

TELEPHONE AND DATA SYSTEMS, INC.
Reconciliation of Additional Disclosures

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TELEPHONE AND DATA SYSTEMS, INC.
Reconciliation of Additional Disclosures

For the Three Months Ended Dec. 31, 2004 and Dec. 31, 2003

Quarter Ended at Dec. 31, 2004	U.S. Cellular	TDS Telecom		Total
		ILEC	CLEC	
<i>(Dollars in thousands)</i>				
Operating cash flow:				
Operating income (loss) as reported	\$ 41,601	\$ 46,066	\$ (125,534)	\$ (37,867)
Add:				
Depreciation, amortization and accretion	134,391	34,026	10,214	178,631
Loss on impairment of intangible assets	-	-	29,440	29,440
Loss on impairment of assets	-	-	87,910	87,910
(Gain) loss on assets held for sale	(10,081)	-	-	(10,081)
Operating cash flow	\$ 165,911	\$ 80,092	\$ 2,030	\$ 248,033

Quarter Ended at Dec. 31, 2003	U.S. Cellular	TDS Telecom		Total
		ILEC	CLEC	
<i>(Dollars in thousands)</i>				
Operating cash flow:				
Operating income (loss) as reported	\$ 24,305	\$ 39,452	\$ (8,176)	\$ 55,581
Add:				
Depreciation, amortization and accretion	114,428	32,237	8,700	155,365
Loss on impairment of assets	-	351	4,563	4,914
(Gain) loss on assets held for sale	22,289	-	-	22,289
Operating cash flow	\$ 161,022	\$ 72,040	\$ 5,087	\$ 238,149

For the Full Years Ended Dec. 31, 2004 and Dec. 31, 2003

Year Ended at Dec. 31, 2004	U.S. Cellular	TDS Telecom		Total
		ILEC	CLEC	
<i>(Dollars in thousands)</i>				
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 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 at Dec. 31, 2003	U.S. Cellular	TDS Telecom		Total
		ILEC	CLEC	
<i>(Dollars in thousands)</i>				
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 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

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 December 31, 2003:

Service revenue as reported	\$ 620,639
Less service revenue attributed to markets sold or traded in 2004	14,962
Pro-forma service revenue for the three months ended Dec. 31, 2003	\$ 605,677

Service revenue as reported for the three months ended Dec. 31, 2004 \$ 673,223

Percentage year-over-year service revenue growth for the three months ended Dec. 31, 2004:

Based on amounts as reported	8.5%
Based on pro forma service revenue for the three months ended Dec. 31, 2003	11.2%

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	126,775
Pro-forma service revenue for the year ended Dec. 31, 2003	\$ 2,297,014

Year Ended December 31, 2004:

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

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

Based on amounts as reported	9.2%
Based on pro forma service revenue for the years ended Dec. 31, 2004 and 2003	14.9%

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 both years' 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	12/31/04	9/30/04	6/30/04	3/31/04	12/31/03
<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)	\$ 138,722	\$ 132,229	\$ 115,184	\$ 110,458	\$ 119,886
Cost of equipment sold to new customers (2)	97,663	86,762	78,516	83,458	73,029
Less equipment sales revenues from new customers (3)	(56,162)	(60,484)	(50,724)	(46,463)	(51,744)
Total cost	\$ 180,223	\$ 158,507	\$ 142,976	\$ 147,453	\$ 141,171
Gross customer activations (000s) (4)	408	387	365	397	368
Marketing cost per gross customer activation (5)	\$ 442	\$ 410	\$ 392	\$ 371	\$ 384

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

	12/31/04	9/30/04	6/30/04	3/31/04	12/31/03
<i>(Dollars in thousands)</i>					
Selling, general and administrative expenses as reported	296,864	298,011	269,619	258,206	259,635
Less expenses related to serving and retaining customers	(158,142)	(165,782)	(154,435)	(147,748)	(139,749)
Selling, general and administrative expenses related to the acquisition of new customers	138,722	132,229	115,184	110,458	119,886

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

	12/31/04	9/30/04	6/30/04	3/31/04	12/31/03
<i>(Dollars in thousands)</i>					
Cost of equipment sold as reported	130,223	126,659	110,183	119,888	110,001
Less cost of equipment sold related to the retention of existing customers	(32,560)	(39,897)	(31,667)	(36,430)	(36,972)
Cost of equipment sold to new customers	97,663	86,762	78,516	83,458	73,029

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

	12/31/04	9/30/04	6/30/04	3/31/04	12/31/03
<i>(Dollars in thousands)</i>					
Equipment sales revenues as reported	46,308	56,249	49,567	38,268	47,457
Less equipment sales revenues related to the retention of existing customers, net of agent rebates	(5,247)	(9,093)	(6,879)	(6,048)	(5,708)
Add agent rebate reductions of equipment sales revenues related to the retention of existing customers	15,101	13,328	8,036	14,243	9,995
Equipment sales revenues from new customers	56,162	60,484	50,724	46,463	51,744

(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 the Year Ending Dec. 31, 2005

TDS and U.S. Cellular guidance for the year 2005 is as follows:

U.S. Cellular ⁽¹⁾ ⁽²⁾	<i>Guidance as of Feb. 9, 2005</i>
Net Customer Additions ⁽¹⁾	425,000 - 475,000
Service Revenues ⁽¹⁾	+/- \$2.9 billion
Operating Cash Flow: ⁽¹⁾ ⁽³⁾	\$750 - \$800 million
Operating Income ⁽¹⁾	\$220 - \$270 million
Depreciation, amortization and accretion ⁽¹⁾	\$530 million
Operating Cash Flow ⁽¹⁾	\$750 - \$800 million
Capital Expenditures (includes St. Louis) ⁽²⁾	\$570 - \$610 million

TDS Telecom: ILEC	<i>Guidance as of Feb. 9, 2005</i>
Operating Revenues	\$655 - \$665 million
Operating Cash Flow: ⁽³⁾	\$305 - \$315 million
Operating Income	\$170 - \$180 million
Depreciation, amortization and accretion	\$135 million
Operating Cash Flow	\$305 - \$315 million
Capital Expenditures	\$120 - \$130 million

TDS Telecom: CLEC	<i>Guidance as of Feb. 9, 2005</i>
Operating Revenues	\$240 - \$250 million
Operating Cash Flow: ⁽³⁾	\$15 - \$20 million
Operating Income	\$(15) - \$(10) million
Depreciation, amortization and accretion	\$30 million
Operating Cash Flow	\$15 - \$20 million
Capital Expenditures	\$30 - \$35 million

(1) All 2005 guidance for U.S. Cellular, except for capital expenditures, excludes St. Louis, which U.S. Cellular anticipates launching in the second half of 2005

(2) U.S. Cellular capital expenditure guidance includes spending to build out the St. Louis market.

(3) The Operating Cash Flow measurement provided above is the sum of operating income, depreciation, amortization and accretion. 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.

**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, or wireless for wireline substitution, 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 the telecommunications regulatory environment, including the effects of potential changes in the rules governing universal service funding and potential changes in the amounts or methods of intercarrier compensation, could have a material adverse effect on TDS's financial condition, results of operations and cash flows.*
- *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.*
- *Changes in accounting standards or TDS's accounting policies, estimates and/or in the assumptions underlying the accounting 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.*
- *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.*
- *A 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 an adverse effect on TDS's business, results of operations and financial condition.*
- *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, could have a material adverse effect on TDS's wireless business operations, TDS's financial condition and results of operations.*
- *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 TDS's forward estimates included herein by a material amount.*

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.*
- *Changes in accounting standards or U.S. Cellular’s accounting policies, estimates and/or the assumptions underlying the accounting 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.*
- *Changes in fact 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.*
- *A 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 an adverse effect on U.S. Cellular's business, results of operations and financial condition.*
- *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, could have a material adverse effect on U.S. Cellular's business operations, financial condition and results of operations.*
- *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 forward estimates included herein by a material amount.*

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 and Year Ended December 31, 2004

During the conference call that was held and simultaneously webcast Feb. 9, 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 12/31/04):	1.8%
(for year ended 12/31/04):	1.7%
<u>Customers</u>	
Pre-pay (as of 12/31/04)	3.5%
Post-pay (as of 12/31/04)	96.5%

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.