



First Quarter 2015 Results

May 1, 2015

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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: impacts of any pending acquisition and divestiture transactions, 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 overall economy; competition; 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; uncertainty of access to the capital markets; 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 ("SEC").



IMPORTANT INFORMATION: TDS and its directors, executive officers and other members of its management and employees may be deemed to be participants in the solicitation of proxies from the shareholders of TDS in connection with the TDS 2015 annual meeting of shareholders. Information regarding TDS directors and executive officers and other participants that may be soliciting proxies on behalf of the TDS board of directors and their respective interests in TDS by security holdings or otherwise is set forth in TDS's definitive proxy statement relating to its 2015 annual meeting, as filed with the Securities and Exchange Commission ("SEC") on April 17, 2015. The 2015 proxy statement, other solicitation material and other reports that TDS files with the SEC, when available, can be obtained free of charge at the SEC's web site at www.sec.gov or from TDS as provided on its website at www.tdsinc.com. TDS SHAREHOLDERS ARE ADVISED TO READ CAREFULLY THE PROXY STATEMENT AND OTHER SOLICITATION MATERIAL FILED BY TDS IN CONNECTION WITH THE TDS 2015 ANNUAL MEETING OF SHAREHOLDERS BEFORE MAKING ANY VOTING DECISION BECAUSE THEY CONTAIN OR WILL CONTAIN IMPORTANT INFORMATION RELATING TO THE ELECTION OF DIRECTORS OF TDS.



First quarter highlights

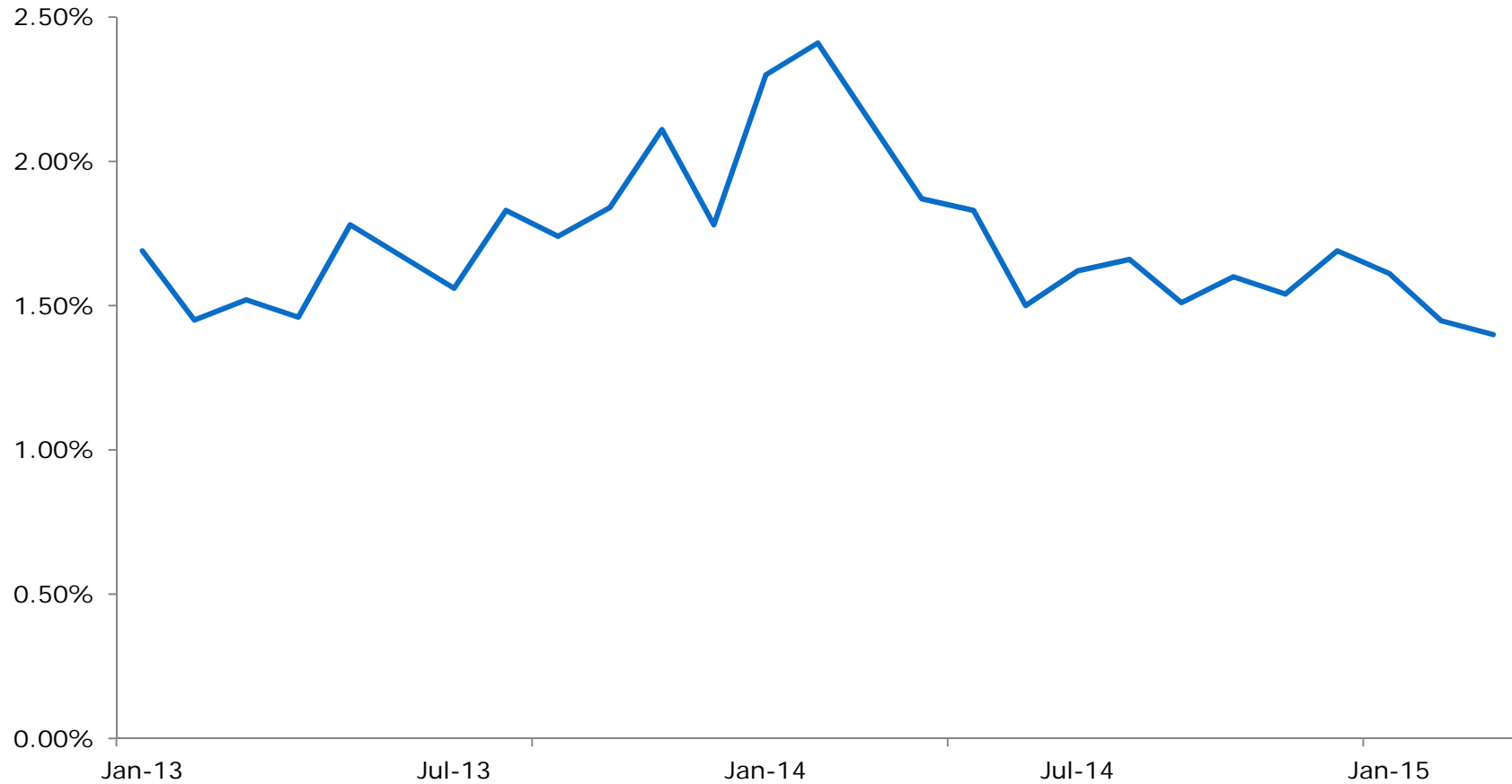
- Postpaid churn of 1.5% reflecting improved levels of customer satisfaction
- Strong connected device sales driven by successful tablet promotion
- Steady adoption of Equipment Installment Plans helping to manage subsidy expense
- Total revenue growth of 4%
- Strong growth in Operating cash flow and Adjusted EBITDA; increase in guidance for those measures
- Continuing deployment of 4G LTE network; 81% of our data traffic is on this network

Customer results

	Q1 '15	Q1 '14
Postpaid gross additions	200,000	197,000
Postpaid churn	1.5%	2.3%
Postpaid net additions (losses)	9,000	(93,000)
Prepaid net additions	12,000	13,000
Retail net additions (losses)	21,000	(80,000)
Total retail customers	4,667,000	4,530,000

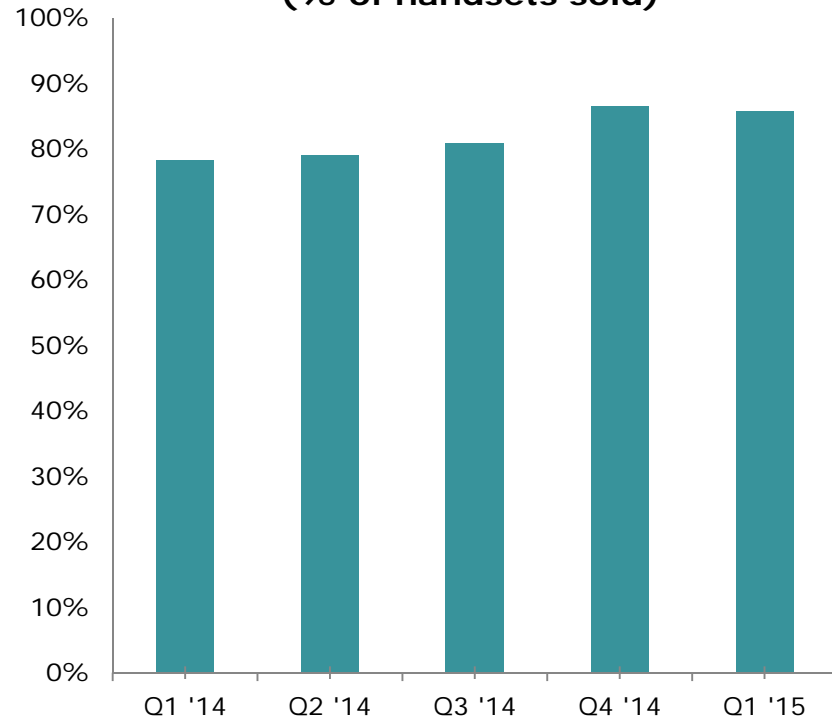
	Basic Phones	Smartphones	Connected Devices
Postpaid gross additions	14,000	119,000	67,000
Postpaid net additions	(34,000)	3,000	40,000

Monthly postpaid churn rate

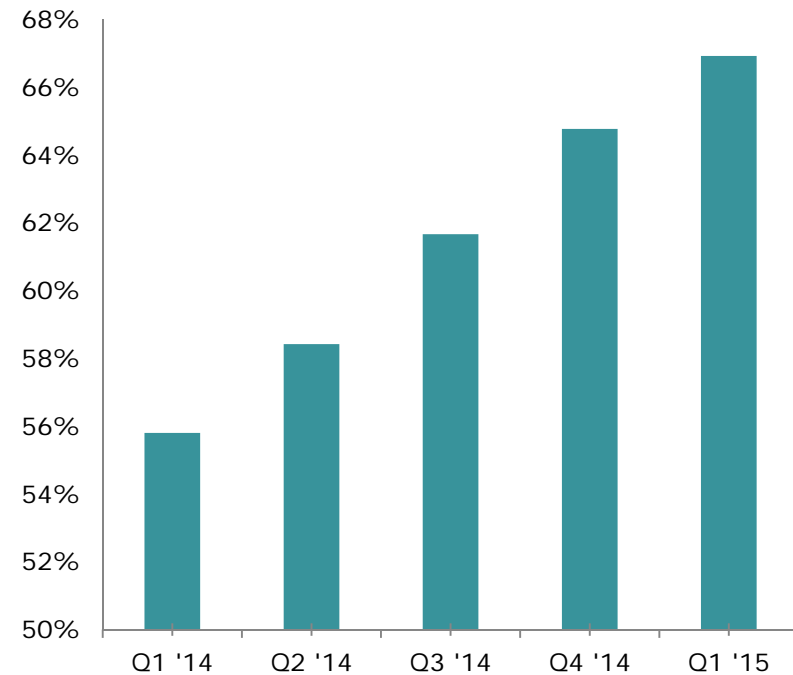


Smartphone sales and penetration

**Smartphones Sold
(% of handsets sold)**

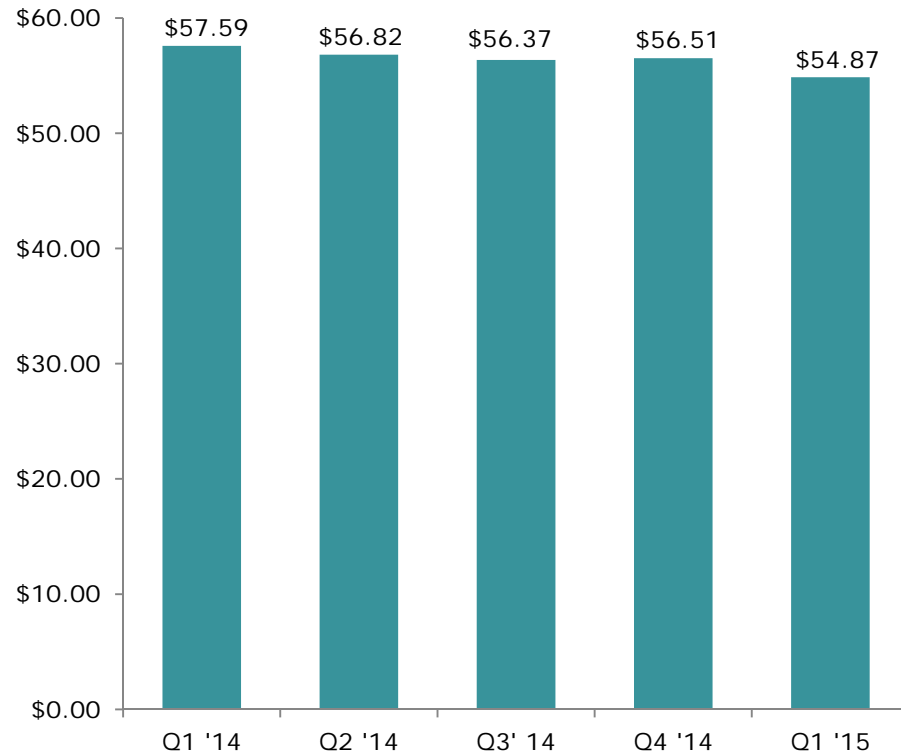


**Smartphones Customers
(% of postpaid handsets)**

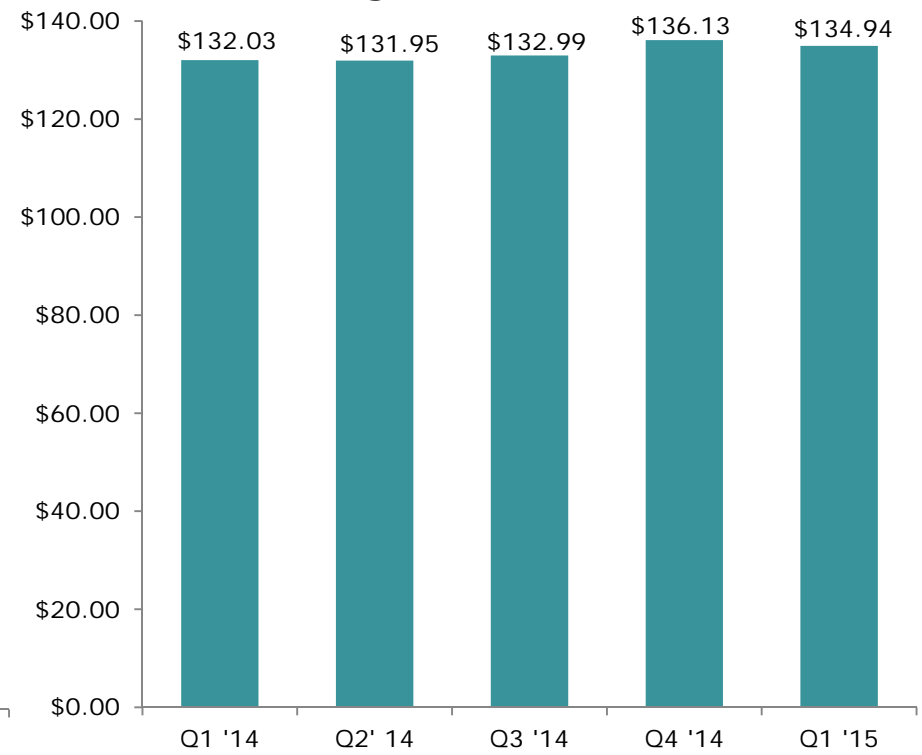


Postpaid service revenue

Average Revenue Per User



Average Revenue Per Account



	Q1 '14	Q2 '14	Q3 '14	Q4 '14	Q1 '15
Service Plan Discounts	\$0.00	\$0.11	\$1.32	\$3.04	\$4.50

	Q1 '14	Q2 '14	Q3 '14	Q4 '14	Q1 '15
Service Plan Discounts	\$0.00	\$0.25	\$3.12	\$7.32	\$11.06

Equipment Installment Plans (EIP)

(\$ in millions)	Q1 '15	Q1 '14
Number of transactions	182,000	6,000
EIP sales as a % of total device sales	39%	1%
EIP equipment revenue	\$68	\$3
EIP accounts receivable at end of period (ST & LT), net	\$219	\$3
EIP bad debts expense	\$ 5	---

Total operating revenues

(\$ in millions)	Q1 '15	Q1 '14	% Change
Service revenues	\$828	\$854	(3%)
Retail service	746	765	(2%)
Roaming	40	50	(20%)
Tower rentals	14	13	9%
Other	28	26	7%
Equipment sales revenues	137	72	90%
Total operating revenues	\$965	\$926	4%

Operating cash flow

(\$ in millions)	Q1 '15	Q1 '14	% Change
Service revenues	\$828	\$854	(3%)
Equipment sales revenues	137	72	90%
Total operating revenues	965	926	4%
System operations expense	191	181	6%
Cost of equipment sold	238	270	(12%)
SG&A expenses	369	396	(7%)
Total cash expenses	798	847	(6%)
Operating cash flow ⁽¹⁾	167	79	>100%
Depreciation, amortization and accretion	147	168	(12%)
Operating income (excluding gains) ⁽¹⁾	\$ 20	(\$89)	>100%

(1) Operating cash flow and operating income (excluding gains) are non-GAAP financial measures that are defined in the non-GAAP reconciliation at the end of the presentation

Adjusted EBITDA

(\$ in millions)	Q1 '15	Q1 '14	% Change
Operating cash flow ⁽¹⁾	\$167	\$79	>100%
Equity in earnings of unconsolidated entities	34	37	(7%)
Other, net	8	1	>100%
Adjusted EBITDA ⁽¹⁾	\$209	\$117	79%

(1) Operating cash flow and Adjusted EBITDA are non-GAAP financial measures that are defined in the non-GAAP reconciliation at the end of the presentation

2015 guidance⁽¹⁾

(as of 5/1/15) (in millions)	2015 Estimates (Current)	2015 Estimates (Previous)	2014 Actual
Total operating revenues	\$4,000 - \$4,200	Unchanged	\$3,893
Operating cash flow ⁽²⁾	\$400 - \$500	\$350 - \$450	\$338
Adjusted EBITDA ⁽²⁾	\$580 - \$680	\$530 - \$630	\$480
Capital expenditures	\$600	Unchanged	\$558

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

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





2015 strategic priorities

- Wireline
 - Continue targeted fiber deployment; increase broadband and IPTV penetration in existing markets
- Cable
 - Improve residential and commercial broadband customer penetrations
 - Leverage wireline capabilities to create additional synergies
 - Continue to evaluate potential acquisitions
- Hosted and Managed Services
 - Focus on growth of recurring service revenues
 - Continue to focus on selling across entire portfolio



TDS Telecom operating performance

(\$ in millions)	Q1 '15	Q1 '14	% Change
Wireline	\$176.1	\$177.5	(1%)
Cable	43.6	22.5	94%
HMS	<u>61.0</u>	<u>63.1</u>	<u>(3%)</u>
Total operating revenues ⁽¹⁾	280.0	262.4	7%
Expenses ⁽¹⁾⁽²⁾	200.5	190.3	5%
Adjusted EBITDA ⁽³⁾	\$ 79.9	\$ 72.9	10%

(1) Reflects intercompany eliminations.

(2) Represents cost of products and services and selling, general and administrative expenses.

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



Wireline operating performance

(\$ in millions)	Q1 '15	Q1 '14	% Change
Residential	\$ 74.7	\$ 72.5	3%
Commercial	55.8	58.0	(4%)
Wholesale	<u>45.2</u>	<u>46.4</u>	<u>(3%)</u>
Total service revenues	175.7	176.9	(1%)
Expenses ⁽¹⁾	108.7	111.4	(2%)
Adjusted EBITDA ⁽²⁾	\$ 67.9	\$ 66.7	2%

(1) Represents cost of products and services and selling, general and administrative expenses.

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

Broadband speeds, IPTV and *managed*IP driving wireline revenue growth



ILEC Residential Customers by Broadband Speeds

	3/31/15	3/31/14
> 5 Mb	83%	79%
> 10 Mb	42%	36%
> 25 Mb	12%	7%

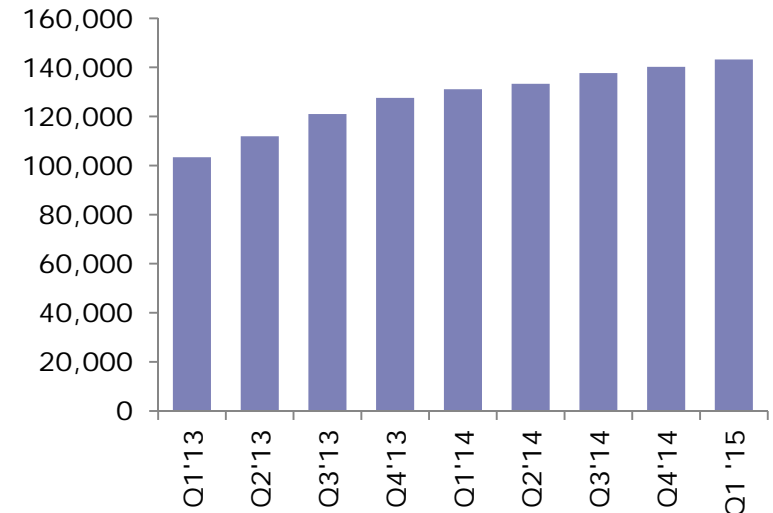
IPTV Connections

	3/31/15	3/31/14
IPTV	25,600	15,900

Wireline Residential Average Revenue Per Connection

3/31/15	3/31/14
\$42.32	\$40.79

*managed*IP Connections



Wireline Commercial ARPU per Connection

3/31/15	3/31/14
\$52.20	\$52.13

Cable snapshot



Connections

	3/31/15	3/31/14
Video	109,700	68,700
Broadband	112,200	63,000
Voice	<u>49,100</u>	<u>17,700</u>
Total cable connections	271,000	149,400

Operating Performance

(\$ in millions)	Q1 '15	Q1 '14	% Change
Total operating revenues	\$43.6	\$22.5	94%
Expenses ⁽¹⁾	32.6	17.3	88%
Adjusted EBITDA ⁽²⁾	\$10.9	\$ 5.2	>100%

Penetration

	Industry 12/31/14	Total cable 3/31/15
Video	40%	34%
Broadband	42%	35%
Voice	22%	15%

(1) Represents cost of products and services and selling, general and administrative expenses.

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

Hosted and Managed Services operating performance



(\$ in millions)	Q1 '15	Q1 '14	% Change
Service revenues	\$ 28.4	\$ 27.4	4%
Equipment revenues	<u>32.5</u>	<u>35.7</u>	<u>(9%)</u>
Total operating revenues	61.0	63.1	(3%)
Expenses ⁽¹⁾	59.8	62.2	(4%)
Adjusted EBITDA ⁽²⁾	\$ 1.0	\$ 1.0	---

(1) Represents cost of products and services and selling, general and administrative expenses.

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

2015 TDS Telecom guidance⁽¹⁾

Unchanged from previous estimates



(as of 5/1/15) (\$ in millions)	2015 Estimates (Current)	2014 Actual
Total operating revenues	\$1,130 - \$1,180	\$1,088
Operating cash flow ⁽²⁾	\$280 - \$310	\$296
Adjusted EBITDA ⁽²⁾	\$280 - \$310	\$298
Capital expenditures	\$220	\$208

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

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

Appendix

Operating Cash Flow and Adjusted EBITDA Reconciliation - Q1 2015 and Q1 2014 Actual Results



	Actual Results											
	Three months ended March 31, 2015						Three months ended March 31, 2014					
	U.S. Cellular	Wireline	Cable	HMS	Total TDS Telecom	TDS (2)	U.S. Cellular	Wireline	Cable	HMS	Total TDS Telecom	TDS (2)
(Dollars in millions)												
Net income (loss) (GAAP)	\$165	N/A	N/A	N/A	\$13	\$176	\$18	N/A	N/A	N/A	\$11	\$20
Add back:												
Income tax expense (benefit)	108	N/A	N/A	N/A	9	116	13	N/A	N/A	N/A	8	12
Income (loss) before income taxes (GAAP)	\$273	\$26	\$2	(\$6)	\$22	\$292	\$31	\$24	\$1	(\$6)	\$19	\$32
Add back:												
Interest expense	20	---	---	---	---	34	15	1	---	---	---	29
Depreciation, amortization and accretion expense	147	42	9	6	57	207	168	42	4	7	54	225
EBITDA	\$440	68	11	---	79	\$533	\$214	\$67	\$5	\$1	\$73	\$286
Add back:												
(Gain) loss on sale of business and other exit costs, net	(111)	---	---	---	---	(124)	(7)	---	---	---	---	(7)
(Gain) loss on license sales and exchanges, net	(123)	---	---	---	---	(123)	(91)	---	---	---	---	(91)
(Gain) loss on assets disposals, net	4	---	---	---	1	5	2	---	---	---	---	2
Adjusted EBITDA (3)	\$209	68	11	1	80	\$291	\$117	\$67	\$5	\$1	\$73	\$190
Deduct:												
Equity in earnings of unconsolidated entities	(34)	---	---	---	---	(35)	(37)	---	---	---	---	(37)
Interest and dividend income	(8)	---	---	---	---	(8)	(1)	---	---	---	---	(2)
Operating cash flow (3)(4)	\$167	\$68	\$11	\$1	\$80	\$248	\$79	\$67	\$5	\$1	\$73	\$151
Deduct:												
Depreciation, amortization and accretion expense	(147)						(168)					
Operating income (excluding gains, losses)	\$20						(\$89)					

Operating Cash Flow and Adjusted EBITDA Reconciliation



	2015 Estimated Results (1)			Actual Results Year ended December 31, 2014		
	U.S. Cellular	TDS Telecom	TDS(2)	U.S. Cellular	TDS Telecom	TDS (2)
(Dollars in millions)						
Net income (loss) (GAAP)	N/A	N/A	N/A	(\$47)	(\$24)	(\$147)
Add back:						
Income tax expense (benefit)	N/A	N/A	N/A	(\$12)	\$18	(\$5)
Income (loss) before income taxes (GAAP)	\$140-\$240	\$45-\$75	\$140-\$270	(\$59)	(\$7)	(\$153)
Add back:						
Interest expense	\$80	—	\$140	\$57	(\$1)	\$111
Depreciation, amortization and accretion expense	\$580	\$235	\$825	\$606	\$220	\$837
EBITDA	\$800-\$900	\$280-\$310	\$1,105-\$1,235	\$605	\$212	\$796
Add back:						
Loss on impairment	—	—	—	—	\$84	\$88
(Gain) loss on sale of business and other exit costs, net	(\$110)	—	(\$125)	(\$33)	(\$2)	(\$16)
(Gain) loss on license sales and exchanges	(\$125)	—	(\$125)	(\$113)	—	(\$113)
(Gain) loss on assets disposals, net	\$15	—	\$15	\$21	\$5	\$27
Adjusted EBITDA (3)	\$580-\$680	\$280-\$310	\$870-\$1,000	\$480	\$298	\$781
Deduct:						
Equity in earnings of unconsolidated entities	(\$130)	—	(\$130)	(\$130)	—	(\$132)
Interest and dividend income	(\$50)	—	(\$55)	(\$12)	(\$2)	(\$17)
Operating cash flow (3)(4)	\$400-\$500	\$280-\$310	\$685-\$815	\$338	\$296	\$632

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- (1) In providing 2015 Estimated Results, TDS has not completed the above 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. Accordingly, a reconciliation to net income is not available without unreasonable effort.
 - (2) The TDS column includes U.S. Cellular, TDS Telecom and also the impacts of consolidating eliminations, corporate operations and non-reportable segments, all of which are not presented above.
 - (3) Operating cash flow is defined as net income, adjusted for the items set forth in the reconciliation above. Adjusted EBITDA (earnings before interest, taxes, depreciation, amortization and accretion), is defined as net income, adjusted for the items set forth in the reconciliation above. Operating income (loss) (excluding gains and losses), is defined as net income, adjusted for the items set forth in the reconciliation above. Operating cash flow, Adjusted EBITDA and Operating income (loss) (excluding gains and losses) exclude these items in order to show operating results on a more comparable basis from period to period. From time to time, U.S. Cellular may exclude other items from Operating cash flow and/or Adjusted EBITDA and/or Operating income (loss) (excluding gains and losses) if such items help reflect operating results on a more comparable basis. U.S. Cellular does not intend to imply that any such items that are excluded are non-recurring, infrequent or unusual; such items may occur in the future. Operating cash flow, Adjusted EBITDA and Operating income (loss) (excluding gains and losses) 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 as indicators of the company's operating performance or as alternatives to cash flows from operating activities, determined in accordance with GAAP, as indicators of cash flows or as measures of liquidity. U.S. Cellular believes Operating cash flow, Adjusted EBITDA and Operating income (loss) (excluding gains and losses) are useful measures of U.S. Cellular's operating results before significant recurring non-cash charges, gains and losses, and other items as indicated above.
 - (4) A reconciliation of Operating cash flow (Non-GAAP) and Operating income (excluding gains and losses) (Non-GAAP) to operating income (GAAP) for March 31, 2015 actual results can be found on the company's website at investors.tdsinc.com.

