



First Quarter 2018 Results

May 1, 2018

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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.

Upcoming conferences

- 5/16/18 – J.P. Morgan Global Technology, Media and Communications (Boston)
 - From management: Ted Carlson, Vicki Villacrez and Jane McCahon
- 6/7/18 – Citi Small & Mid Cap Conference (New York)
 - From management: Ted Carlson, Doug Chambers and Jane McCahon
- 8/7/18 – Oppenheimer Annual Technology, Internet & Communications Conference (Boston)
 - From management: Vicki Villacrez and Jane McCahon



2018 – Off to a good start

- Attract new customers and protect our base
 - Improved subscriber results
- Drive revenue growth
 - Total connections up 1%
 - Continued adoption of Total Plans
 - High-margin revenue streams contributing
- Aggressive, yet economical, promotions and pricing
 - Relatively stable competitive environment
- Continue to drive improvements in cost structure
 - Adjusted EBITDA up 13%
- Invest in network and online platforms

First quarter highlights

- Significant improvement in postpaid handsets results
- Growth in the prepaid connections category
- Growth in total operating revenues
- Reduction in total cash expenses
- Increases in both Adjusted OIBDA and Adjusted EBITDA
- Adoption of new Revenue Recognition Accounting Standard

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



(in millions) Three months ended March 31, 2018	Results under prior accounting standard	Adjustment	As reported
Service revenues	\$754	\$(30)	\$724
Equipment sales	198	20	218
Total operating revenues	952	(10)	942
System operations	179	—	179
Cost of equipment sold	222	(3)	219
Selling, general and administrative	326	—	326
Total cash expense	727	(3)	724
Adjusted OIBDA ⁽²⁾	\$225	\$(7)	\$218

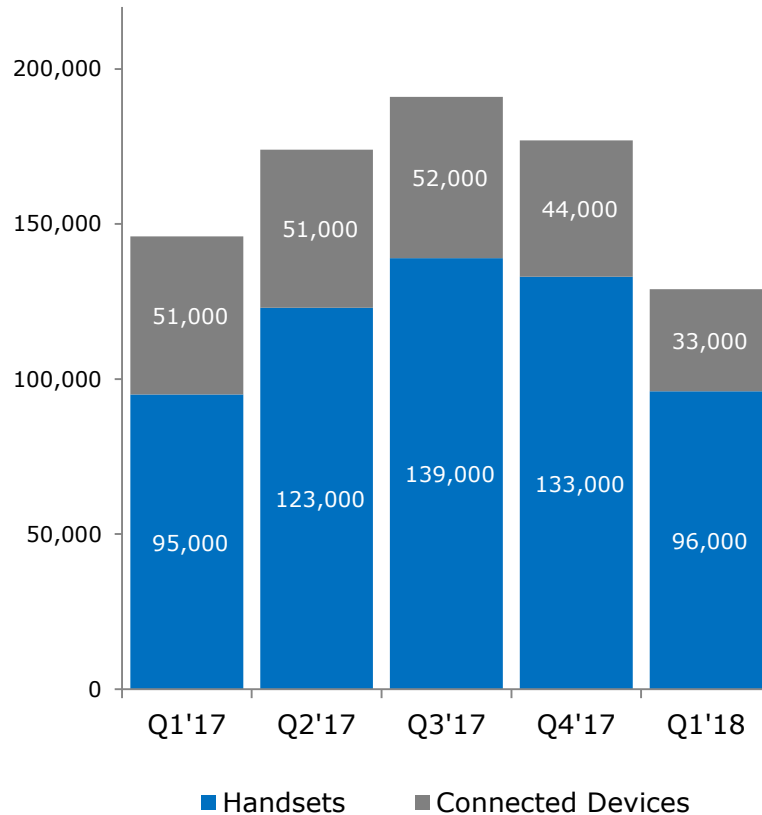
(1) As of January 1, 2018, U.S. Cellular adopted ASC 606 using a modified retrospective approach. To be comparable with previously reported results, current year amounts have been shown under both the prior and new accounting standard.

(2) Adjusted OIBDA is a non-GAAP financial measure that is defined in the non-GAAP reconciliation at the end of the presentation

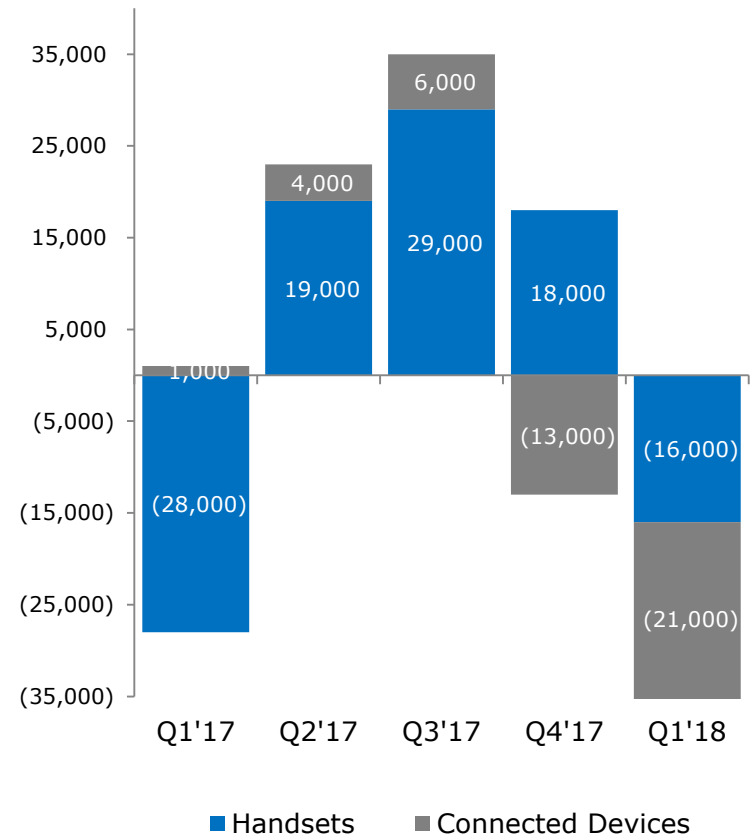
Postpaid connections activity



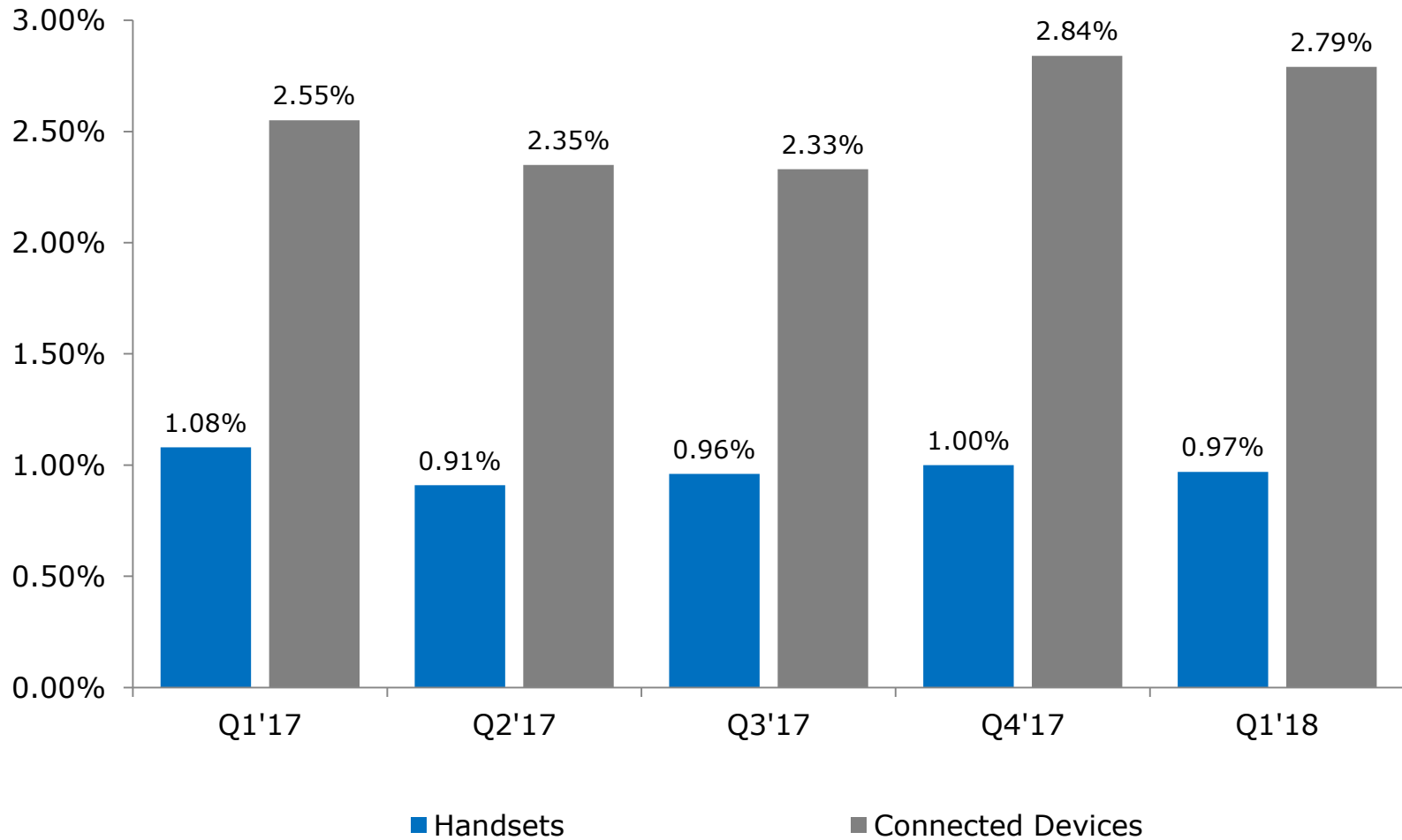
Gross Additions



Net Additions



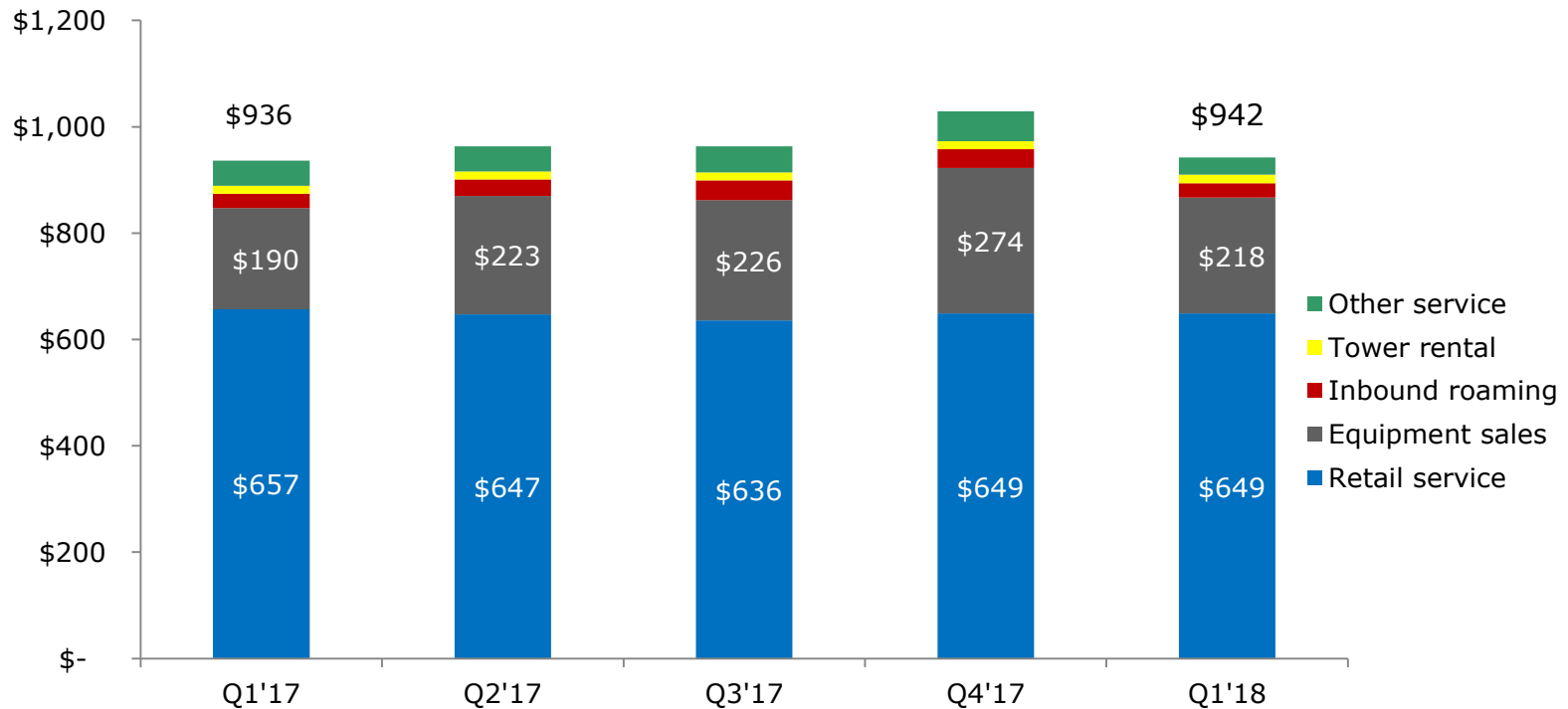
Postpaid churn rate



Total operating revenues *



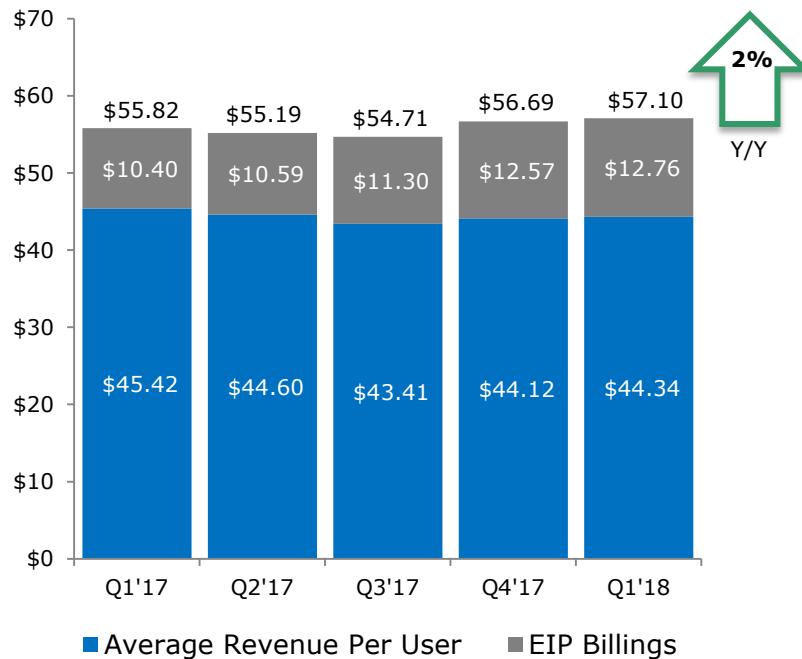
(in millions)



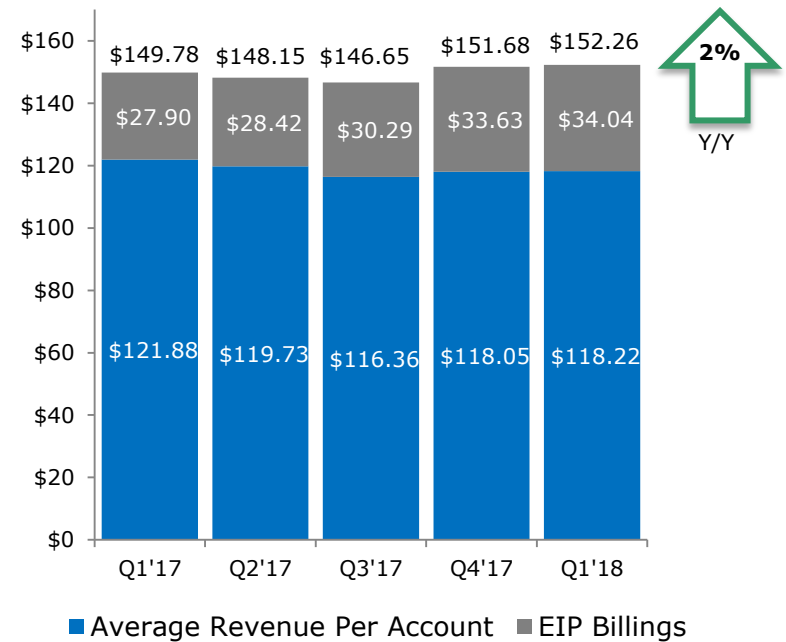
* 2018 amounts reflect the adoption of ASC 606 while 2017 amounts remain as previously reported.

Postpaid revenue

Average Billings Per User (ABPU)^{1,2}



Average Billings Per Account (ABPA)^{1,2}



- (1) ABPU and ABPA are non-GAAP financial measures that are defined in the non-GAAP reconciliation at the end of the presentation.
- (2) 2018 amounts reflect the adoption of ASC 606 while 2017 amounts remain as previously reported.

Adjusted OIBDA



(\$ in millions)	Q1'18 ⁽¹⁾	Q1'17	% Change
Total operating revenues	\$942	\$936	1%
System operations expense	179	175	2%
Cost of equipment sold	219	228	(4%)
SG&A expenses	326	339	(4%)
Total cash expenses ⁽²⁾	724	742	(3%)
Adjusted OIBDA ⁽³⁾	\$218	\$194	13%

- (1) 2018 amounts reflect the adoption of ASC 606 while 2017 amounts remain as previously reported.
- (2) Total cash expenses represent total operating expenses as shown in the Consolidated Statement of Operations Highlights, less depreciation, amortization and accretion and gains/losses.
- (3) Adjusted OIBDA is a non-GAAP financial measure that is defined in the non-GAAP reconciliation at the end of the presentation.

Adjusted EBITDA



(\$ in millions)	Q1'18 ⁽¹⁾	Q1'17	% Change
Adjusted OIBDA ⁽²⁾	\$218	\$194	13%
Equity in earnings of unconsolidated entities	38	33	16%
Interest and dividend income	4	3	32%
Other, net	(1)	(1)	(22%)
Adjusted EBITDA ⁽²⁾	\$259	\$229	13%

(1) 2018 amounts reflect the adoption of ASC 606 while 2017 amounts remain as previously reported.

(2) Adjusted OIBDA and Adjusted EBITDA are non-GAAP financial measures that are defined in the non-GAAP reconciliation at the end of the presentation.

2018 guidance (1)

Unchanged from previous estimates



(\$ in millions)		
As of May 1, 2018	2017 Actual	2018 Estimates (3)
Total operating revenues	\$3,890	\$3,850-\$4,050
Adjusted OIBDA (2)	\$675	\$625-\$775
Adjusted EBITDA (2)	\$820	\$765-\$915
Capital expenditures	\$469	\$500-\$550

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

(2) Adjusted OIBDA and Adjusted EBITDA are non-GAAP financial measures that are defined in the non-GAAP reconciliation at the end of the presentation.

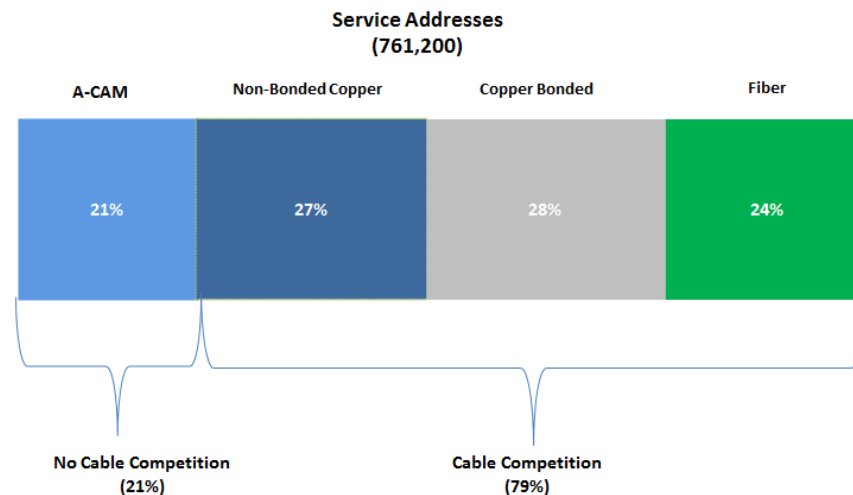
(3) 2018 estimates reflect the adoption of the new revenue recognition accounting standard, ASC 606, effective January 1, 2018.



2018 strategic priorities



- Wireline
 - Execute fiber program both in and out of the current ILEC footprint
 - Rural Broadband Deployment
 - A-CAM
 - State Broadband Grants
- Cable
 - Increase broadband penetration and ARPU
 - Continue to evaluate potential acquisitions



TDS Telecom operating performance



(\$ in millions)	Q1'18	Q1'17	% Change
Wireline	\$ 175	\$ 179	(2)%
Cable	55	49	12%
Total operating revenues ⁽¹⁾⁽²⁾	231	228	1%
Cash expenses ⁽¹⁾⁽³⁾	151	148	2%
Adjusted EBITDA ⁽⁴⁾	\$ 81	\$ 82	(1)%
Capital expenditures	\$ 40	\$ 27	52%

(1) Includes intercompany eliminations

(2) 2018 amounts reflect the adoption of ASC 606 while 2017 amounts remain as previously reported.

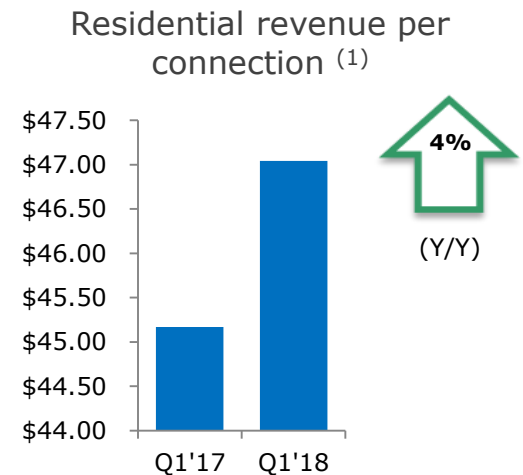
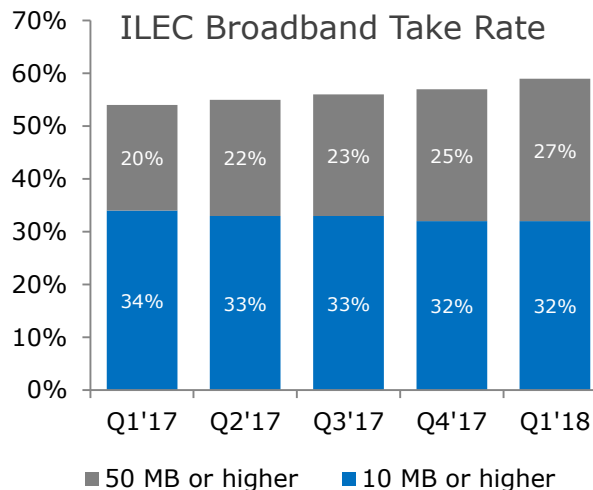
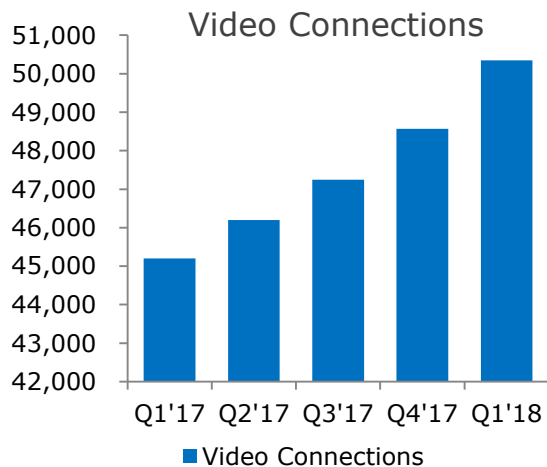
(3) Cash expenses represent cost of services, cost of equipment and products, and selling, general and administrative expenses, and are identified as Expenses excluding depreciation, amortization and accretion on the Consolidated Statement of Operations Highlights.

(4) Adjusted EBITDA is a non-GAAP financial measure that is defined in the non-GAAP reconciliation at the end of the presentation.

First quarter Wireline highlights



- Growth in IPTV connections and broadband penetration driving 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) 2018 amounts reflect the adoption of ASC 606 while 2017 amounts remain as previously reported.

Wireline operating performance



(\$ in millions)	Q1'18	Q1'17	% Change
Residential	\$80	\$79	1%
Commercial	48	51	(6)%
Wholesale	47	49	(4)%
Total revenues ⁽¹⁾	175	179	(2)%
Cash expenses ⁽²⁾	112	112	- %
Adjusted EBITDA ⁽³⁾	\$65	\$69	(6)%
Capital expenditures	\$29	\$17	66%

(1) 2018 amounts reflect the adoption of ASC 606 while 2017 amounts remain as previously reported.

(2) Cash expenses represent cost of services and selling, general and administrative expenses, and are identified as Expenses excluding depreciation, amortization and accretion on the Consolidated Statement of Operations Highlights.

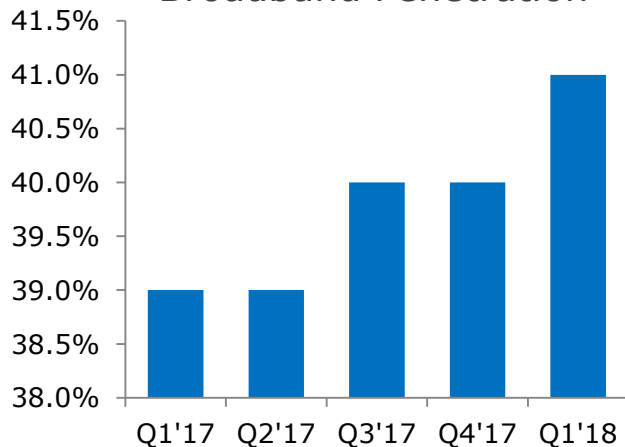
(3) Adjusted EBITDA is a non-GAAP financial measure that is defined in the non-GAAP reconciliation at the end of the presentation.

First quarter Cable highlights

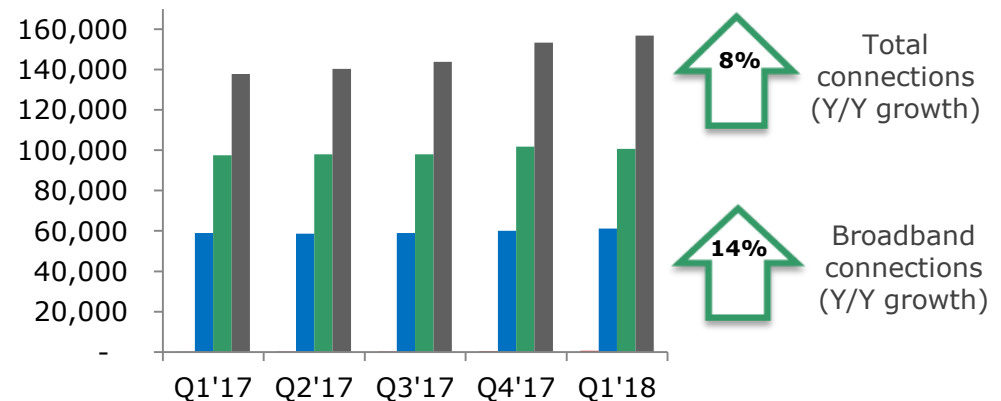


- Broadband connections increase 14% including acquisitions
 - Eighth consecutive quarter of double digit broadband growth
- Revenues increase 12%
- Adjusted EBITDA increases 28%

Steady Growth in Broadband Penetration



Connections



■ managedIP ■ Voice ■ Video ■ Broadband

Cable operating performance



(\$ in millions)	Q1'18	Q1'17	% Change
Residential	\$ 46	\$ 41	12%
Commercial	10	9	13%
Total operating revenues ⁽¹⁾	55	49	12%
Cash expenses ⁽²⁾	39	36	7%
Adjusted EBITDA ⁽³⁾	\$ 16	\$ 13	28%
Capital expenditures	\$ 11	\$ 9	24%

(1) 2018 amounts reflect the adoption of ASC 606 while 2017 amounts remain as previously reported.

(2) Cash expenses represent cost of services and selling, general and administrative expenses, and are identified as Expenses excluding depreciation, amortization and accretion on the Consolidated Statement of Operations Highlights.

(3) Adjusted EBITDA is a non-GAAP financial measure that is defined in the non-GAAP reconciliation at the end of the presentation.

2018 TDS Telecom guidance (1)

Unchanged from previous estimates



(\$ in millions) As of May 1, 2018	2017 Actual	2018 Estimates (2)
Total operating revenues	\$919	\$900-\$950
Adjusted OIBDA (3)(4)	\$314	\$290-\$320
Adjusted EBITDA (3)(4)	\$323	\$300-\$330
Capital expenditures	\$201	Approx. \$270

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

(2) 2018 estimates reflect the adoption of the new revenue recognition accounting standard, ASC 606, effective January 1, 2018.

(3) Adjusted OIBDA and Adjusted EBITDA are non-GAAP financial measures that are defined in the non-GAAP reconciliation at the end of the presentation.

(4) To be comparable with the 2018 estimated results, HMS actual results for the year ended 2017 have been excluded from Wireline and Cable and included in TDS. These are non-GAAP financial measures that are reconciled at the end of the presentation.

First quarter HMS highlights

- Monthly recurring revenue and equipment bookings increased sequentially
- Continued focus on initiatives to improve customer experience
- Streamlining operational systems
 - Customer billing and customer support

Appendix

Adjusted OIBDA and Adjusted EBITDA Reconciliation *

Three months ended March 31, 2018

Three months ended March 31, 2017

(\$ in millions)	Three months ended March 31, 2018					Three months ended March 31, 2017				
	U.S. Cellular	Wireline	Cable	Total TDS Telecom (5)	TDS (1)	U.S. Cellular	Wireline	Cable	Total TDS Telecom (5)	TDS (1)
Net income (loss) (GAAP)	\$55	N/A	N/A	\$21	\$57	\$28	N/A	N/A	\$19	\$43
Add back:										
Income tax expense (benefit)	22	N/A	N/A	6	24	33	N/A	N/A	13	34
Income (loss) before income taxes (GAAP)	77	28	(1)	27	81	61	30	2	32	77
Add back:										
Interest expense	29	---	---	---	43	28	---	---	---	42
Depreciation, amortization and accretion expense	159	37	17	54	221	153	39	10	49	211
EBITDA (2) (non-GAAP)	265	65	16	81	345	242	69	12	81	330
Add back:										
(Gain) loss on asset disposals, net	1	---	---	---	2	4	---	---	1	4
(Gain) loss on license sales and exchanges, net	(7)	---	---	---	(7)	(17)	---	---	---	(17)
Adjusted EBITDA (2) (non-GAAP)	259	65	16	81	340	229	69	13	82	317
Deduct:										
Equity in earnings of unconsolidated entities	38	---	---	---	38	33	---	---	---	32
Interest and dividend income	4	1	---	1	5	3	1	---	1	4
Other, net	(1)	1	---	1	1	(1)	1	---	1	2
Adjusted OIBDA (2) (3) (non-GAAP)	\$218	\$63	\$16	\$80	\$296	\$194	\$67	\$13	\$80	\$279

* 2018 amounts reflect the adoption of ASC 606 while 2017 amounts remain as previously reported.

** 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.

Adjusted OIBDA and Adjusted EBITDA Reconciliation – 2018 Estimated and 2017 Full Year *

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		
	U.S. Cellular	TDS Telecom (5)	TDS (1)	U.S. Cellular	TDS Telecom (Wireline and Cable) (5)	TDS (1)
(Dollars in millions)						
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)	\$10-\$160	\$80-\$110	\$5-\$185	\$(272)	\$125	\$(122)
Add back:						
Interest expense	110	---	170	113	---	170
Depreciation, amortization and accretion	635	220	890	615	195	844
EBITDA (non-GAAP)	\$755-\$905	\$300-\$330	\$1,065-\$1,245	\$456	\$319	\$892
Add back:						
Loss on impairment of goodwill	---	---	---	370	---	262
(Gain) loss on asset disposals, net	20	---	20	17	3	21
(Gain) loss on sale of business and other exit costs, net	---	---	---	(1)	---	(1)
(Gain) loss on license sales and exchanges, net	(10)	---	(10)	(22)	---	(22)
Adjusted EBITDA (2) (non-GAAP)	\$765-\$915	\$300-\$330	\$1,075-\$1,255	\$820	\$323	\$1,152
Deduct:						
Equity in earnings of unconsolidated entities	130	---	130	137	---	137
Interest and dividend income (5)	10	5	15	8	5	15
Other, net	---	5	5	---	3	4
Adjusted OIBDA (2)(3)(non-GAAP)	\$625-\$775	\$290-\$320	\$925-\$1,105	\$675	\$314	\$996

* 2018 amounts reflect the adoption of ASC 606 while 2017 amounts remain as previously reported.

Cable and Wireline Reconciliation to Total TDS Telecom Adjusted OIBDA and Adjusted EBITDA Reconciliation *

For Year-Ended December 31, 2017 **

(\$ in millions) ⁵	Wireline	Cable	Cable/Wireline Adjustments	Cable and Wireline	HMS	Eliminations	TDS Telecom (As reported) (6)
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	0	0	---	0	4	---	4
Depreciation, amortization and accretion expense	151	44	---	195	28	---	222
EBITDA (Non-GAAP) (2)	267	52	---	319	(29)	---	291
Add back:							
Loss on impairment of goodwill	0	0	---	0	35	---	35
(Gain) loss on sale of business and other exit costs, net	0	0	---	0	0	---	0
(Gain) loss on license sales and exchanges, net	0	0	---	0	0	---	0
(Gain) loss on asset disposals, net	1	2	---	3	0	---	4
Adjusted EBITDA (Non-GAAP) (2)	269	54	---	323	6	---	329
Deduct:							
Equity in earnings of unconsolidated entities	0	0	---	0	0	---	0
Interest and dividend income	5	0	---	5	0	---	5
Other, net	3	0	---	3	0	---	3
Adjusted OIBDA (Non-GAAP) (2)(3)	\$260	\$54	---	\$314	\$6	---	\$320

* Totals may not foot due to rounding differences

** These are defined at the end of the presentation

Postpaid ABPU ⁽⁴⁾ and Postpaid ABPA ⁽⁴⁾ Reconciliation

(Dollars and connection counts in millions)

	Three months ended March 31, 2018 *	Three months ended March 31, 2017
<u>Calculation of Postpaid ARPU</u>		
Postpaid service revenues	\$598	\$608
Average number of postpaid connections	4.50	4.46
Number of months in period	3	3
Postpaid ARPU (GAAP metric)	\$44.34	\$45.42
<u>Calculation of Postpaid ABPU ⁽⁴⁾</u>		
Postpaid service revenues	\$598	\$608
Equipment installment plan billings	172	139
Total billings to postpaid connections	\$770	\$747
Average number of postpaid connections	4.50	4.46
Number of months in period	3	3
Postpaid ABPU (non-GAAP metric) ⁽⁴⁾	\$57.10	\$55.82
<u>Calculation of Postpaid ARPA</u>		
Postpaid service revenues	\$598	\$608
Average number of postpaid accounts	1.69	1.66
Number of months in period	3	3
Postpaid ARPA (GAAP metric)	\$118.22	\$121.88
<u>Calculation of Postpaid ABPA ⁽⁴⁾</u>		
Postpaid service revenues	\$598	\$608
Equipment installment plan billings	172	139
Total billings to postpaid accounts	\$770	\$747
Average number of postpaid accounts	1.69	1.66
Number of months in period	3	3
Postpaid ABPA (non-GAAP metric) ⁽⁴⁾	\$152.26	\$149.78

* 2018 amounts reflect the adoption of ASC 606 while 2017 amounts remain as previously reported.

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- 1) 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) below), all of which are not presented above.
 - 2) EBITDA, Adjusted EBITDA and Adjusted OIBDA are defined as net income adjusted for the items set forth in the reconciliation above. 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 does not intend to imply that any such items set forth in the reconciliation above 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' 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' 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 above reconciles EBITDA, Adjusted EBITDA and Adjusted OIBDA flow to the corresponding GAAP measure, Net income or Income (loss) before income taxes.
 - 3) A reconciliation of Adjusted OIBDA (Non-GAAP) and Operating income (excluding gains and losses) (Non-GAAP) to operating income (GAAP) for March 31, 2018 actual results can be found on the company's website at investors.tdsinc.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) 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.