Third Quarter 2018 Results

November 2, 2018

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

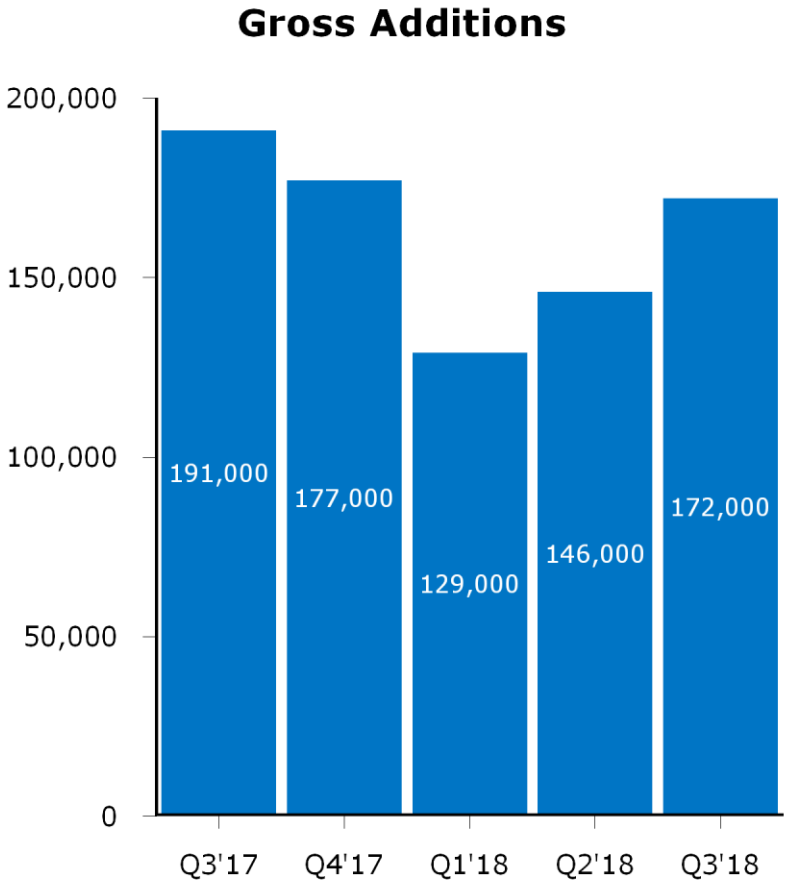
All information set forth in this presentation, except historical and factual information, represents forward-looking statements. This includes all statements about the company's plans, beliefs, estimates, and expectations. These statements are based on current estimates, projections and assumptions, 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 include, but are not limited to: intense competition; the ability to execute TDS' business strategy; uncertainties in TDS' future cash flows and liquidity and access to the capital markets; the ability to make payments on TDS and U.S. Cellular indebtedness or comply with the terms of debt covenants; impacts of any pending acquisitions/divestitures/exchanges of properties and/or licenses, including, but not limited to, the ability to obtain regulatory approvals, successfully complete the transactions and the financial impacts of such transactions; the ability of the company to successfully manage and grow its markets; the access to and pricing of unbundled network elements; the ability to obtain or maintain roaming arrangements with other carriers on acceptable terms; the state and federal telecommunications regulatory environment; the value of assets and investments; adverse changes in the ratings afforded TDS and U.S. Cellular debt securities by accredited ratings organizations; industry consolidation; advances in telecommunications technology; pending and future litigation; changes in income tax rates, laws, regulations or rulings; changes in customer growth rates, average monthly revenue per user, churn rates, roaming revenue and terms, the availability of wireless devices, or the mix of products and services offered by U.S. Cellular and TDS Telecom. Investors are encouraged to consider these and other risks and uncertainties that are discussed in documents furnished to the Securities and Exchange Commission.

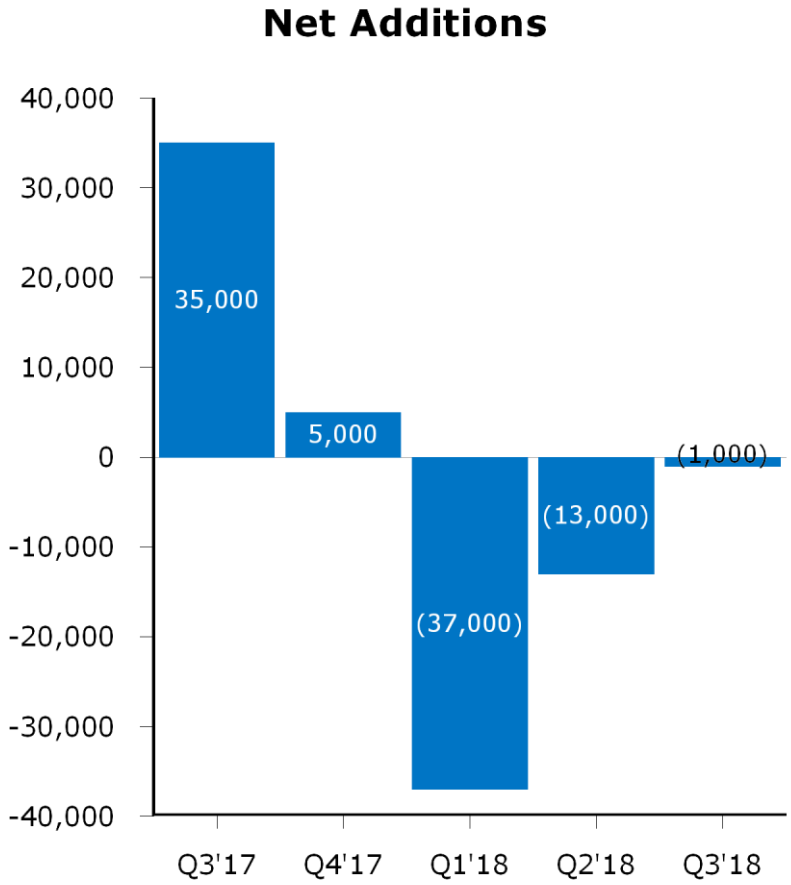
U.S. Cellular

Executing on 2018 strategic priorities

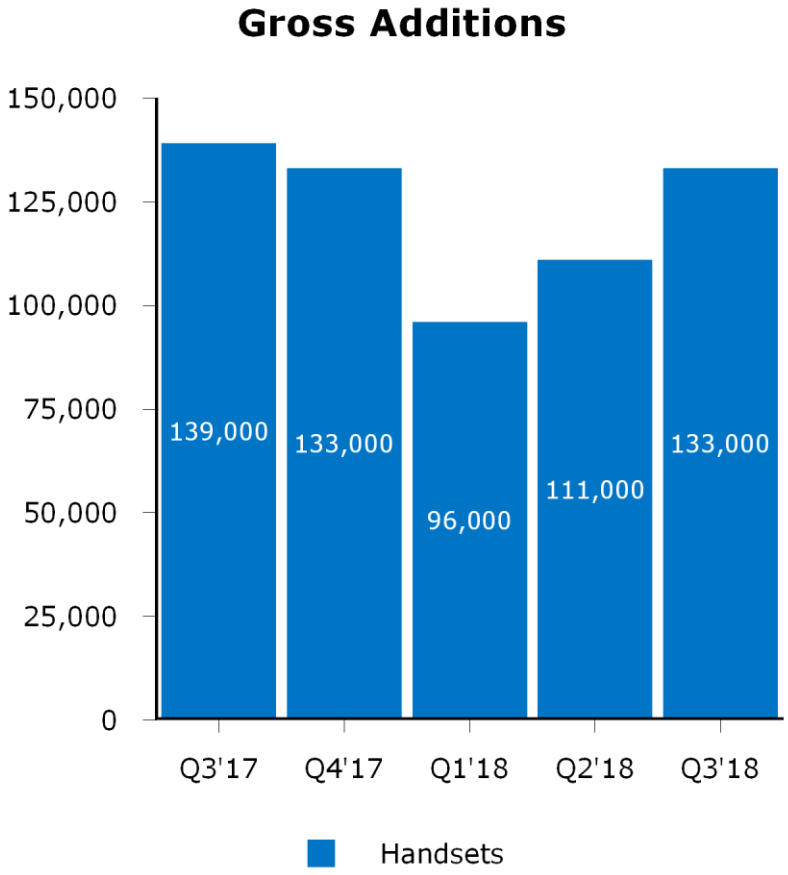
- **Attract new customers and protect our base**
  - Sequential improvement in gross and net additions
  - Postpaid handset churn remained low at 1.02% in Q3
- **Drive revenue growth**
  - Operating revenues up 4%, up 5% excluding ASC 606
- **Aggressive, yet economical, promotions and pricing**
  - Introduced Unlimited with Payback plan
- **Continue to drive improvements in cost structure**
- **Invest in network**
  - Continued investment to meet growth in data
  - Planning for additional VoLTE markets launches in 2019
- **Strong year-to-date results drive raise in guidance**

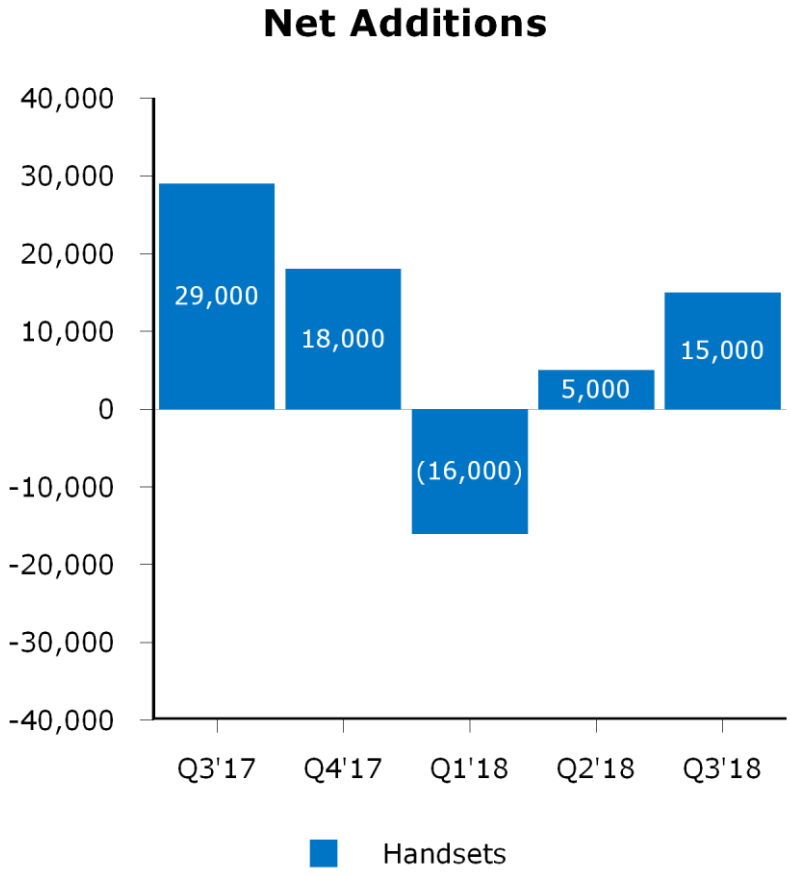
Total postpaid connections



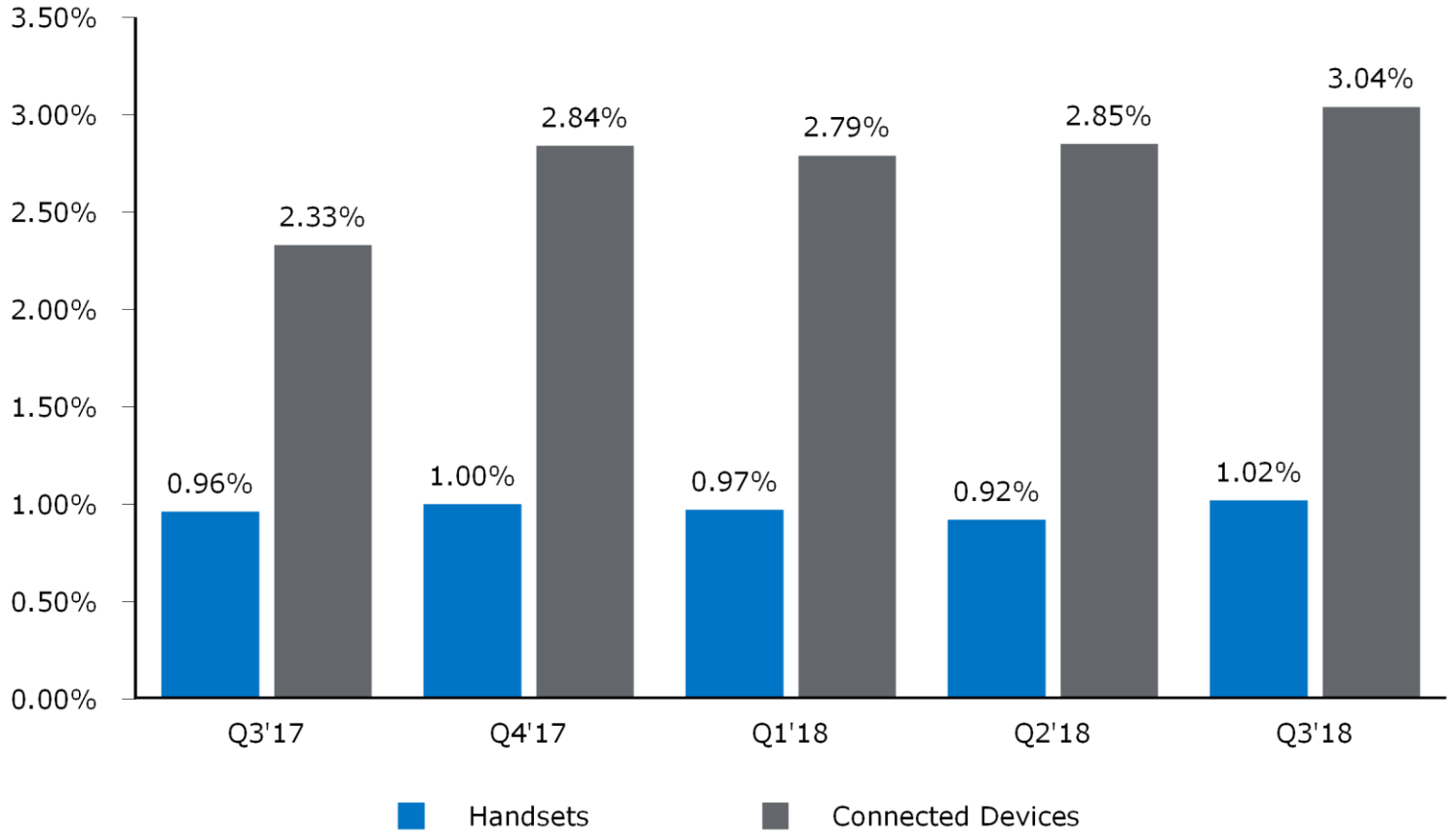


Postpaid handsets connections





Postpaid churn rate



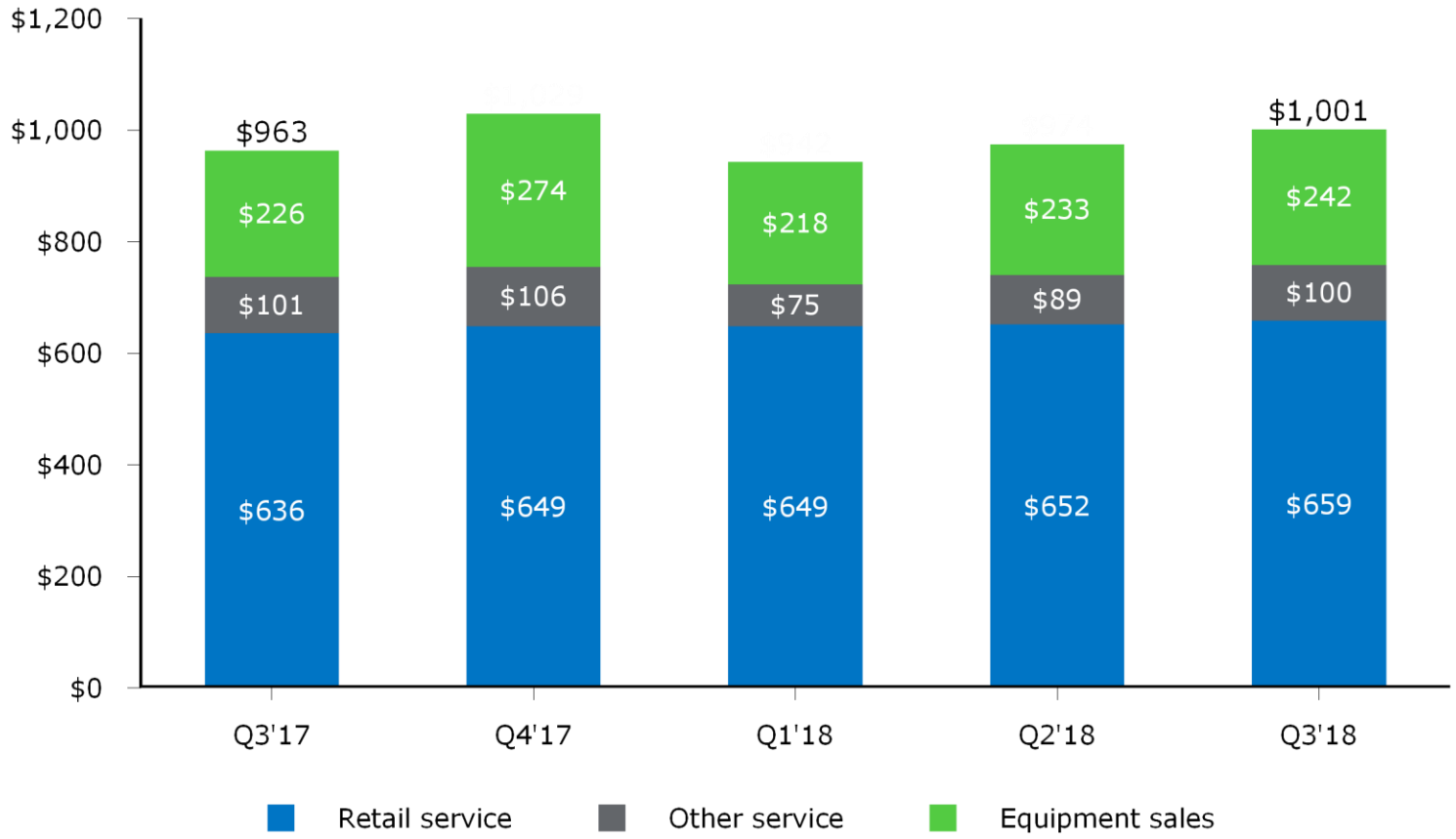
Impacts of New Revenue Recognition Accounting Standard (ASC 606) (1)

(in millions) Three Months Ended September 30, 2018	Results under prior accounting standard	Adjustment	As reported
Service revenues	$ 787	$ (28)	$ 759
Equipment sales	223	19	242
Total operating revenues	1,010	(9)	1,001
System operations	200	—	200
Cost of equipment sold	261	(3)	258
Selling, general and administrative	348	(2)	346
Total cash expenses (2)	809	(5)	804
Adjusted OIBDA (3)	$ 201	$ (4)	$ 197

(1), (2), (3) - See slide 28 for explanations

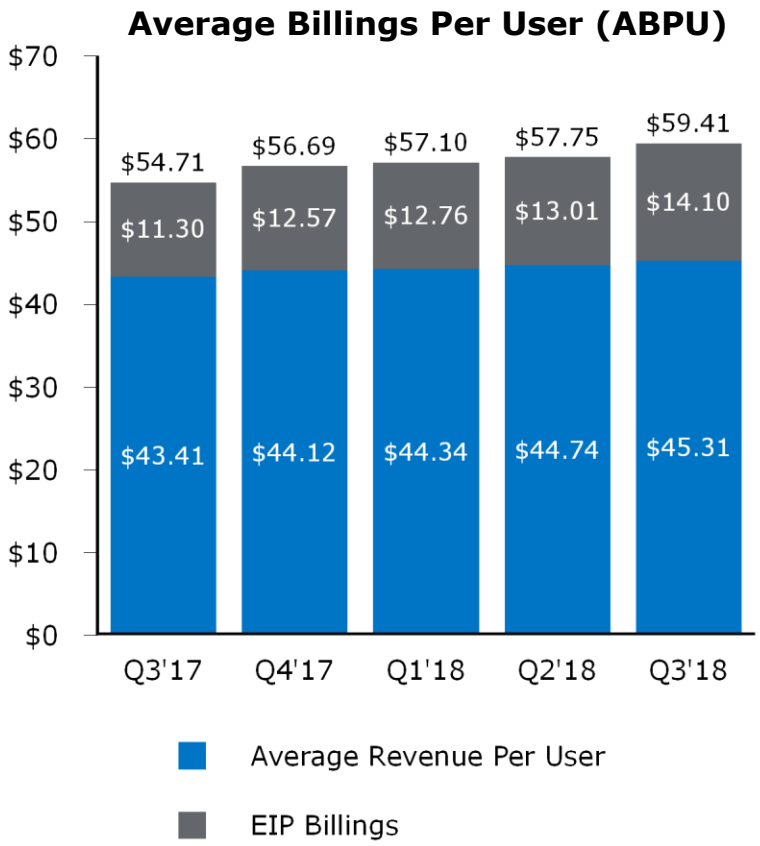
Total operating revenues (1)

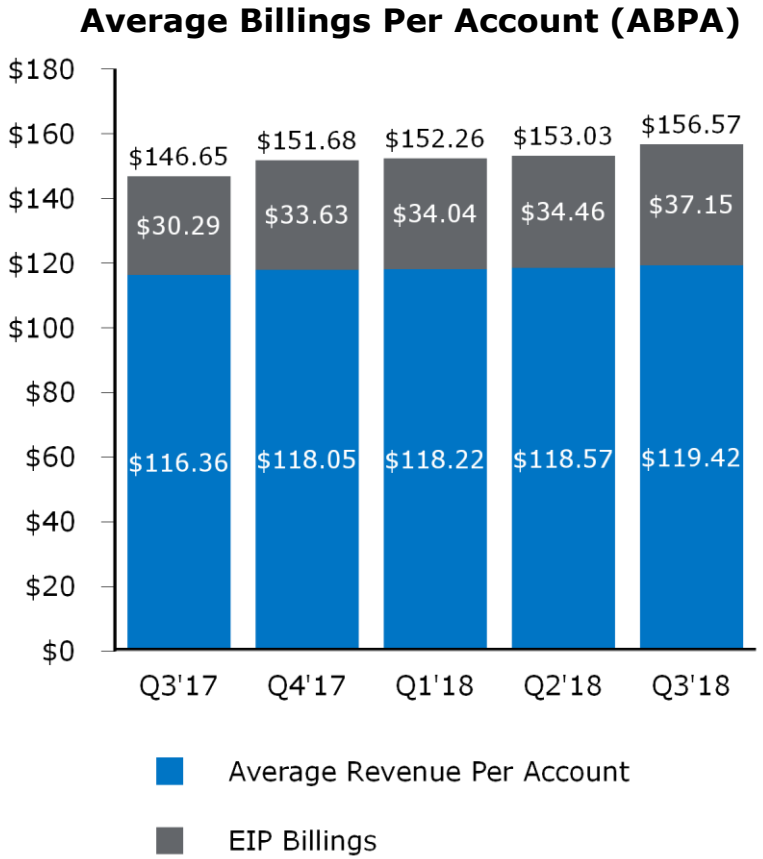
(in millions)



(1) - See slide 28 for explanation

Postpaid revenue





Adjusted OIBDA

($ in millions)	Q3'18 (1)	Q3'17	% Change
Total operating revenues	$ 1,001	$ 963	4%
System operations expense	200	185	8%
Cost of equipment sold	258	261	(1)%
SG&A expenses	346	350	(1)%
Total cash expenses (2)	804	796	1%
Adjusted OIBDA (3)	$ 197	$ 167	18%

(1), (2), (3) - See slide 28 for explanations

Adjusted EBITDA

($ in millions)	Q3'18 (1)	Q3'17	% Change
Adjusted OIBDA (3)	$ 197	$ 167	18%
Equity in earnings of unconsolidated entities	42	35	19%
Interest and dividend income	4	2	N/M
Adjusted EBITDA (3)	$ 243	$ 204	19%

N/M - Percentage change not meaningful

(1), (3) - See slide 28 for explanations

2018 guidance *

Strong performance drives increased guidance

($ in millions) As of November 2, 2018	2017 Actual	**2018 Current Estimates (1)**	2018 Previous Estimates (1)
Total operating revenues	$3,890	**$3,950-$4,000**	$3,925-$4,025
Adjusted OIBDA (3)	$675	**$760-$810**	$700-$800
Adjusted EBITDA (3)	$820	**$925-$1,000**	$850-$950
Capital expenditures	$469	**$500**	$500-$550

* There can be no assurance that final results will not differ materially from such estimated results.

(1), (3) - See slide 28 for explanations

TDS

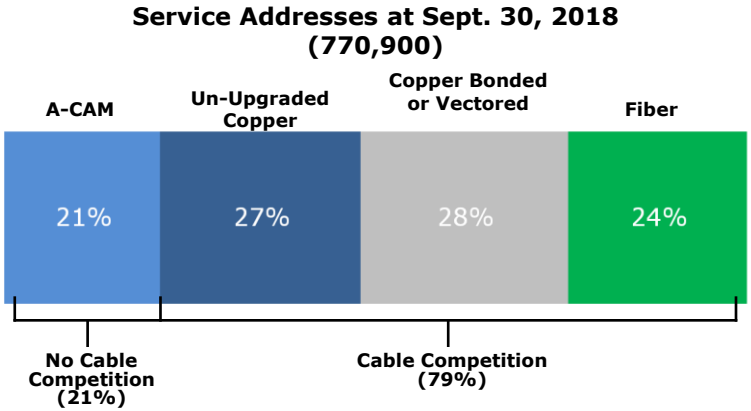
bendbroadband

Executing on 2018 strategic priorities

Wireline and Cable

- Intense focus on increasing broadband penetration
- Invest in Cloud TV platform

- Wireline
  - Execute fiber program both in and out of the current ILEC footprint
  - Rural Broadband Deployment
    - A-CAM
    - State Broadband Grants
  - Cost management



- Cable
  - Increase broadband penetration and ARPU
  - Continue to evaluate potential acquisitions

TDS Telecom operating performance

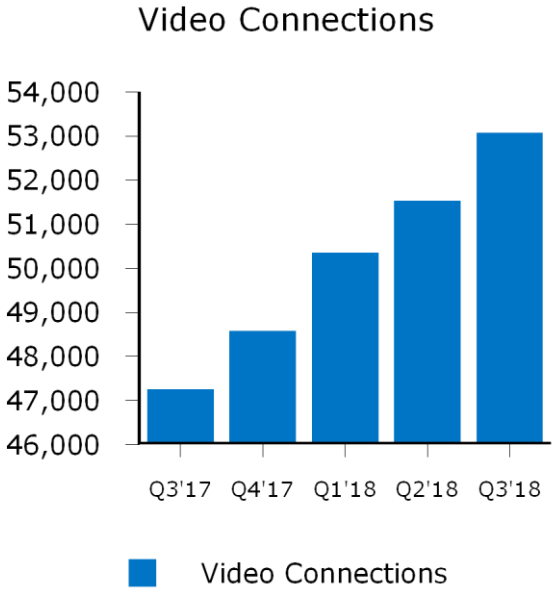
($ in millions)	Q3'18 (1)	Q3'17	% Change
Wireline	$ 177	$ 179	(1)%
Cable	58	52	11%
Total operating revenues *	234	230	2%
Cash expenses (2)	157	154	2%
Adjusted EBITDA (3)	$ 80	$ 79	1%
Capital expenditures	$ 54	$ 56	(3)%

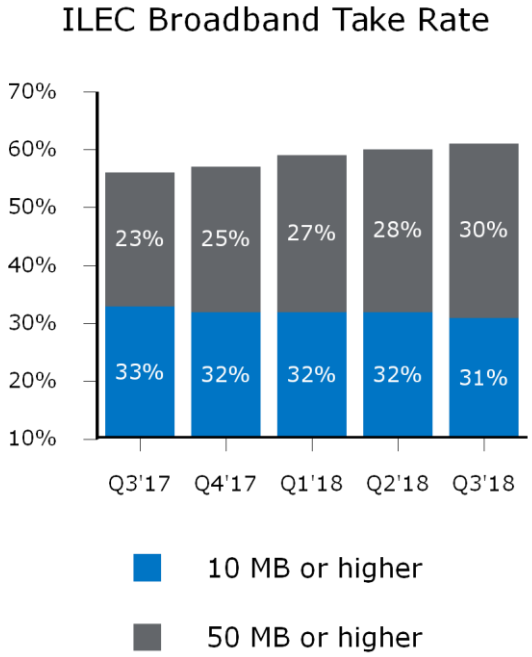
* Includes intercompany eliminations

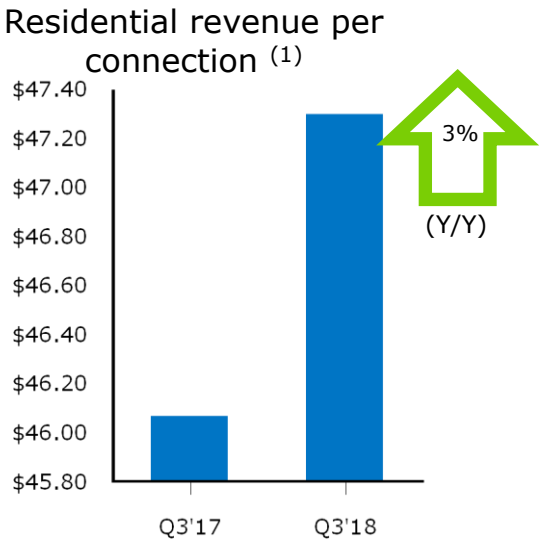
(1), (2), (3) - See slide 28 for explanations

Third quarter Wireline highlights

- Growth in video connections and broadband penetration driving an increase in residential revenue per connection
  - Demand for higher speeds is strong
- Growth from fiber investments and A-CAM support helps to offset legacy revenue declines







(1) - See slide 28 for explanation

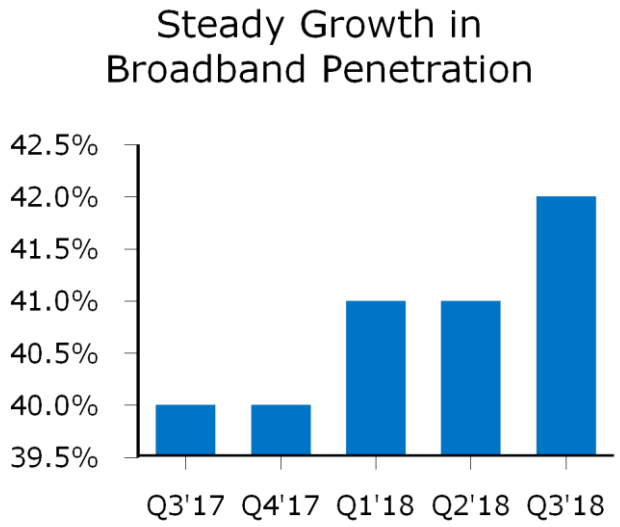
Wireline operating performance

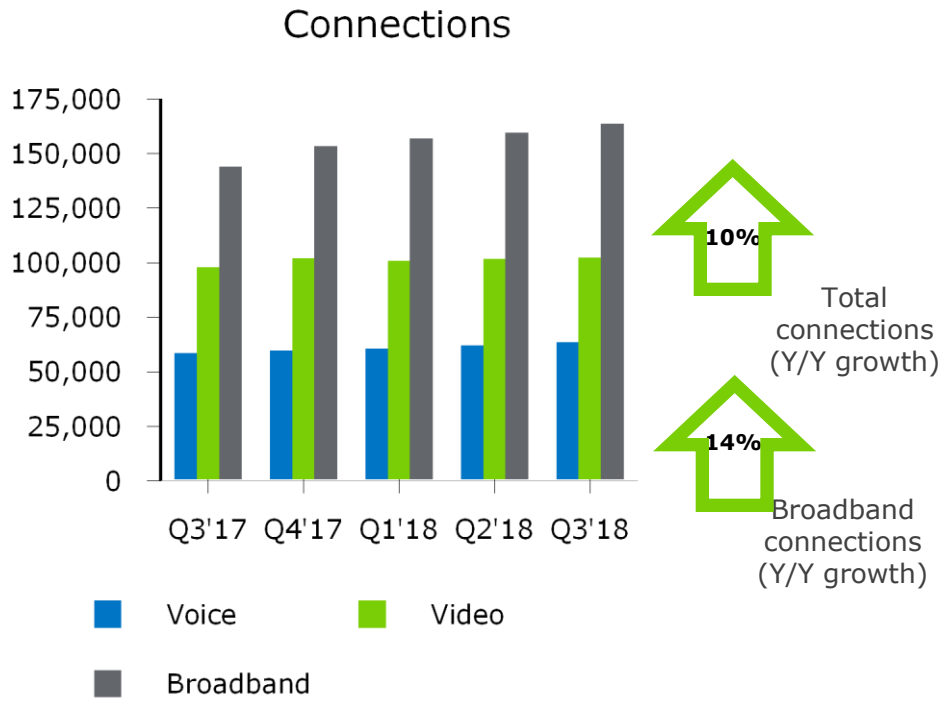
($ in millions)	Q3'18 (1)	Q3'17	% Change
Residential	$ 81	$ 80	1%
Commercial	46	50	(8)%
Wholesale	50	49	2%
Total operating revenues	177	179	(1)%
Cash expenses (2)	118	115	2%
Adjusted EBITDA (3)	$ 61	$ 66	(6)%
Capital expenditures	$ 41	$ 41	(1)%

(1), (2), (3) - See slide 28 for explanations

Third quarter Cable highlights

- Broadband connections increase 14% (including acquisitions)
  - Tenth consecutive quarter of double digit broadband growth
- Revenues increase 11%
- Adjusted EBITDA increases 35%





Cable operating performance

($ in millions)	Q3'18 (1)	Q3'17	% Change
Residential	$ 47	$ 43	11%
Commercial	10	9	14%
Total operating revenues	58	52	11%
Cash expenses (2)	40	38	4%
Adjusted EBITDA (3)	$ 18	$ 14	35%
Capital expenditures	$ 13	$ 14	(7)%

(1), (2), (3) - See slide 28 for explanations

2018 TDS Telecom guidance *

Wireline and Cable

($ in millions) As of November 2, 2018	2017 Actual	**2018 Current Estimates (1)**	2018 Previous Estimates (1)
Total operating revenues	$919	$900-$950	Unchanged
Adjusted OIBDA (3)	$314	$290-$320	Unchanged
Adjusted EBITDA (3)	$323	$300-$330	Unchanged
Capital expenditures	$201	$250	$270

* There can be no assurance that final results will not differ materially from such estimated results.

(1), (3) - See slide 28 for explanations

Third quarter HMS highlights

- Total revenues up due to equipment revenue growth
  - Continued to add new logos
  - Strategic services, such as cloud revenues, were up
  - Churn and compression continues to impact service revenues
- Continuing to implement additional cost saving programs

Appendix

Adjusted OIBDA and Adjusted EBITDA Reconciliation (1)

($ in millions)	Three Months Ended September 30, 2018					Three Months Ended September 30, 2017				
	U.S. Cellular	**Wireline**	**Cable**	**Total TDS Telecom(5)**	**TDS (6)**	**U.S. Cellular**	**Wireline**	**Cable**	**Total TDS Telecom(5)(7)**	**TDS (6)**
Net income (loss) (GAAP)	$37	N/A	N/A	$36	$53	($298)	N/A	N/A	$18	($231)
Add back:										
Income tax expense (benefit)	14	N/A	N/A	(5)	5	(53)	N/A	N/A	11	(5)
Income (loss) before income taxes (GAAP)	**51**	**31**	**—**	**31**	**58**	**(351)**	**28**	**2**	**30**	**(236)**
Add back:										
Interest expense	29	(1)	—	(1)	43	28	—	—	—	43
Depreciation, amortization and accretion expense	160	35	17	53	220	153	38	11	49	209
EBITDA (3) (non-GAAP)	240	65	18	83	321	(170)	65	13	78	16
Add back:										
Loss on impairment of goodwill	—	—	—	—	—	370	—	—	—	262
(Gain) loss on asset disposals, net	3	(4)	1	(3)	—	5	—	1	1	6
(Gain) loss on sale of business and other exit costs, net	—	—	—	—	—	(1)	—	—	—	(1)
(Gain) loss on license sales and exchanges, net	—	—	—	—	—	—	—	—	—	—
Adjusted EBITDA (3) (non-GAAP)	243	61	18	80	321	204	66	14	79	283
Deduct:										
Equity in earnings of unconsolidated entities	42	—	—	—	42	35	—	—	—	35
Interest and dividend income	4	2	—	2	6	2	2	—	2	4
Other, net (7)	—	1	—	1	2	—	1	—	1	1
Adjusted OIBDA (3) (non-GAAP)	$197	$59	$18	$77	$271	$167	$63	$13	$77	$243

(1), (3), (5), (6), (7) - See slide 28 for explanations

Adjusted OIBDA and Adjusted EBITDA Reconciliation – 2018 Estimated and 2017 Full Year (1)

In providing 2018 estimated results, TDS has not completed the below reconciliation to net income because it does not provide guidance for income taxes. TDS believes that the impact of income taxes cannot be reasonably predicted; therefore, the company is unable to provide such guidance.

	2018 Estimated Results			Actual Results Year ended December 31, 2017		
(Dollars in millions)	**U.S. Cellular**	**TDS Telecom (5)**	**TDS (6)**	**U.S. Cellular**	**TDS Telecom (5)(7)**	**TDS (6)**
Net income (loss) (GAAP)	N/A	N/A	N/A	**$15**	**$138**	**$157**
Add back:						
Income tax expense (benefit)	N/A	N/A	N/A	(287)	(13)	(279)
Income (loss) before income taxes (GAAP)	**$175-$250**	**$80-$110**	**$155-$260**	**$(272)**	**$125**	**$(122)**
Add back:						
Interest expense	115	—	175	113	—	170
Depreciation, amortization and accretion	645	220	900	615	195	844
EBITDA (3) (non-GAAP)	$935-$1,010	$300-$330	$1,230-$1,335	$456	$319	$892
Add back:						
Loss on impairment of goodwill	—	—	—	370	—	262
(Gain) loss on asset disposals, net	10	—	10	17	3	21
(Gain) loss on sale of business and other exit costs, net	—	—	—	(1)	—	(1)
(Gain) loss on license sales and exchanges, net	(20)	—	(20)	(22)	—	(22)
Adjusted EBITDA (3) (non-GAAP)	$925-$1,000	$300-$330	$1,220-$1,325	$820	$323	$1,152
Deduct:						
Equity in earnings of unconsolidated entities	150-175	—	150-175	137	—	137
Interest and dividend income	15	5	20	8	5	15
Other, net (7)	—	5	5	—	3	4
Adjusted OIBDA (3) (non-GAAP)	$760-$810	$290-$320	$1,045-$1,125	$675	$314	$996

(1), (3), (5), (6), (7) - See slide 28 for explanations

Cable and Wireline Reconciliation to Total TDS Telecom (5)
Adjusted OIBDA and Adjusted EBITDA Reconciliation

For Year-Ended December 31, 2017

($ in millions)	Wireline	Cable	Cable/Wireline Adjustments	Cable and Wireline	HMS	Eliminations	TDS Telecom (As reported) (7)
Total operating revenues	$714	$206	($1)	$919	$225	($4)	$1,140
Income (loss) before income taxes (GAAP)	$117	$8	—	$125	($60)	—	$65
Add back:							
Interest expense	—	—	—	—	4	—	4
Depreciation, amortization and accretion expense	151	44	—	195	28	—	222
EBITDA (3) (Non-GAAP)	$267	$52	—	$319	($29)	—	$291
Add back:							
Loss on impairment of goodwill	—	—	—	—	35	—	35
(Gain) loss on sale of business and other exit costs, net	—	—	—	—	—	—	—
(Gain) loss on license sales and exchanges, net	—	—	—	—	—	—	—
(Gain) loss on asset disposals, net	1	2	—	3	—	—	4
Adjusted EBITDA (3) (Non-GAAP)	$269	$54	—	$323	$6	—	$329
Deduct:							
Equity in earnings of unconsolidated entities	—	—	—	—	—	—	—
Interest and dividend income	5	—	—	5	—	—	5
Other, net (7)	3	—	—	3	—	—	3
Adjusted OIBDA (3) (Non-GAAP)	$260	$54	—	$314	$6	—	$320

(3), (5), (7) - See slide 28 for explanations

Postpaid ABPU [4] and Postpaid ABPA [4] Reconciliation

(Dollars and connection counts in millions)	Three months ended September 30, 2018 [1]	Three Months Ended September 30, 2017
Calculation of Postpaid ARPU		
Postpaid service revenues	$607	$586
Average number of postpaid connections	4.47	4.50
Number of months in period	3	3
Postpaid ARPU (GAAP metric)	**$45.31**	**$43.41**
Calculation of Postpaid ABPU [4]		
Postpaid service revenues	$607	$586
Equipment installment plan billings	189	152
Total billings to postpaid connections	$796	$738
Average number of postpaid connections	4.47	4.50
Number of months in period	3	3
Postpaid ABPU (non-GAAP metric)	$59.41	$54.71
Calculation of Postpaid ARPA		
Postpaid service revenues	$607	$586
Average number of postpaid accounts	1.70	1.68
Number of months in period	3	3
Postpaid ARPA (GAAP metric)	**$119.42**	**$116.36**
Calculation of Postpaid ABPA [4]		
Postpaid service revenues	$607	$586
Equipment installment plan billings	189	152
Total billings to postpaid accounts	$796	$738
Average number of postpaid accounts	1.70	1.68
Number of months in period	3	3
Postpaid ABPA (non-GAAP metric)	$156.57	$146.65

(1), (4) - See slide 28 for explanations

1) As of January 1, 2018, TDS and U.S. Cellular adopted ASC 606, using modified retroactive approach. Under this method, the new accounting standard is applied only to 2018.

2) Total cash expenses represent total operating expenses as shown in the Consolidated Statement of Operations Highlights in the TDS and U.S. Cellular SEC Forms 8-K, less depreciation, amortization and accretion and gain/losses.

3) EBITDA, Adjusted EBITDA and Adjusted OIBDA are defined as net income adjusted for the items set forth in the reconciliation on slide 24. EBITDA, Adjusted EBITDA and Adjusted OIBDA are not measures of financial performance under Generally Accepted Accounting Principles in the United States (GAAP) and should not be considered as alternatives to Net income or Cash flows from operating activities, as indicators of cash flows or as measures of liquidity. TDS and U.S. Cellular do not intend to imply that any such items set forth in the reconciliation on slide 24 are non-recurring, infrequent or unusual; such items may occur in the future. Management uses Adjusted EBITDA and Adjusted OIBDA as measurements of profitability, and therefore reconciliations to Net income are deemed appropriate. Management believes Adjusted EBITDA and Adjusted OIBDA are useful measures of TDS' and U.S. Cellular's operating results before significant recurring non-cash charges, gains and losses, and other items as presented above as they provide additional relevant and useful information to investors and other users of TDS' and U.S. Cellular's financial data in evaluating the effectiveness of its operations and underlying business trends in a manner that is consistent with management's evaluation of business performance. Adjusted EBITDA shows adjusted earnings before interest, taxes, depreciation, amortization and accretion, and gains and losses, while Adjusted OIBDA reduces this measure further to exclude Equity in earnings of unconsolidated entities and Interest and dividend income in order to more effectively show the performance of operating activities excluding investment activities. The table on slide 24 reconciles EBITDA, Adjusted EBITDA and Adjusted OIBDA flow to the corresponding GAAP measure, Net income or Income (loss) before income taxes. Additional information and reconciliations related to Non-GAAP financial measures for September 30, 2018, can be found on TDS' and U.S. Cellular's website at investors.tdsinc.com or investors.uscellular.com.

4) U.S. Cellular presents Postpaid ABPU and Postpaid ABPA to reflect the revenue shift from Service revenues to Equipment and product sales resulting from the increased adoption of equipment installment plans. Postpaid ABPU and Postpaid ABPA, as previously defined, are non-GAAP financial measures which U.S. Cellular believes are useful to investors and other users of its financial information in showing trends in both service and equipment revenues received from customers.

5) TDS has re-evaluated internal reporting roles with regard to its HMS business unit and, as a result, has changed its reportable segments. Effective January 1, 2018, HMS is no longer reported under TDS Telecom. Prior periods have been recast to conform to the revised presentation.

6) The TDS column includes U.S. Cellular, TDS Telecom and also the impacts of consolidating eliminations, corporate operations and non-reportable segments (including HMS as indicated in Note (5) above).

7) ASU 2017-07, regarding net periodic pension cost and net periodic postretirement benefit cost was adopted as of January 1, 2018, and applied retrospectively. All prior periods have been recast to conform to this standard.