

Consolidated Quarterly Income Information As Restated (Unaudited)

Effects of 2003 Accounting Changes

	Quarter Ended or at March 31, 2003				Quarter Ended or at June 30, 2003			
	As Previously Reported ⁽¹⁾	Investment in Licenses and Goodwill Restatements	Retention Reclassifications	As Restated	As Previously Reported ⁽¹⁾	Investment in Licenses and Goodwill Restatements	Retention Reclassifications	As Restated
(Dollars in thousands, except per share amounts)								
Statements of Operations								
Operating Revenues								
Service	\$ 564,601	\$ —	\$ —	\$ 564,601	\$ 610,109	\$ —	\$ —	\$ 610,109
Equipment sales ⁽²⁾	31,313	—	7,860	39,173	29,701	—	6,127	35,828
Total Operating Revenues	595,914	—	7,860	603,774	639,810	—	6,127	645,937
Operating Expenses								
System operations	137,965	—	—	137,965	147,032	—	—	147,032
Cost of equipment sold ⁽²⁾	64,765	—	23,878	88,643	57,362	—	22,218	79,580
Selling, general and administrative ⁽²⁾	266,370	—	(16,018)	250,352	274,186	—	(16,091)	258,095
Depreciation	94,900	—	—	94,900	87,463	—	—	87,463
Amortization and accretion	14,677	—	—	14,677	17,231	—	—	17,231
Loss on impairment of intangible assets ⁽³⁾	—	—	—	—	—	49,595	—	49,595
Loss on assets held for sale ⁽³⁾	23,500	(1,939)	—	21,561	3,500	—	—	3,500
Total Operating Expenses	602,177	(1,939)	7,860	608,098	586,774	49,595	6,127	642,496
Operating Income	(6,263)	1,939	—	(4,324)	53,036	(49,595)	—	3,441
Loss on marketable equity securities and other investments	(3,500)	—	—	(3,500)	—	—	—	—
Income tax expense (benefit)	(1,149)	761	—	(388)	21,656	(19,590)	—	2,066
Income (loss) before cumulative effect of accounting change	(14,658)	1,178	—	(13,480)	28,311	(30,005)	—	(1,694)
Cumulative effect of accounting change	(14,346)	—	—	(14,346)	—	—	—	—
Net income (loss)	\$ (29,004)	\$ 1,178	\$ —	\$ (27,826)	\$ 28,311	\$ (30,005)	\$ —	\$ (1,694)
Weighted Average Shares Outstanding (000s)	86,121	—	—	86,121	86,134	—	—	86,134
Basic Earnings Per Share:								
Income (loss) before cumulative effect of accounting change	\$ (0.17)	\$ 0.02	\$ —	\$ (0.15)	\$ 0.33	\$ (0.35)	\$ —	\$ (0.02)
Cumulative effect of accounting change	(0.17)	—	—	(0.17)	—	—	—	—
Net income (loss)	\$ (0.34)	\$ 0.02	\$ —	\$ (0.32)	\$ 0.33	\$ (0.35)	\$ —	\$ (0.02)
Diluted Earnings Per Share:								
Income (loss) before cumulative effect of accounting change	\$ (0.17)	\$ 0.02	\$ —	\$ (0.15)	\$ 0.33	\$ (0.35)	\$ —	\$ (0.02)
Cumulative effect of accounting change	(0.17)	—	—	(0.17)	—	—	—	—
Net income (loss)	\$ (0.34)	\$ 0.02	\$ —	\$ (0.32)	\$ 0.33	\$ (0.35)	\$ —	\$ (0.02)
Balance Sheets								
Licenses	\$ 979,760	\$ 186,882	\$ —	\$ 1,166,642	\$ 979,759	\$ 137,287	\$ —	\$ 1,117,046
Goodwill	546,702	(115,187)	—	431,515	547,663	(115,187)	—	432,476
Total Assets	\$4,726,529	\$ 71,695	\$ —	\$4,798,224	\$4,819,764	\$ 22,100	\$ —	\$4,841,864
Net deferred income tax liability	\$ 415,115	\$ 83,174	\$ —	\$ 498,289	\$ 436,956	\$ 63,584	\$ —	\$ 500,540
Retained earnings	1,097,750	(11,479)	—	1,086,271	1,126,061	(41,484)	—	1,084,577
Total Liabilities and Shareholders' Equity	\$4,726,529	\$ 71,695	\$ —	\$4,798,224	\$4,819,764	\$ 22,100	\$ —	\$4,841,864

Consolidated Quarterly Income Information As Restated (Unaudited)

Effects of 2003 Accounting Changes

	Quarter Ended or at September 30, 2003				Quarter Ended or at December 31, 2003			
	As Previously Reported ⁽¹⁾	Investment in Licenses and Goodwill Restatements	Retention Reclassifications	As Restated	As Previously Reported ⁽¹⁾	Investment in Licenses and Goodwill Restatements	Retention Reclassifications	As Restated
(Dollars in thousands, except per share amounts)								
Statements of Operations								
Operating Revenues								
Service	\$ 628,440	\$ —	\$ —	\$ 628,440	\$ 620,639	\$ —	\$ —	\$ 620,639
Equipment sales ⁽²⁾	28,903	—	7,633	36,536	41,749	—	5,708	47,457
Total Operating Revenues	657,343	—	7,633	664,976	662,388	—	5,708	668,096
Operating Expenses								
System operations	153,724	—	—	153,724	137,438	—	—	137,438
Cost of equipment sold ⁽²⁾	53,383	—	25,543	76,926	73,029	—	36,972	110,001
Selling, general and administrative ⁽²⁾	252,483	—	(15,910)	236,573	290,899	—	(31,264)	259,635
Depreciation	90,171	—	—	90,171	102,235	—	—	102,235
Amortization and accretion	13,463	—	—	13,463	12,193	—	—	12,193
Loss on impairment of intangible assets ⁽³⁾	—	—	—	—	—	—	—	—
Loss on assets held for sale ⁽³⁾	(1,442)	—	—	(1,442)	22,289	—	—	22,289
Total Operating Expenses	561,782	—	7,633	569,415	638,083	—	5,708	643,791
Operating Income	95,561	—	—	95,561	24,305	—	—	24,305
Loss on marketable equity securities and other investments	—	—	—	—	(1,700)	—	—	(1,700)
Income tax expense (benefit)	46,760	(10,713)	—	36,047	(493)	—	—	(493)
Income (loss) before cumulative effect of accounting change	40,901	10,713	—	51,614	20,566	—	—	20,566
Cumulative effect of accounting change	—	—	—	—	—	—	—	—
Net income (loss)	\$ 40,901	\$ 10,713	\$ —	\$ 51,614	\$ 20,566	\$ —	\$ —	\$ 20,566
Weighted Average Shares Outstanding (000s)	86,142	—	—	86,142	86,148	—	—	86,148
Basic Earnings Per Share:								
Income (loss) before cumulative effect of accounting change	\$ 0.47	\$ 0.13	\$ —	\$ 0.60	\$ 0.24	\$ —	\$ —	\$ 0.24
Cumulative effect of accounting change	—	—	—	—	—	—	—	—
Net income (loss)	\$ 0.47	\$ 0.13	\$ —	\$ 0.60	\$ 0.24	\$ —	\$ —	\$ 0.24
Diluted Earnings Per Share:								
Income (loss) before cumulative effect of accounting change	\$ 0.47	\$ 0.12	\$ —	\$ 0.59	\$ 0.24	\$ —	\$ —	\$ 0.24
Cumulative effect of accounting change	—	—	—	—	—	—	—	—
Net income (loss)	\$ 0.47	\$ 0.12	\$ —	\$ 0.59	\$ 0.24	\$ —	\$ —	\$ 0.24
Balance Sheets								
Licenses	\$1,111,780	\$ 137,287	\$ —	\$1,249,067	\$1,052,039	\$ 137,287	\$ —	\$1,189,326
Goodwill	549,780	(115,187)	—	434,593	545,443	(115,187)	—	430,256
Total Assets	\$4,772,072	\$ 22,100	\$ —	\$4,794,172	\$4,923,647	\$ 22,100	\$ —	\$4,945,747
Net deferred income tax liability	\$ 476,820	\$ 52,871	\$ —	\$ 529,691	\$ 443,033	\$ 52,871	\$ —	\$ 495,904
Retained earnings	1,166,962	(30,771)	—	1,136,191	1,187,526	(30,771)	—	1,156,755
Total Liabilities and Shareholders' Equity	\$4,772,072	\$ 22,100	\$ —	\$4,794,172	\$4,923,647	\$ 22,100	\$ —	\$4,945,747

Consolidated Quarterly Income Information As Restated (Unaudited)

Effects of 2002 Accounting Changes

	Quarter Ended or at March 31, 2002				Quarter Ended or at June 30, 2002			
	As Previously Reported ⁽¹⁾	Investment in Licenses and Goodwill Restatements	Retention Reclassifications	As Restated	As Previously Reported ⁽¹⁾	Investment in Licenses and Goodwill Restatements	Retention Reclassifications	As Restated
(Dollars in thousands, except per share amounts)								
Statements of Operations								
Operating Revenues								
Service	\$ 461,113	\$ —	\$ —	\$ 461,113	\$ 501,153	\$ —	\$ —	\$ 501,153
Equipment sales ⁽²⁾	17,307	—	—	17,307	23,186	—	—	23,186
Total Operating Revenues	478,420	—	—	478,420	524,339	—	—	524,339
Operating Expenses								
System operations	107,921	—	—	107,921	118,138	—	—	118,138
Cost of equipment sold ⁽²⁾	30,367	—	8,416	38,783	36,588	—	9,464	46,052
Selling, general and administrative ⁽²⁾	187,704	—	(8,416)	179,288	191,932	—	(9,464)	182,468
Depreciation	65,977	—	—	65,977	68,957	—	—	68,957
Amortization and accretion	6,775	—	—	6,775	7,452	—	—	7,452
Total Operating Expenses	398,744	—	—	398,744	423,067	—	—	423,067
Operating Income	79,676	—	—	79,676	101,272	—	—	101,272
Loss on marketable equity securities and other investments	—	—	—	—	(244,699)	—	—	(244,699)
Income (loss) before cumulative effect of accounting change	44,393	—	—	44,393	(88,382)	—	—	(88,382)
Cumulative effect of accounting change ⁽³⁾	4,097	(12,657)	—	(8,560)	—	—	—	—
Net income (loss)	\$ 48,490	\$ (12,657)	\$ —	\$ 35,833	\$ (88,382)	\$ —	\$ —	\$ (88,382)
Weighted Average Shares Outstanding (000s)	86,053	—	—	86,503	86,083	—	—	86,083
Basic Earnings Per Share:								
Income (loss) before cumulative effect of accounting change	\$ 0.52	\$ —	\$ —	\$ 0.52	\$ (1.03)	\$ —	\$ —	\$ (1.03)
Cumulative effect of accounting change	0.04	(0.13)	—	(0.09)	—	—	—	—
Net income (loss)	\$ 0.56	\$ (0.13)	\$ —	\$ 0.43	\$ (1.03)	\$ —	\$ —	\$ (1.03)
Diluted Earnings Per Share:								
Income (loss) before cumulative effect of accounting change	\$ 0.51	\$ —	\$ —	\$ 0.51	\$ (1.03)	\$ —	\$ —	\$ (1.03)
Cumulative effect of accounting change	0.05	(0.14)	—	(0.09)	—	—	—	—
Net income (loss)	\$ 0.56	\$ (0.14)	\$ —	\$ 0.42	\$ (1.03)	\$ —	\$ —	\$ (1.03)
Balance Sheets								
Licenses	\$ 874,764	\$ 208,641	\$ —	\$ 1,083,405	\$ 877,195	\$ 208,641	\$ —	\$ 1,085,836
Goodwill	473,975	(138,885)	—	335,090	473,975	(138,885)	—	335,090
Total Assets	\$3,715,331	\$ 69,756	\$ —	\$3,785,087	\$3,734,886	\$ 69,756	\$ —	\$3,804,642
Net deferred income tax liability	\$ 368,253	\$ 82,413	\$ —	\$ 450,666	\$ 387,896	\$ 82,413	\$ —	\$ 470,309
Retained earnings	1,189,531	(12,657)	—	1,176,874	1,101,150	(12,657)	—	1,088,493
Total Liabilities and Shareholders' Equity	\$3,715,331	\$ 69,756	\$ —	\$3,785,087	\$3,734,886	\$ 69,756	\$ —	\$3,804,642

Consolidated Quarterly Income Information As Restated (Unaudited)

Effects of 2002 Accounting Changes

	Quarter Ended or at September 30, 2002				Quarter Ended or at December 31, 2002			
	As Previously Reported ⁽¹⁾	Investment in Licenses and Goodwill Restatements	Retention Reclassifications	As Restated	As Previously Reported ⁽¹⁾	Investment in Licenses and Goodwill Restatements	Retention Reclassifications	As Restated
(Dollars in thousands, except per share amounts)								
Statements of Operations								
Operating Revenues								
Service	\$ 561,240	\$ —	\$ —	\$ 561,240	\$ 575,387	\$ —	\$ —	\$ 575,387
Equipment sales ⁽²⁾	18,546	—	6,485	25,031	26,546	—	6,623	33,169
Total Operating Revenues	579,786	—	6,485	586,271	601,933	—	6,623	608,556
Operating Expenses								
System operations	136,367	—	—	136,367	130,324	—	—	130,324
Cost of equipment sold ⁽²⁾	51,595	—	19,755	71,370	66,733	—	19,585	86,318
Selling, general and administrative ⁽²⁾	226,251	—	(13,290)	212,961	268,238	—	(12,962)	255,276
Depreciation	93,355	—	—	93,355	83,704	—	—	83,704
Amortization and accretion	9,521	—	—	9,521	15,413	—	—	15,413
Total Operating Expenses	517,089	—	6,485	523,574	564,412	—	6,623	571,035
Operating Income	62,697	—	—	62,697	37,521	—	—	37,521
Loss on marketable equity securities and other investments	(34,210)	—	—	(34,210)	(16,545)	—	—	(16,545)
Income (loss) before cumulative effect of accounting change	10,975	—	—	10,975	14,629	—	—	14,629
Cumulative effect of accounting change ⁽³⁾	—	—	—	—	—	—	—	—
Net income (loss)	\$ 10,975	\$ —	\$ —	\$ 10,975	\$ 14,629	\$ —	\$ —	\$ 14,629
Weighted Average Shares Outstanding (000s)	86,095	—	—	86,095	86,113	—	—	86,113
Basic Earnings Per Share:								
Income (loss) before cumulative effect of accounting change	\$ 0.13	\$ —	\$ —	\$ 0.13	\$ 0.17	\$ —	\$ —	\$ 0.17
Cumulative effect of accounting change	—	—	—	—	—	—	—	—
Net income (loss)	\$ 0.13	\$ —	\$ —	\$ 0.13	\$ 0.17	\$ —	\$ —	\$ 0.17
Diluted Earnings Per Share:								
Income (loss) before cumulative effect of accounting change	\$ 0.13	\$ —	\$ —	\$ 0.13	\$ 0.17	\$ —	\$ —	\$ 0.17
Cumulative effect of accounting change	—	—	—	—	—	—	—	—
Net income (loss)	\$ 0.13	\$ —	\$ —	\$ 0.13	\$ 0.17	\$ —	\$ —	\$ 0.17
Balance Sheets								
Licenses	\$1,040,840	\$ 208,641	\$ —	\$1,249,481	\$1,038,556	\$ 208,641	\$ —	\$1,247,197
Goodwill	629,541	(138,885)	—	490,656	643,629	(138,885)	—	504,744
Total Assets	\$4,454,754	\$ 69,756	\$ —	\$4,524,510	\$4,699,841	\$ 69,756	\$ —	\$4,769,597
Net deferred income tax liability	\$ 396,986	\$ 82,413	\$ —	\$ 479,399	\$ 359,401	\$ 82,413	\$ —	\$ 441,814
Retained earnings	1,112,125	(12,657)	—	1,099,468	1,126,752	(12,657)	—	1,114,095
Total Liabilities and Shareholders' Equity	\$4,454,754	\$ 69,756	\$ —	\$4,524,510	\$4,699,841	\$ 69,756	\$ —	\$4,769,597

(1) The amounts as previously reported for the March 31, June 30, and September 30, 2003 and 2002 statements of operations and the 2003 balance sheets are based on amendment No. 2 to the March 31, 2003, June 30, 2003 and September 30, 2003 Quarterly Reports on Form 10-Q filed on March 10, 2004. The March 31, 2002, June 30, 2002 and September 30, 2002 balance sheet amounts have been adjusted to reflect a change in method of accounting for commission expense related to customer activations as described in the Cumulative Effect of Accounting Changes section of Note 1 "Summary of Significant Accounting Policies."

(2) Prior to the fourth quarter of 2003, costs for equipment sold to retain current customers were included in selling, general and administrative expense. Prior to the fourth quarter of 2003 and in part of 2002, these costs were partially offset by equipment sales revenues received from these customers. In part of 2002 and all of 2001, equipment sales revenues related to retaining current customers were included in equipment sales revenues. In the fourth quarter of 2003, U.S. Cellular changed its policy for classifying retention costs and has reclassified the equipment sales revenue and cost of equipment sold related to the retention of current customers out of selling, general and administrative expense into equipment sales revenues and cost of equipment sold, respectively, for each of the periods presented.

(3) Prior to January 1, 2002, U.S. Cellular allocated the excess of purchase price over tangible assets and liabilities acquired to investment in licenses and goodwill. At that time, the accounting treatment for U.S. Cellular's investment in licenses and goodwill was the same for book purposes, with both asset classes amortized over an expected life of 40 years. However, no deferred taxes were provided on the amounts allocated to goodwill. Based upon a subsequent review of goodwill, U.S. Cellular has restated the allocation of \$138.9 million of purchase price recorded as goodwill to investment in licenses as of January 1, 2002, the date of the adoption of SFAS No. 142. In connection with this restatement, an additional deferred tax liability of \$90.7 million was recorded as of January 1, 2002. The additional deferred tax liability recorded in conjunction with this restatement increased the carrying value of U.S. Cellular's investment in licenses by a corresponding \$90.7 million. Following these adjustments, U.S. Cellular reperformed the impairment tests for its investment in licenses as of January 1, 2002, and recorded an impairment loss upon \$12.7 million (\$20.9 million before income taxes of \$8.2 million). This impairment has been recorded as a cumulative effect of an accounting change at January 1, 2002, the date of the adoption of SFAS 142.

In the first quarter of 2003, U.S. Cellular had recorded a loss on assets held for sale related to the pending disposition of certain wireless properties. The investment in licenses upon which the impairment was recorded in the first quarter of 2002 included the investment in licenses of these properties. As a result, a portion of the originally recognized loss on assets held for sale in the first quarter of 2003 was recognized in the first quarter of 2002. Consequently, loss on assets held for sale in 2003 has been reduced by \$1.9 million, before income taxes of \$0.8 million. In the third quarter of 2003, U.S. Cellular had originally recorded an income tax expense upon the closing of the disposition of such wireless properties. This tax expense has been reduced due to the reversal of additional deferred tax liabilities that were recorded with respect to the wireless properties exchanged in conjunction with the restatement from goodwill to investment in licenses. Consequently, income tax expense in 2003 has been reduced by \$10.7 million.

In addition, as a result of the restatement discussed above, U.S. Cellular also reperformed the annual impairment test for its investment in licenses for 2003, which was originally performed during the second quarter of 2003. This resulted in the recognition of an additional impairment loss of \$49.6 million, before income taxes of \$19.6 million. This additional loss has been recorded in the second quarter of 2003.