**Business Segment Information**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **TDS Telecom** |  |  |  |  |
| **Three Months Ended or as of September 30, 2018** | **U.S Cellular** |  | **Wireline** |  | **Cable** |  | **TDS Telecom Total1** |  | **Corporate, Eliminations and Other** |  | **Total** |
| (Dollars in thousands) |  |  |  |  |  |  |  |  |  |  |  |
| **Operating revenues** |  |  |  |  |  |  |  |  |  |  |  |
| Service | $ | 759,494 |  |  | $ | 176,202 |  |  | $ | 57,647 |  |  | $ | 233,559 |  |  | $ | 24,280 |  |  | $ | 1,017,333 |  |
| Equipment and product sales | 241,573 |  |  | 359 |  |  | 34 |  |  | 393 |  |  | 37,333 |  |  | 279,299 |  |
| Total operating revenues | 1,001,067 |  |  | 176,561 |  |  | 57,681 |  |  | 233,952 |  |  | 61,613 |  |  | 1,296,632 |  |
| Cost of services (excluding Depreciation, amortization, and accretion reported below) | 200,457 |  |  | 68,365 |  |  | 25,662 |  |  | 93,786 |  |  | 20,177 |  |  | 314,420 |  |
| Cost of equipment and products | 257,566 |  |  | 263 |  |  | 21 |  |  | 284 |  |  | 33,627 |  |  | 291,477 |  |
| Selling, general and administrative | 346,513 |  |  | 49,063 |  |  | 14,085 |  |  | 63,099 |  |  | 10,187 |  |  | 419,799 |  |
| Depreciation, amortization and accretion | 159,562 |  |  | 35,191 |  |  | 17,381 |  |  | 52,572 |  |  | 8,005 |  |  | 220,139 |  |
| (Gain) loss on asset disposals, net | 3,135 |  |  | (3,979 | ) |  | 688 |  |  | (3,290 | ) |  | 15 |  |  | (140 | ) |
| (Gain) loss on license sales and exchanges, net | (408 | ) |  | — |  |  | — |  |  | — |  |  | — |  |  | (408 | ) |
| **Operating income (loss)** | 34,242 |  |  | 27,657 |  |  | (156 | ) |  | 27,501 |  |  | (10,398 | ) |  | 51,345 |  |
| Equity in earnings of unconsolidated entities | 41,932 |  |  | 4 |  |  | — |  |  | 4 |  |  | 183 |  |  | 42,119 |  |
| Interest and dividend income | 3,596 |  |  | 1,887 |  |  | 305 |  |  | 2,191 |  |  | 329 |  |  | 6,116 |  |
| Interest expense | (29,003 | ) |  | 632 |  |  | 23 |  |  | 655 |  |  | (14,394 | ) |  | (42,742 | ) |
| Other, net | 113 |  |  | 673 |  |  | 11 |  |  | 684 |  |  | 79 |  |  | 876 |  |
| **Income (loss) before income taxes** | 50,880 |  |  | 30,852 |  |  | 183 |  |  | 31,035 |  |  | (24,201 | ) |  | 57,714 |  |
| Income tax expense (benefit) | 14,357 |  |  |  |  |  |  | (4,832 | ) |  | (5,292 | ) |  | 4,233 |  |
| **Net income (loss)** | 36,523 |  |  |  |  |  |  | 35,867 |  |  | (18,909 | ) |  | 53,481 |  |
| **Add back:** |  |  |  |  |  |  |  |  |  |  |  |
| Depreciation, amortization and accretion | 159,562 |  |  | 35,191 |  |  | 17,381 |  |  | 52,572 |  |  | 8,005 |  |  | 220,139 |  |
| (Gain) loss on asset disposals, net | 3,135 |  |  | (3,979 | ) |  | 688 |  |  | (3,290 | ) |  | 15 |  |  | (140 | ) |
| (Gain) loss on license sales and exchanges, net | (408 | ) |  | — |  |  | — |  |  | — |  |  | — |  |  | (408 | ) |
| Interest expense | 29,003 |  |  | (632 | ) |  | (23 | ) |  | (655 | ) |  | 14,394 |  |  | 42,742 |  |
| Income tax expense (benefit) | 14,357 |  |  |  |  |  |  | (4,832 | ) |  | (5,292 | ) |  | 4,233 |  |
| **Adjusted EBITDA** | $ | 242,172 |  |  | $ | 61,433 |  |  | $ | 18,229 |  |  | $ | 79,662 |  |  | $ | (1,787 | ) |  | $ | 320,047 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Investments in unconsolidated entities | $ | 460,797 |  |  | $ | 3,803 |  |  | $ | — |  |  | $ | 3,803 |  |  | $ | 34,983 |  |  | $ | 499,583 |  |
| Total assets | $ | 7,227,728 |  |  | $ | 1,301,513 |  |  | $ | 637,063 |  |  | $ | 1,929,498 |  |  | $ | 561,389 |  |  | $ | 9,718,615 |  |
| Capital expenditures | $ | 118,254 |  |  | $ | 40,780 |  |  | $ | 13,117 |  |  | $ | 53,897 |  |  | $ | 4,859 |  |  | $ | 177,010 |  |

Numbers may not foot due to rounding.

 1 TDS Telecom Total includes eliminations between the Wireline and Cable segments.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **TDS Telecom** |  |  |  |  |
| **Nine Months Ended or as of September 30, 2018** | **U.S Cellular** |  | **Wireline** |  | **Cable** |  | **TDS Telecom Total1** |  | **Corporate, Eliminations and Other** |  | **Total** |
| (Dollars in thousands) |  |  |  |  |  |  |  |  |  |  |  |
| **Operating revenues** |  |  |  |  |  |  |  |  |  |  |  |
| Service | $ | 2,224,068 |  |  | $ | 524,350 |  |  | $ | 169,722 |  |  | $ | 693,201 |  |  | $ | 70,558 |  |  | $ | 2,987,827 |  |
| Equipment and product sales | 692,249 |  |  | 1,261 |  |  | 127 |  |  | 1,388 |  |  | 95,259 |  |  | 788,896 |  |
| Total operating revenues | 2,916,317 |  |  | 525,611 |  |  | 169,849 |  |  | 694,589 |  |  | 165,817 |  |  | 3,776,723 |  |
| Cost of services (excluding Depreciation, amortization and accretion reported below) | 565,746 |  |  | 199,762 |  |  | 78,046 |  |  | 277,087 |  |  | 58,774 |  |  | 901,607 |  |
| Cost of equipment and products | 716,249 |  |  | 1,023 |  |  | 41 |  |  | 1,064 |  |  | 86,522 |  |  | 803,835 |  |
| Selling, general and administrative | 1,014,698 |  |  | 145,679 |  |  | 41,942 |  |  | 187,470 |  |  | 30,224 |  |  | 1,232,392 |  |
| Depreciation, amortization and accretion | 477,352 |  |  | 107,616 |  |  | 52,416 |  |  | 160,032 |  |  | 24,105 |  |  | 661,489 |  |
| (Gain) loss on asset disposals, net | 5,309 |  |  | (3,278 | ) |  | 1,267 |  |  | (2,011 | ) |  | 15 |  |  | 3,313 |  |
| (Gain) loss on license sales and exchanges, net | (17,782 | ) |  | — |  |  | — |  |  | — |  |  | — |  |  | (17,782 | ) |
| **Operating income (loss)** | 154,745 |  |  | 74,810 |  |  | (3,863 | ) |  | 70,946 |  |  | (33,822 | ) |  | 191,869 |  |
| Equity in earnings of unconsolidated entities | 119,638 |  |  | 14 |  |  | — |  |  | 14 |  |  | 890 |  |  | 120,542 |  |
| Interest and dividend income | 10,203 |  |  | 4,571 |  |  | 734 |  |  | 5,305 |  |  | 2,085 |  |  | 17,593 |  |
| Interest expense | (87,079 | ) |  | 1,483 |  |  | 4 |  |  | 1,488 |  |  | (43,198 | ) |  | (128,789 | ) |
| Other, net | 334 |  |  | 1,964 |  |  | (217 | ) |  | 1,747 |  |  | 117 |  |  | 2,198 |  |
| **Income (loss) before income taxes** | 197,841 |  |  | 82,842 |  |  | (3,342 | ) |  | 79,500 |  |  | (73,928 | ) |  | 203,413 |  |
| Income tax expense (benefit) | 54,794 |  |  |  |  |  |  | 6,947 |  |  | (13,052 | ) |  | 48,689 |  |
| **Net income (loss)** | 143,047 |  |  |  |  |  |  | 72,554 |  |  | (60,877 | ) |  | 154,724 |  |
| **Add back:** |  |  |  |  |  |  |  |  |  |  |  |
| Depreciation, amortization and accretion | 477,352 |  |  | 107,616 |  |  | 52,416 |  |  | 160,032 |  |  | 24,105 |  |  | 661,489 |  |
| (Gain) loss on asset disposals, net | 5,309 |  |  | (3,278 | ) |  | 1,267 |  |  | (2,011 | ) |  | 15 |  |  | 3,313 |  |
| (Gain) loss on license sales and exchanges, net | (17,782 | ) |  | — |  |  | — |  |  | — |  |  | — |  |  | (17,782 | ) |
| Interest expense | 87,079 |  |  | (1,483 | ) |  | (4 | ) |  | (1,488 | ) |  | 43,198 |  |  | 128,789 |  |
| Income tax expense (benefit) | 54,794 |  |  |  |  |  |  | 6,947 |  |  | (13,052 | ) |  | 48,689 |  |
| **Adjusted EBITDA** | $ | 749,799 |  |  | $ | 185,696 |  |  | $ | 50,337 |  |  | $ | 236,033 |  |  | $ | (6,610 | ) |  | $ | 979,222 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Capital expenditures | $ | 273,604 |  |  | $ | 102,987 |  |  | $ | 37,431 |  |  | $ | 140,418 |  |  | $ | 15,970 |  |  | $ | 429,992 |  |

Numbers may not foot due to rounding.

 1 TDS Telecom Total includes eliminations between the Wireline and Cable segments.