful measures to evaluate the company's performance excluding divested markets from prior year service revenues, but they should not be considered as alternatives to GAAP.

UNITED STATES CELLULAR CORPORATION

Reconciliation of Marketing Cost per Gross Customer Unit Addition

| Quarter Ended | 9/30/04 | 6/30/04 | 3/31/04 | 12/31/03 | 9/30/03 |
|----------------------------------------------------------------------------------------------|------------|------------|------------|------------|------------|
| <i>(Dollars in thousands, except per customer amounts)</i> | | | | | |
| Components of cost | | | | | |
| Selling, general and administrative expenses related to the acquisition of new customers (1) | \$ 132,229 | \$ 115,184 | \$ 110,458 | \$ 119,886 | \$ 101,589 |
| Cost of equipment sold to new customers (2) | 86,762 | 78,516 | 83,458 | 73,029 | 53,383 |
| Less equipment sales revenues from new customers (3) | (60,484) | (50,724) | (46,463) | (51,744) | (36,006) |
| Total cost | \$ 158,507 | \$ 142,976 | \$ 147,453 | \$ 141,171 | \$ 118,966 |
| Gross customer activations (000s) (4) | 387 | 365 | 397 | 368 | 294 |
| Marketing cost per gross customer activation (5) | \$ 410 | \$ 392 | \$ 371 | \$ 384 | \$ 405 |

(1) Selling, general and administrative expenses related to the acquisition of new customers is reconciled to total selling, general and administrative expenses as follows:

| | 9/30/04 | 6/30/04 | 3/31/04 | 12/31/03 | 9/30/03 |
|------------------------------------------------------------------------------------------|-----------|-----------|-----------|-----------|-----------|
| <i>(Dollars in thousands)</i> | | | | | |
| Selling, general and administrative expenses as reported | 298,011 | 269,619 | 258,206 | 259,635 | 236,573 |
| Less expenses related to serving and retaining customers | (165,782) | (154,435) | (147,748) | (139,749) | (134,984) |
| Selling, general and administrative expenses related to the acquisition of new customers | 132,229 | 115,184 | 110,458 | 119,886 | 101,589 |

(2) Cost of equipment sold, excluding amounts related to the retention of existing customers is reconciled to total cost of equipment sold as follows:

| | 9/30/04 | 6/30/04 | 3/31/04 | 12/31/03 | 9/30/03 |
|----------------------------------------------------------------------------|----------|----------|----------|----------|----------|
| <i>(Dollars in thousands)</i> | | | | | |
| Cost of equipment sold as reported | 126,659 | 110,183 | 119,888 | 110,001 | 76,926 |
| Less cost of equipment sold related to the retention of existing customers | (39,897) | (31,667) | (36,430) | (36,972) | (23,543) |
| Cost of equipment sold to new customers | 86,762 | 78,516 | 83,458 | 73,029 | 53,383 |

(3) Equipment sales revenues, excluding amounts related to the retention of existing customers is reconciled to total equipment sales revenues as follows:

| | 9/30/04 | 6/30/04 | 3/31/04 | 12/31/03 | 9/30/03 |
|--------------------------------------------------------------------------------------------------------|---------|---------|---------|----------|---------|
| <i>(Dollars in thousands)</i> | | | | | |
| Equipment sales revenues as reported | 56,249 | 49,567 | 38,268 | 47,457 | 36,536 |
| Less equipment sales revenues related to the retention of existing customers, net of agent rebates | (9,093) | (6,879) | (6,048) | (5,708) | (7,633) |
| Add agent rebate reductions of equipment sales revenues related to the retention of existing customers | 13,328 | 8,036 | 14,243 | 9,995 | 7,103 |
| Equipment sales revenues from new customers | 60,484 | 50,724 | 46,463 | 51,744 | 36,006 |

(4) Gross customer activations represent customers added to U.S. Cellular's customer base, during the respective periods presented, through its marketing distribution channels.

(5) The definition of marketing cost per gross customer unit addition that U.S. Cellular uses as a measure of the cost to acquire additional customers through its marketing distribution channels may not be comparable to similarly titled measures that are reported by other companies.

TELEPHONE AND DATA SYSTEMS, INC.
Reconciliation of Additional Disclosures
Financial Guidance for Full-Year 2004

TDS and U.S. Cellular have reviewed their forward-looking statements and revised their guidance for the full-year 2004 on October 20, 2004 as follows:

| U.S. Cellular | Guidance as of 7/21/04 | Guidance as of 10/20/04 |
|-------------------------------------------|-----------------------------------|------------------------------------|
| Net Customer Additions | 560,000-610,000 | 615,000 - 645,000 |
| Service Revenues | ≈ \$2.6 billion | ≈ \$2.65 billion |
| Operating Cash Flow⁽¹⁾: | \$650 - \$690 million | \$650 - \$675 million |
| Operating Income | \$150 - \$190 million | \$150 - \$175 million |
| Depreciation, Amortization & Accretion | \$500 million | \$500 million |
| Operating Cash Flow | \$650 - \$690 million | \$650 - \$675 million |
| Capital Expenditures | \$655 - \$695 million | \$655 - \$670 million |

| TDS Telecom: ILEC | Guidance as of 7/21/2004 | Guidance as of 10/20/04 |
|-------------------------------------------|-------------------------------------|------------------------------------|
| Operating Revenues | \$640 - \$ 650 million | \$645 - \$ 655 million |
| Operating Cash Flow⁽¹⁾: | \$305 - \$315 million | \$310 - \$320 million |
| Operating Income | \$170 - \$180 million | \$180 - \$190 million |
| Depreciation and amortization | \$135 million | \$130 million |
| Operating Cash Flow | \$305 - \$315 million | \$310 - \$320 million |
| Capital Expenditures | ≈ \$105 million | \$115 - 120 million |

| TDS Telecom: CLEC | Guidance as of 7/21/2004 | Guidance as of 10/20/2004 |
|-------------------------------------------|-------------------------------------|--------------------------------------|
| Operating Revenues | \$230 - \$240 million | \$225 - \$235 million |
| Operating Cash Flow⁽¹⁾: | \$10 - \$20 million | \$5 - \$15 million |
| Operating Income (Loss) | \$(30) - \$(20) million | \$(35) - \$(25) million |
| Depreciation and amortization | \$40 million | \$40 million |
| Operating Cash Flow | \$10 - \$20 million | \$5 - \$15 million |
| Capital Expenditures | ≈ \$45 million | ≈ \$40 million |

- (1) The Operating Cash Flow measurement provided above is the sum of operating income, depreciation, amortization and accretion and loss (gain) on assets held for sale. Operating Cash Flow is not presented as an alternative measure of operating results or cash flows from operating activities as determined in accordance with accounting principles generally accepted in the United States of America. 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. Operating Cash Flow as presented herein may not be comparable to similarly titled measures reported by other companies.

Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995:

All information set forth above represents forward-looking statements. These statements are based on estimates and projections at the time they are made, which involve certain risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. Important factors that may affect these forward-looking statements are set forth below and in the most recent Form 10-Q or Form 10-K filed by TDS with the Securities and Exchange Commission. You should not assume that such forward looking statements are accurate as of any date than the date on which they are made. TDS undertakes no obligation to update publicly any forward-looking statements whether as a result of new information, future events or otherwise. Readers should evaluate any statements in light of these important factors.

**The following are the Safe Harbor Cautionary Statements for Telephone and Data Systems, Inc. (TDS) and U.S. Cellular Corporation.
U.S. Cellular's cautionary statement follows that of TDS.**

**Telephone and Data Systems, Inc.
PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995
SAFE HARBOR CAUTIONARY STATEMENT**

The Financial Guidance presented herein constitutes "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, events or developments to be significantly different from any future results, events or developments expressed or implied by such forward-looking statements. Such factors include the following:

- *Increases in the level of competition in the markets in which TDS operates could adversely affect TDS's revenues or increase its costs to compete.*
- *Consolidation in the wireless industry may create stronger competitors both operationally and financially which could adversely affect TDS's revenues and increase its costs to compete.*
- *Advances or changes in telecommunications technology, such as Voice Over Internet Protocol, could render certain technologies used by TDS obsolete, could reduce TDS's revenues or could increase TDS's cost of doing business.*
- *Changes in the telecommunications regulatory environment, or a failure to timely or fully comply with any regulatory requirements, such as wireless number portability, local number portability and E-911 services, could adversely affect TDS's financial condition, results of operations or ability to do business.*
- *Changes in U.S. Cellular's enterprise value, changes in the supply or demand of the market for wireless licenses or telephone companies, adverse developments in the TDS businesses or the industries in which TDS is involved and/or other factors could require TDS to recognize impairments in the carrying value of TDS's license costs, goodwill and/or physical assets.*
- *Conversions of debt, early redemptions of debt or repurchases of debt, changes in prepaid forward contracts, operating leases, purchase obligations or other factors or developments could cause the amounts reported under Contractual Obligations in TDS's Annual Report in 10-K for the year ended December 31, 2003 to be different from the amounts presented.*
- *Changes in accounting standards or TDS's accounting policies, estimates and/or in the assumptions underlying the accounting estimates, including those described under Application of Critical Accounting Policies and Estimates, could have a material effect on TDS's financial condition, changes in financial condition and results of operations.*
- *Settlement, judgments, restraints on its current or future manner of doing business and/or legal costs resulting from pending and future litigation could have an adverse effect on TDS's financial condition, results of operations or ability to do business.*
- *Costs, integration problems or other factors associated with acquisitions / divestitures of properties and/or licenses could have an adverse effect on TDS's financial condition or results of operations.*
- *Changes in prices, the number of customers, average revenue per unit, penetration rates, churn rates, selling expenses, net customer retention costs associated with wireless number portability and local number portability, roaming rates, access minutes of use, the mix of products and services offered or other business factors could have an adverse effect on TDS's business operations.*
- *Changes in roaming partners' rates, and the ability to provide voice and data services on other carriers' networks could have an adverse effect on TDS's operations.*

- *Changes in competitive factors with national and global wireless carriers could result in product and cost disadvantages and could have an adverse effect on TDS's operations.*
- *Lack of standards and roaming agreements for wireless data products could place U.S. Cellular's data services offerings at a disadvantage to those offered by other wireless carriers with more nationwide service territories.*
- *Changes in guidance or interpretations of accounting requirements, changes in industry practice or changes in management assumptions could require amendments to or restatements of disclosures or financial information included in this or prior filings with the SEC.*
- *Uncertainty of access to capital for telecommunications companies, deterioration in the capital markets, other changes in market conditions, changes in TDS's credit ratings or other factors could limit or restrict the availability of financing on terms and prices acceptable to TDS, which could require TDS to reduce its construction, development and acquisition programs.*
- *Changes in income tax rates, tax laws, regulations or rulings, or federal and state tax assessments could have an adverse effect on TDS's financial condition and results of operations.*
- *War, conflicts, hostilities and/or terrorist attacks could have an adverse effect on TDS's businesses.*
- *Changes in general economic and business conditions, both nationally and in the markets in which TDS operates, including difficulties by telecommunications companies, could have an adverse effect on TDS's businesses.*
- *Any of the foregoing events or other events could cause revenues, customer additions, operating income, capital expenditures and or any other financial or statistical information to vary from management's forecasts included in this report by a material amount.*
- *Changes in facts or circumstances, including new or additional information that affects the calculation of accrued liabilities for contingent obligations under guarantees, indemnities or otherwise, could require TDS to record charges in excess of amounts accrued on the financial statements, if any, which could have an adverse effect on TDS's financial condition and results of operations.*
- *Implementation of Section 404 of the Sarbanes-Oxley Act of 2002, which requires TDS to evaluate and report on its internal controls over financial reporting and have its auditor attest to such evaluation in 2004 and subsequent years, could identify significant deficiencies or material weaknesses. A significant deficiency or material weakness in the effectiveness of internal control over financial reporting and/or in disclosure controls and procedures could result in inaccurate financial statements or other disclosures or permit fraud, which could have a material adverse effect on TDS's business, results of operations and financial condition and have a negative effect on the trading price of its securities.*
- *The possible development of adverse precedent in litigation or conclusions in professional studies to the effect that radio frequency emissions from handsets, wireless data devices and/or cell sites cause harmful health consequences, including cancer or tumors, or may interfere with various electronic medical devices such as pacemakers, may discourage the use of handsets and wireless data devices, may result in significant restrictions on the location and operation of cell sites, could result in the inability to obtain insurance on a cost effective basis or result in adverse decisions in litigation against TDS, all of which could have a material adverse effect on TDS's financial condition and results of operations.*

TDS undertakes no obligation to update publicly any forward-looking statements whether as a result of new information, future events or otherwise. Readers should evaluate any statements in light of these important factors.

U.S. Cellular Corporation
PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995
SAFE HARBOR CAUTIONARY STATEMENT

The Financial Guidance presented herein constitutes “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, events or developments to be significantly different from any future results, events or developments expressed or implied by such forward-looking statements. Such factors include the following:

- *Increases in the level of competition in the markets in which U.S. Cellular operates could adversely affect its revenues or increase its costs to compete.*
- *Consolidation in the wireless industry may create stronger competitors both operationally and financially which could adversely affect U.S. Cellular’s revenues and increase its costs to compete.*
- *Advances or changes in telecommunications technology could render certain technologies used by U.S. Cellular obsolete, could reduce its revenues or could increase its cost of doing business.*
- *Changes in the telecommunications regulatory environment, or a failure to timely or fully comply with any regulatory requirements, such as wireless number portability and E-911 services, could adversely affect U.S. Cellular’s financial condition or results of operations or ability to do business.*
- *Changes in U.S. Cellular’s enterprise value, changes in the supply or demand of the market for wireless licenses, adverse developments in U.S. Cellular’s business or the wireless industry and/or other factors could require U.S. Cellular to recognize impairments in the carrying value of U.S. Cellular’s investment in licenses, goodwill and/or physical assets.*
- *Conversions of debt, early redemptions of debt or repurchases of debt, changes in prepaid forward contracts, operating leases, purchase obligations or other factors or developments could cause the amounts reported under Contractual Obligations in U.S. Cellular’s Annual Report on Form 10-K for the year ended December 31, 2003 to be different from the amounts presented.*
- *Changes in accounting standards or U.S. Cellular’s accounting policies, estimates and/or the assumptions underlying the accounting estimates, including those described under Application of Critical Accounting Policies and Estimates, could have a material effect on its financial condition, changes in financial condition and results of operations.*
- *Settlements, judgments, restraints on its current or future manner of doing business and/or legal costs resulting from pending or future litigation could have an adverse effect on U.S. Cellular’s financial condition, results of operations or ability to do business.*
- *Costs, integration problems or other factors associated with acquisitions/divestitures of properties and or licenses could have an adverse effect on U.S. Cellular’s financial condition or results of operations.*
- *Changes in prices, the number of wireless customers, average revenue per unit, penetration rates, churn rates, selling expenses and net customer retention costs associated with wireless number portability, roaming rates and the mix of products and services offered in wireless markets could have an adverse effect on U.S. Cellular’s operations.*
- *Changes in roaming partners’ rates, and the ability to provide voice and data services on other carriers’ networks could have an adverse effect on U.S. Cellular’s operations.*
- *Changes in competitive factors with national and global wireless carriers could result in product and cost disadvantages and could have an adverse effect on U.S. Cellular’s operations.*
- *Lack of standards and roaming agreements for wireless data products could place U.S. Cellular’s data services offerings at a disadvantage to those offered by other wireless carriers with more nationwide service territories.*

- *Changes in guidance or interpretations of accounting requirements, changes in industry practice or changes in management assumptions could require amendments to or restatements of disclosures or financial information included in this or prior filings with the SEC.*
- *Uncertainty of access to capital for telecommunications companies, deterioration in the capital markets, other changes in market conditions, changes in U.S. Cellular's credit ratings or other factors could limit or restrict the availability of financing on terms and prices acceptable to it, which could require it to reduce its construction, development and acquisition programs.*
- *Changes in income tax rates, tax laws, regulations or rulings, or federal or state tax assessments could have an adverse effect on U.S. Cellular's financial condition and results of operations.*
- *War, conflicts, hostilities and/or terrorist attacks could have an adverse effect on U.S. Cellular's business.*
- *Changes in general economic and business conditions, both nationally and in the markets in which U.S. Cellular operates, could have an adverse effect on U.S. Cellular's business.*
- *Any of the foregoing events or other events could cause revenues, customer additions, operating income, capital expenditures and or any other financial or statistical information to vary from management's forecasts included in this report by a material amount.*
- *Changes in facts or circumstances, including new or additional information that affects the calculation of accrued liabilities for contingent obligations under guarantees, indemnities or otherwise, could require U.S. Cellular to record charges in excess of amounts accrued on the financial statements, if any, which could have an adverse effect on U.S. Cellular's financial condition and results of operations.*
- *Implementation of Section 404 of the Sarbanes-Oxley Act of 2002, which requires TDS to evaluate and report on its internal controls over financial reporting and have its auditor attest to such evaluation in 2004 and subsequent years, could identify significant deficiencies or material weaknesses. A significant deficiency or material weakness in the effectiveness of internal control over financial reporting and/or in disclosure controls and procedures could result in inaccurate financial statements or other disclosures or permit fraud, which could have a material adverse effect on U.S. Cellular's business, results of operations and financial condition and have a negative effect on the trading price of its securities.*
- *The possible development of adverse precedent in litigation or conclusions in professional studies to the effect that radio frequency emissions from handsets, wireless data devices and/or cell sites cause harmful health consequences, including cancer or tumors, or may interfere with various electronic medical devices such as pacemakers, may discourage the use of handsets and wireless data devices, may result in significant restrictions on the location and operation of cell sites, could result in the inability to obtain insurance on a cost effective basis or result in adverse decisions in litigation against U.S. Cellular, all of which could have a material adverse effect on U.S. Cellular's financial condition and results of operations.*

U.S. Cellular undertakes no obligation to update publicly any forward-looking statements whether as a result of new information, future events or otherwise. Readers should evaluate any statements in light of these important factors.

TELEPHONE AND DATA SYSTEMS, INC.
Reconciliation of Additional Disclosures
For the Three Months ended September 30, 2004 and September 30, 2003

During the conference call that was held and simultaneously webcast October 20, 2004, references were made to certain information about U.S. Cellular not included in the press release issued on the same date. The following provides that additional information.

| U.S. Cellular | |
|---------------------------------|------|
| Total all-in churn | |
| (for quarter ended 9/30/04): | 1.7% |
| (for quarter ended 9/30/03): | 1.8% |
| <u>Customers</u> | |
| Pre-pay (as of 9/30/04) | 3% |
| Post-pay (as of 9/30/04) | 97% |

Churn: The percentage of customers disconnecting service each month.

All-in churn: the percentage of the total customer base that disconnects service each month.

Post-pay churn: the percentage of the customer base on post-pay service plans that disconnects service each month.

Pre-pay service plans: plans in which customers pay for service in advance.

Post-pay service plans: plans in which customers are billed in arrears for service, such as customers who are on contract.