



Fourth Quarter 2018 Results
2018 Accomplishments
2019 Strategic Priorities and Guidance

February 22, 2019

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.

Upcoming conferences

3/5/19 - Raymond James 40th Annual Institutional Investors Conference (Orlando, Florida)

- From management: Ken Meyers, Vicki Villacrez and Jane McCahon

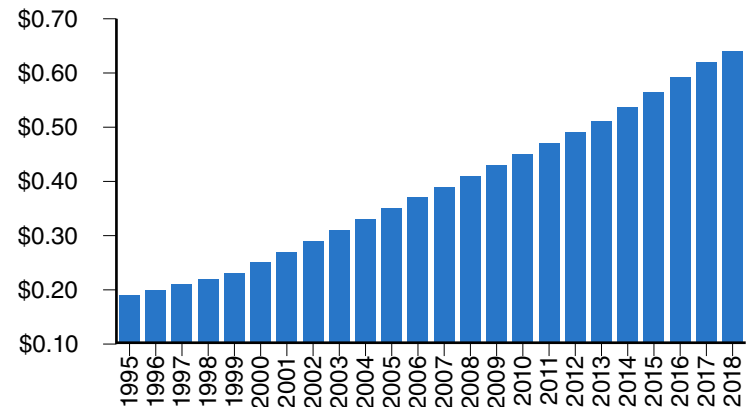
3/27/19 - 3/28/19 - B. Riley FBR Non-Deal Roadshow (Los Angeles, San Francisco)

- From management: Jane McCahon

TDS Corporate

- Capital Allocation - since plan announced in 2013, \$673 million invested back into our businesses and \$404 million returned to shareholders, primarily through dividends
 - Executing wireline fiber projects both in and out of territory
 - Continue to look for cable acquisitions
 - 2019 dividend increasing 3% and is the 45th consecutive year of dividend increases
- Adopted ASC 842, Leases
 - Using modified retrospective method on January 1, 2019
 - Adding approx. \$1 billion in assets and liabilities
 - Expecting no impact to the income statement

Annual Dividends Per TDS Share*



* Retroactively adjusted for the effect of 2005 stock dividend.



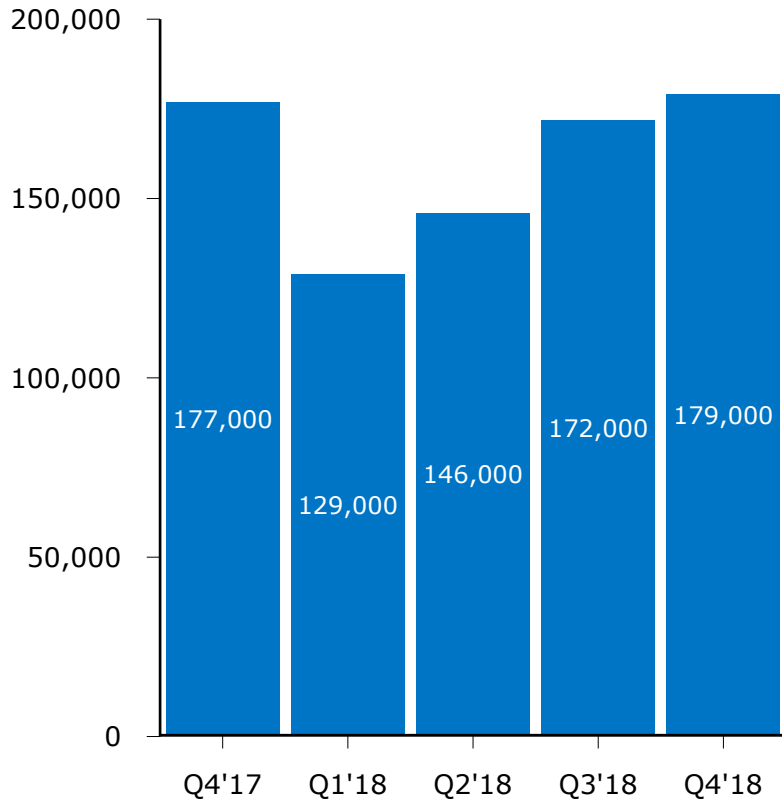
2018 key accomplishments

- Protected and grew our subscriber base
 - Postpaid handset churn of 0.98%
 - Added 23,000 postpaid handset customers
- Drove revenue growth
 - Increase in Postpaid ARPU
 - Inbound roaming revenue increased 20%
- Continued to drive improvements in cost structure
 - Contained cash expenses despite increasing data usage
- 17% increases in Adjusted OIBDA and Adjusted EBITDA
- Made network enhancements
 - Data capacity
 - VoLTE
 - 5G trials

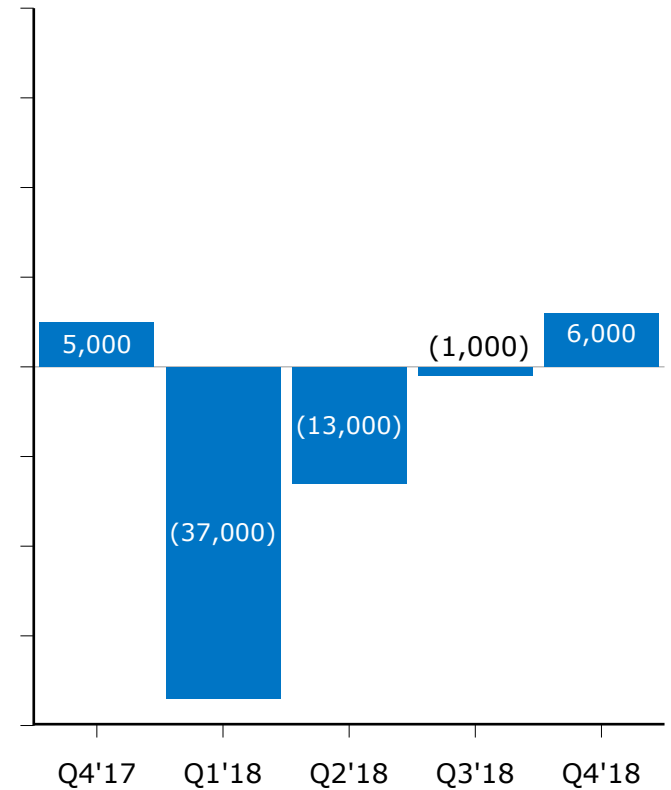
Total postpaid connections



Gross Additions



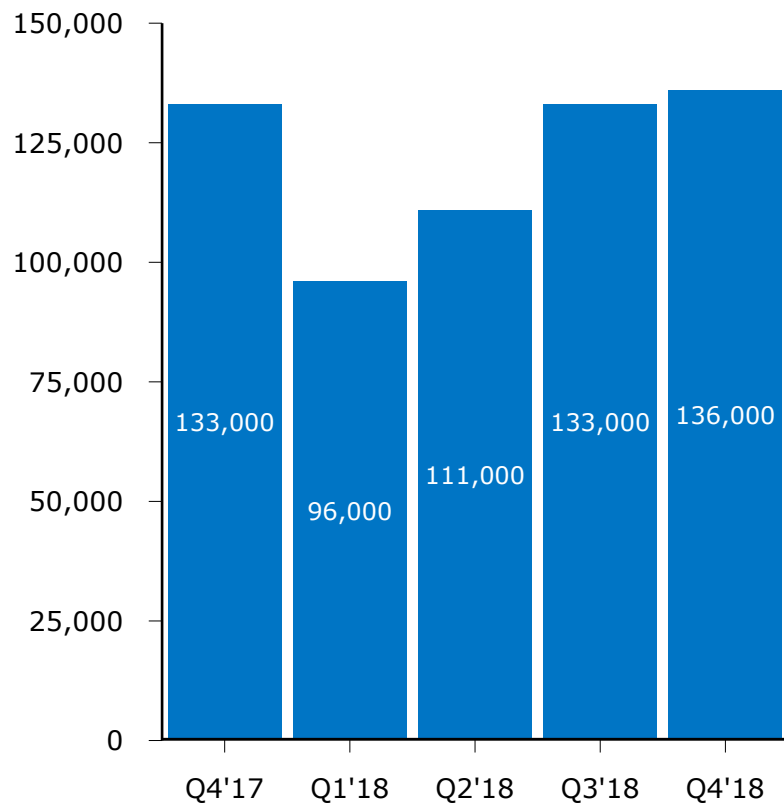
Net Additions



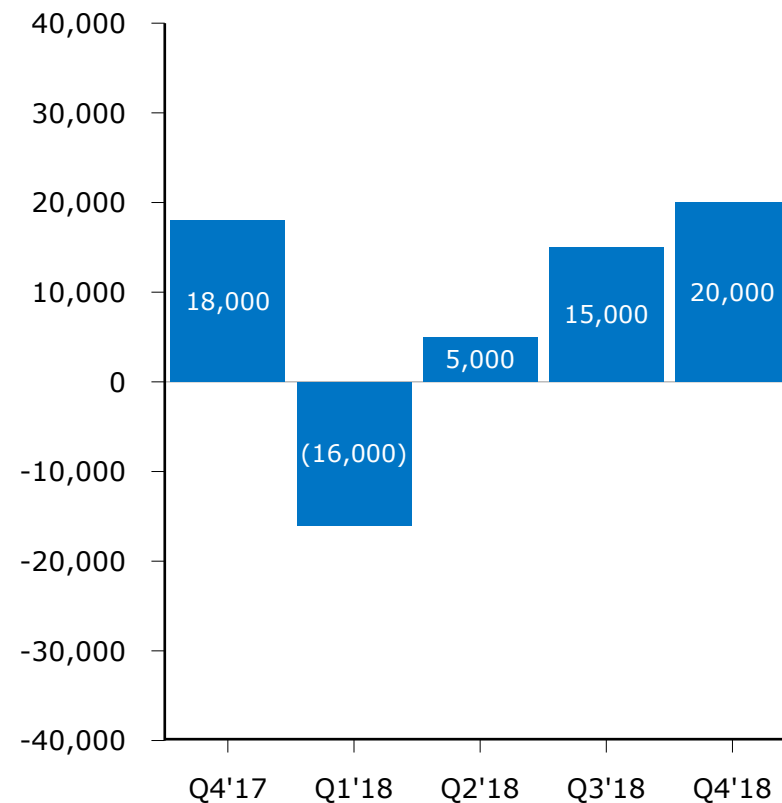
Postpaid handsets connections



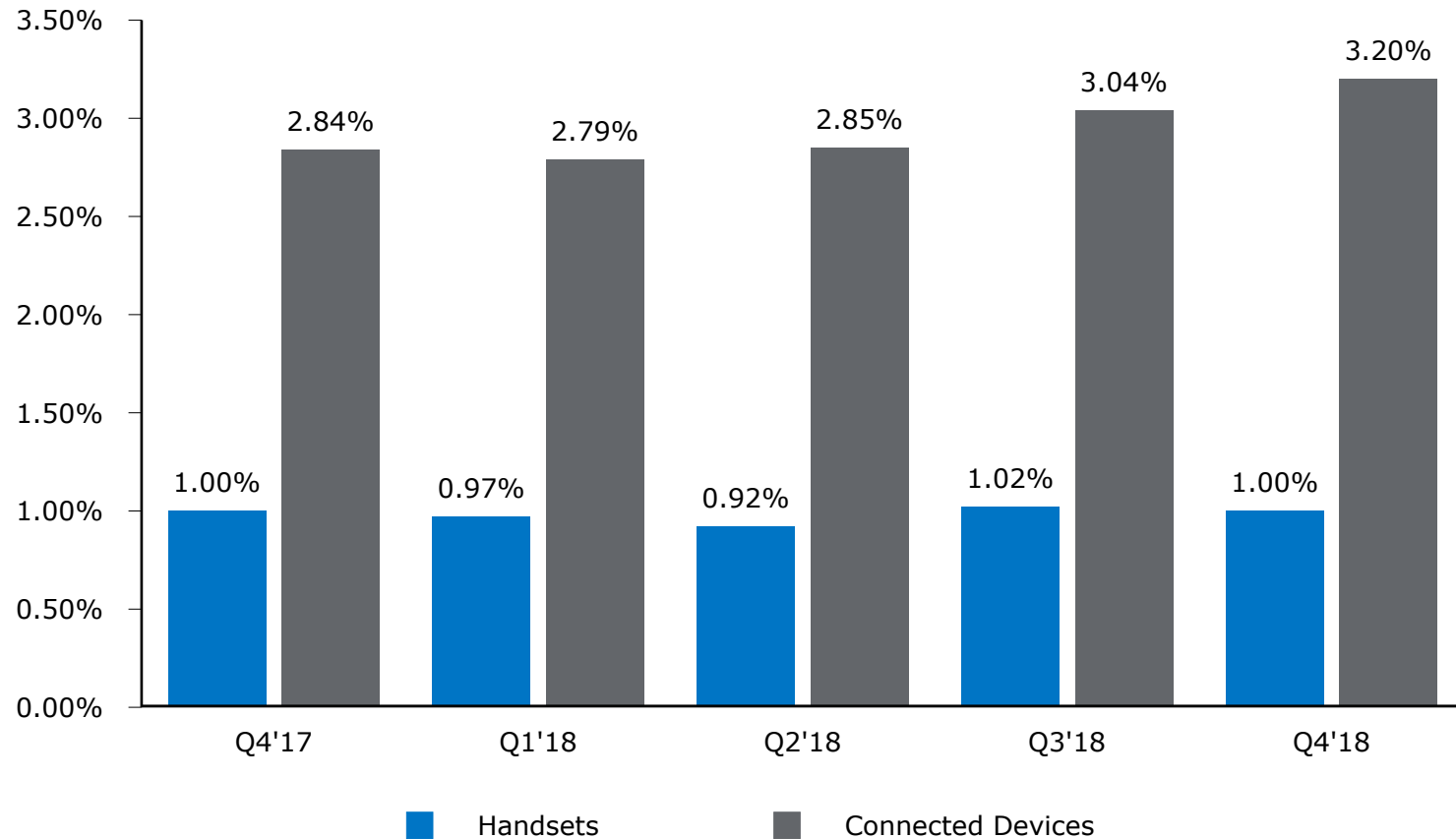
Gross Additions



Net Additions



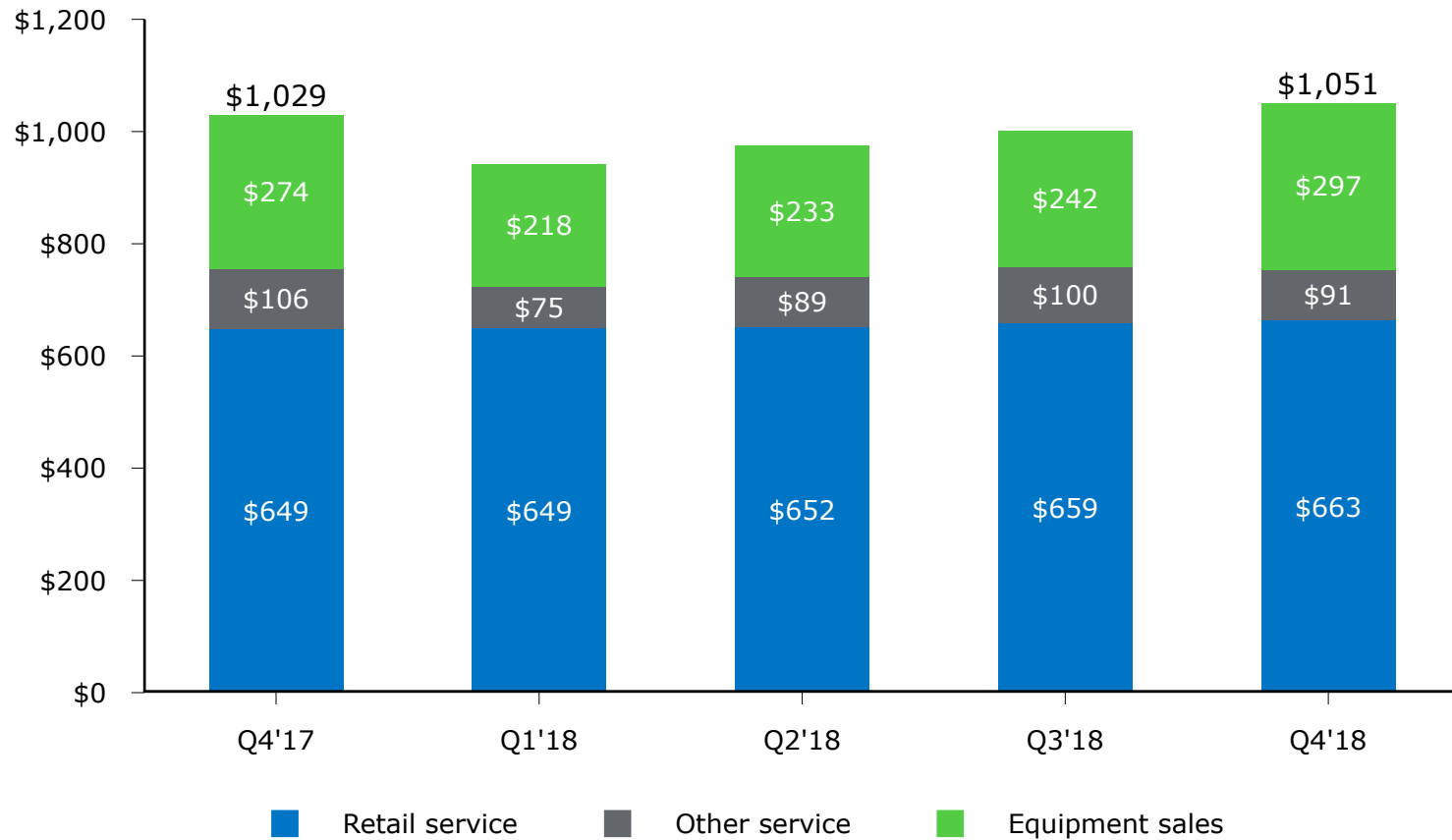
Postpaid churn rate



Total operating revenues ⁽¹⁾



(in millions)

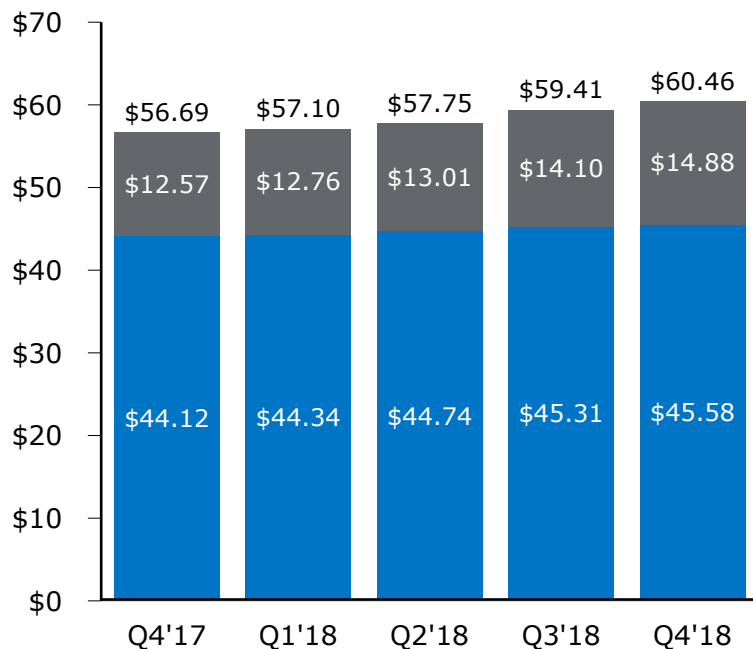


(1) - See slide 32 for explanation

Postpaid revenue (1)

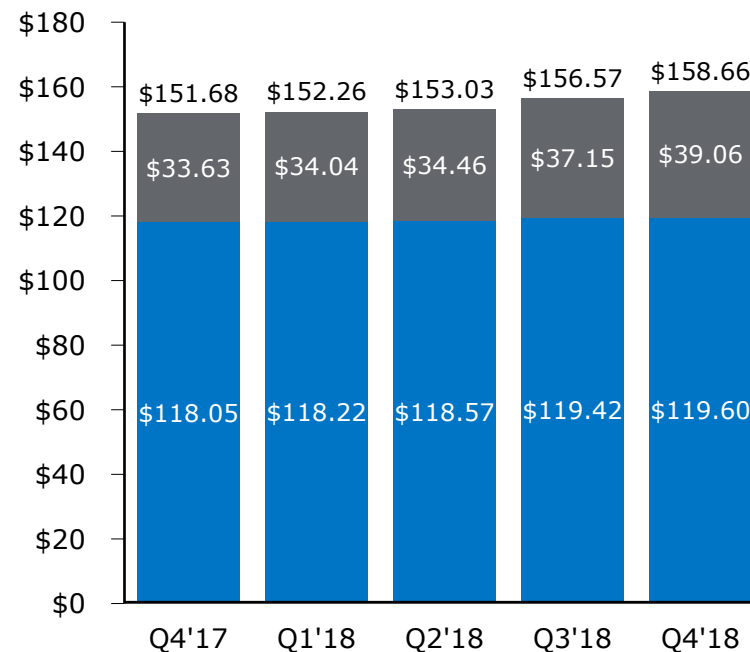


Average Billings Per User (ABPU)⁽⁴⁾



■ Average Revenue Per User
■ EIP Billings

Average Billings Per Account (ABPA)⁽⁴⁾



■ Average Revenue Per Account
■ EIP Billings

(1), (4) - See slide 32 for explanation

Adjusted OIBDA



(\$ in millions)	Q4'18 ⁽¹⁾	Q4'17	% Change
Total operating revenues	\$ 1,051	\$ 1,029	2 %
System operations expense	193	183	5 %
Cost of equipment sold	315	322	(2)%
SG&A expenses	373	372	–
Total cash expenses ⁽²⁾	881	877	–
Adjusted OIBDA ⁽³⁾	\$ 170	\$ 152	12 %

(1), (2), (3) - See slide 32 for explanations

Adjusted EBITDA



(\$ in millions)	Q4'18 ⁽¹⁾	Q4'17	% Change
Adjusted OIBDA ⁽³⁾	\$ 170	\$ 152	12%
Equity in earnings of unconsolidated entities	39	36	9%
Interest and dividend income	4	2	N/M
Adjusted EBITDA ⁽³⁾	\$ 213	190	13%

N/M - Percentage change not meaningful

(1), (3) - See slide 32 for explanations

Annual financial results ⁽¹⁾



(\$ in millions)	2018 ⁽¹⁾	2017	% Change
Total operating revenues	\$ 3,967	\$ 3,890	2 %
System operations expense	758	732	4 %
Cost of equipment sold	1,031	1,071	(4)%
SG&A expenses	1,388	1,412	(2)%
Total cash expenses ⁽²⁾	3,177	3,215	(1)%
Adjusted OIBDA ⁽³⁾	790	675	17 %
Equity in earnings of unconsolidated entities	159	137	16 %
Interest and dividend income	15	8	83 %
Other, net	(1)	\$ —	N/M
Adjusted EBITDA ⁽³⁾	\$ 963	\$ 820	17 %

(1), (2), (3) - See slide 32 for explanations

2019 strategic priorities



- Attract new customers and protect our base
- Drive revenue growth
- Continue to drive improvements in cost structure
- Invest in network
 - Continued investment to meet growth in data
 - Additional VoLTE market launches
 - Deployment of 5G technology beginning in 2019

2019 guidance *



(\$ in millions)			
As of February 22, 2019	2018 Estimates ⁽¹⁾	2018 Actual ⁽¹⁾	2019 Estimates
Total operating revenues	\$3,950-\$4,000	\$3,967	\$4,100-\$4,300
Adjusted OIBDA ⁽³⁾	\$760-\$810	\$790	\$725-\$875
Adjusted EBITDA ⁽³⁾	\$925-\$1,000	\$963	\$900-\$1,050
Capital expenditures	Approx. \$500	\$515	\$625-\$725

(1), (3) - See slide 32 for explanations

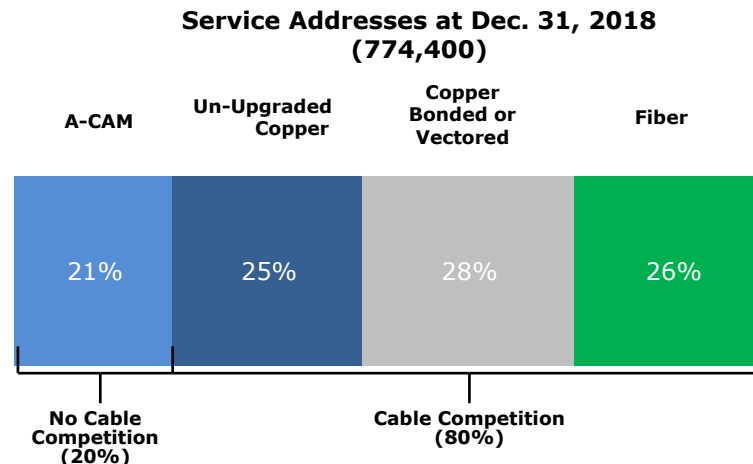
* There can be no assurance that final results will not differ materially from such estimated results.





2018 wireline accomplishments

- Investments in fiber
 - Completed construction in Sun Prairie, Wisc., adding 10,000 service addresses
 - Began out-of-territory fiber deployment, targeting 20,000 service addresses
 - Expanded fiber and other broadband technologies to 40,000 in-territory service addresses
- Progress under A-CAM and State Broadband construction programs
- Advocated for full funding of A-CAM program



2018 cable accomplishments

- Continue to enable and offer faster broadband data speeds
 - Increased broadband connections
- Launched 1 Gig in Mesquite, Nev., as the first phase of GPON
- 12% revenue growth
- 29% increase in Adjusted EBITDA; increased margin by 410 basis points

2019 strategic priorities



Wireline and Cable

- Drive new revenue growth
- Improve the customer experience
 - TDS TV+ (a next generation video platform)
- Increase operational effectiveness
- Cost management

- Wireline
 - Continue executing fiber program both in and out-of-territory
 - Rural Broadband Deployment
 - A-CAM
 - State Broadband Grants

- Cable
 - Further increase broadband penetration and ARPU
 - Continue to evaluate potential acquisitions

TDS Telecom operating performance



(\$ in millions)	Q4'18 ⁽¹⁾	Q4'17	% Change
Wireline	\$ 173	\$ 176	(2)%
Cable	60	54	11 %
Total operating revenues [*]	232	229	1 %
Cash expenses ⁽²⁾	159	151	5 %
Adjusted EBITDA ⁽³⁾	\$ 77	\$ 80	(3)%
Capital expenditures	\$ 91	\$ 74	23 %

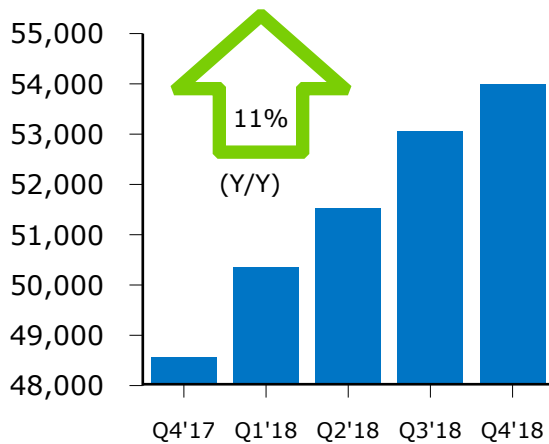
* Includes intercompany eliminations

Fourth quarter wireline highlights



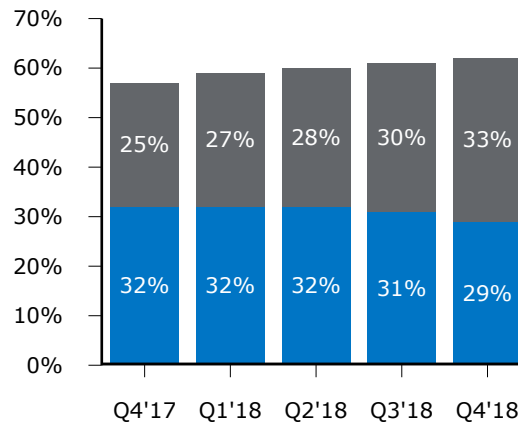
- Growth in video connections and broadband penetration driving an increase in residential revenue per connection
 - Demand for higher speeds is strong
- Growth from fiber investments and A-CAM support helps to offset legacy revenue declines

Video Connections



■ Video Connections

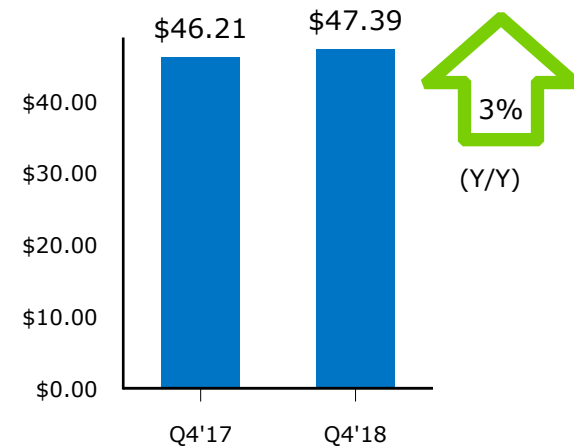
ILEC Broadband Take Rate



■ 10 MB or higher

■ 50 MB or higher

Residential revenue per connection ⁽¹⁾



(1) - See slide 32 for explanation



Wireline operating performance

(\$ in millions)	Q4'18 ⁽¹⁾	Q4'17	% Change
Residential	\$ 80	\$ 79	2 %
Commercial	45	48	(8)%
Wholesale	48	48	(1)%
Total operating revenues	173	176	(2)%
Cash expenses ⁽²⁾	118	111	6 %
Adjusted EBITDA ⁽³⁾	\$ 58	\$ 66	(13)%
Capital expenditures	\$ 73	\$ 55	33 %

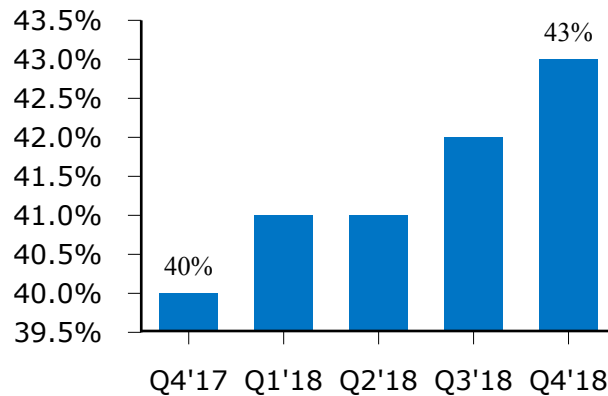
(1), (2), (3) - See slide 32 for explanations

Fourth quarter cable highlights

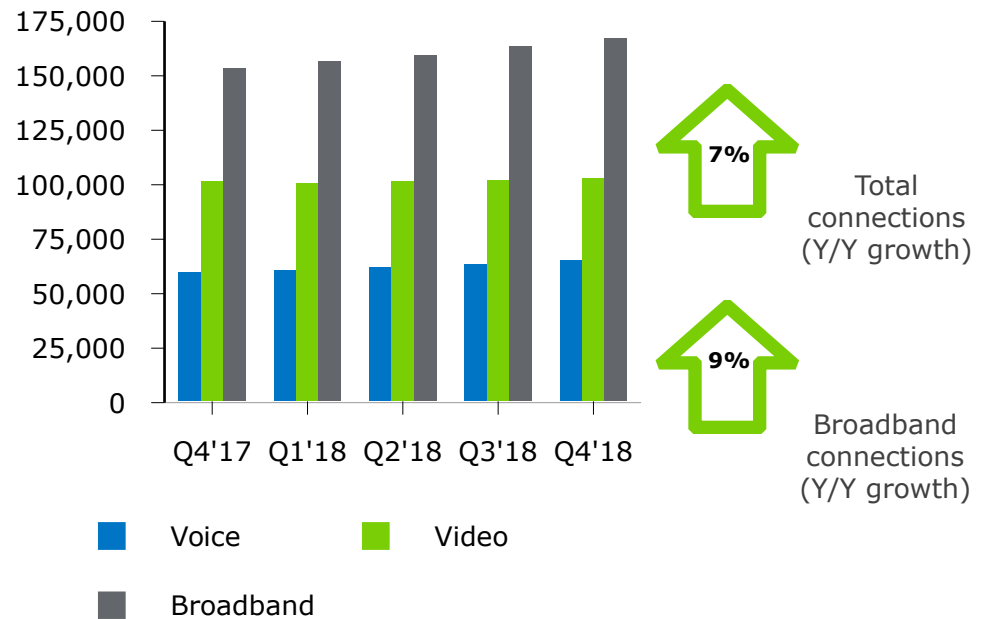


- Broadband connections increase 9%
- Revenues increase 11%
- Adjusted EBITDA increases 44%

Steady Growth in Broadband Penetration



Connections



Cable operating performance



(\$ in millions)	Q4'18 ⁽¹⁾	Q4'17	% Change
Residential	\$ 48	\$ 44	10 %
Commercial	12	10	19 %
Total operating revenues	60	54	11 %
Cash expenses ⁽²⁾	41	40	1 %
Adjusted EBITDA ⁽³⁾	\$ 20	\$ 14	44 %
Capital expenditures	\$ 19	\$ 20	(5)%

(1), (2), (3) - See slide 32 for explanations

Wireline and cable 2019 guidance *



(\$ in millions)			
As of February 22, 2019	2018 Estimates ⁽¹⁾	2018 Actual ⁽¹⁾	2019 Estimates
Total operating revenues	\$900-\$950	\$927	\$900-\$950
Adjusted OIBDA ⁽³⁾	\$290-\$320	\$303	\$280-\$310
Adjusted EBITDA ⁽³⁾	\$300-\$330	\$313	\$290-\$320
Capital expenditures	Approx. \$250	\$232	\$300-\$350

(1), (3) - See slide 32 for explanations

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



Fourth quarter HMS highlights

- Customer satisfaction score improved 20 points
- Total revenues increased due to equipment revenue growth
 - Continued to add new logos
 - Strategic services, such as cloud revenues, were up
 - Churn and compression continued to impact service revenues
- Continued to implement additional cost saving programs

Appendix

Adjusted OIBDA and Adjusted EBITDA reconciliation ⁽¹⁾

	Three Months Ended December 31, 2018					Three Months Ended December 31, 2017				
(\$ in millions)	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)	\$21	N/A	N/A	\$17	\$20	\$273	N/A	N/A	\$80	\$334
Add back:										
Income tax expense (benefit)	(4)	N/A	N/A	9	(2)	(267)	N/A	N/A	(50)	(319)
Income (loss) before income taxes (GAAP)	17	23	3	26	18	6	29	1	30	15
Add back:										
Interest expense	29	—	—	—	43	28	—	—	—	42
Depreciation, amortization and accretion expense	162	35	17	52	222	155	37	12	49	212
EBITDA ⁽³⁾ (non-GAAP)	208	58	20	77	283	189	66	13	79	269
Add back:										
(Gain) loss on asset disposals, net	5	—	—	—	5	4	—	1	1	5
(Gain) loss on license sales and exchanges, net	—	—	—	—	—	(3)	—	—	—	(3)
Adjusted EBITDA ⁽³⁾ (non-GAAP)	213	58	20	77	288	190	66	14	80	271
Deduct:										
Equity in earnings of unconsolidated entities	39	—	—	—	39	36	—	—	—	36
Interest and dividend income	4	2	—	3	8	2	1	—	1	4
Other, net ⁽⁷⁾	—	1	—	1	1	—	1	—	1	1
Adjusted OIBDA ⁽³⁾ (non-GAAP)	\$170	\$55	\$19	\$74	\$240	\$152	\$64	\$14	\$78	\$230

(1), (3), (5), (6), (7) - See slide 32 for explanations

Adjusted OIBDA and Adjusted EBITDA reconciliation – 2019 estimated and 2018 full year ⁽¹⁾

In providing 2019 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.

	2019 Estimated Results			Actual Results Year ended December 31, 2018		
	U.S. Cellular	TDS Telecom ⁽⁵⁾	TDS ⁽⁶⁾	U.S. Cellular	TDS Telecom ⁽⁵⁾⁽⁷⁾	TDS ⁽⁶⁾
(Dollars in millions)						
Net income (loss) (GAAP)	N/A	N/A	N/A	\$164	\$89	\$175
Add back:						
Income tax expense (benefit)	N/A	N/A	N/A	51	16	46
Income (loss) before income taxes (GAAP)	\$60-\$210	\$85-\$115	\$50-\$230	\$215	\$105	\$221
Add back:						
Interest expense	115	—	175	116	(2)	172
Depreciation, amortization and accretion	710	205	945	640	212	883
EBITDA ⁽³⁾ (non-GAAP)	\$885-\$1,035	\$290-\$320	\$1,170-\$1,350	\$971	\$315	\$1,276
Add back:						
(Gain) loss on asset disposals, net	20	—	20	10	(2)	9
(Gain) loss on license sales and exchanges, net	(5)	—	(5)	(18)	—	(18)
Adjusted EBITDA ⁽³⁾ (non-GAAP)	\$900-\$1,050	\$290-\$320	\$1,185-\$1,365	\$963	\$313	\$1,267
Deduct:						
Equity in earnings of unconsolidated entities	155	—	155	159	—	160
Interest and dividend income	20	10	30	15	8	26
Other, net ⁽⁷⁾	—	—	—	(1)	2	2
Adjusted OIBDA ⁽³⁾ (non-GAAP)	\$725-\$875	\$280-\$310	\$1,000-\$1,180	\$790	\$303	\$1,079

(1), (3), (5), (6), (7) - See slide 32 for explanations

Postpaid ABPU and Postpaid ABPA reconciliation

(Dollars and connection counts in millions)

	Three Months Ended December 31, 2018	Three Months Ended December 31, 2017
<u>Calculation of Postpaid ARPU</u>		
Postpaid service revenues ⁽¹⁾	\$611	\$598
Average number of postpaid connections	4.47	4.52
Number of months in period	3	3
Postpaid ARPU (GAAP metric)	\$45.58	\$44.12
 <u>Calculation of Postpaid ABPU ⁽⁴⁾</u>		
Postpaid service revenues ⁽¹⁾	\$611	\$598
Equipment installment plan billings	199	170
Total billings to postpaid connections	\$810	\$768
Average number of postpaid connections	4.47	4.52
Number of months in period	3	3
Postpaid ABPU (non-GAAP metric)	\$60.46	\$56.69
 <u>Calculation of Postpaid ARPA</u>		
Postpaid service revenues ⁽¹⁾	\$611	\$598
Average number of postpaid accounts	1.70	1.69
Number of months in period	3	3
Postpaid ARPA (GAAP metric)	\$119.60	\$118.05
 <u>Calculation of Postpaid ABPA ⁽⁴⁾</u>		
Postpaid service revenues ⁽¹⁾	\$611	\$598
Equipment installment plan billings	199	170
Total billings to postpaid accounts	\$810	\$768
Average number of postpaid accounts	1.70	1.69
Number of months in period	3	3
Postpaid ABPA (non-GAAP metric)	\$158.66	\$151.68

(1), (4) - See slide 32 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 30. 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 30 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 30 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 December 31, 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.