



Fourth Quarter 2015 Results, 2015 Accomplishments and 2016 Strategic Priorities and Guidance

February 19, 2016

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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 overall economy; 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 ("SEC").

Upcoming conferences

- 3/2/16 – Morgan Stanley Technology, Media and Telecom Conference (San Francisco)
- 3/7/16 – Deutsche Bank 2016 Media, Internet & Telecom Conference (Palm Beach, Florida)
- 3/8/16 – Raymond James 2016 Institutional Investors Conference (Orlando)

TDS – Executing on Strategic Imperatives

- Executing strategies to build long-term shareholder value:
 - Invest in our business to improve returns
 - Network and IT investments improving competitive position
 - Disciplined buyer of cable assets – no acquisitions identified in 2015 that met our investment criteria
 - Return value to shareholders
 - Increased 2016 dividend 5% -- 42nd year of dividend increases
 - No TDS share repurchase in 2015
- Since capital allocation ratio was announced mid-2013, \$581 million invested, \$196 million returned to shareholders
- Support growth initiatives through sound and disciplined financing strategies
- USM debt shelf will be replenished back to \$500 million
- Bonus depreciation aids cash flow



2015: Positioning for success

- Customer growth
 - Decline in switching activity drives fewer gross additions
 - Significant improvement in churn evidence of high customer satisfaction
- Strong Network
 - Completed roll-out of 4G LTE network, covering 99% of our customer base; 83% of our data traffic on this network
 - Ongoing VoLTE user trials
 - Multiple 4G LTE roaming agreements signed and customer rollout underway
- Competitive product and service offerings
 - Strong device portfolio
 - Successful EIP offerings
- Substantial OCF growth
 - Tight cost controls
 - Reward points
 - Lower gross additions and upgrades = lower transactional expenses

Strategic priorities for 2016

- Drive customer growth
- Grow revenues through customer growth, smartphone adoption and data monetization
- Reduce unit costs
- Manage investments

Drive customer growth

- Increase gross additions with
 - “best value in wireless”
 - high-network quality
 - strong device portfolio
 - continued expansion of equipment offerings
 - win-back programs
 - SMB/local government focus
 - targeted promotions
- Maintain low churn

Drive revenue growth

- Grow customer base
- Increase smartphone penetration
- Monetization of growing data usage
 - Continue penetration of Shared Connect plans
 - Connected devices; increase number of devices per account
- High margin revenue streams
 - Device protection plans
 - Accessory sales
- Competitive pricing environment is a headwind to revenue growth

Margin and investments

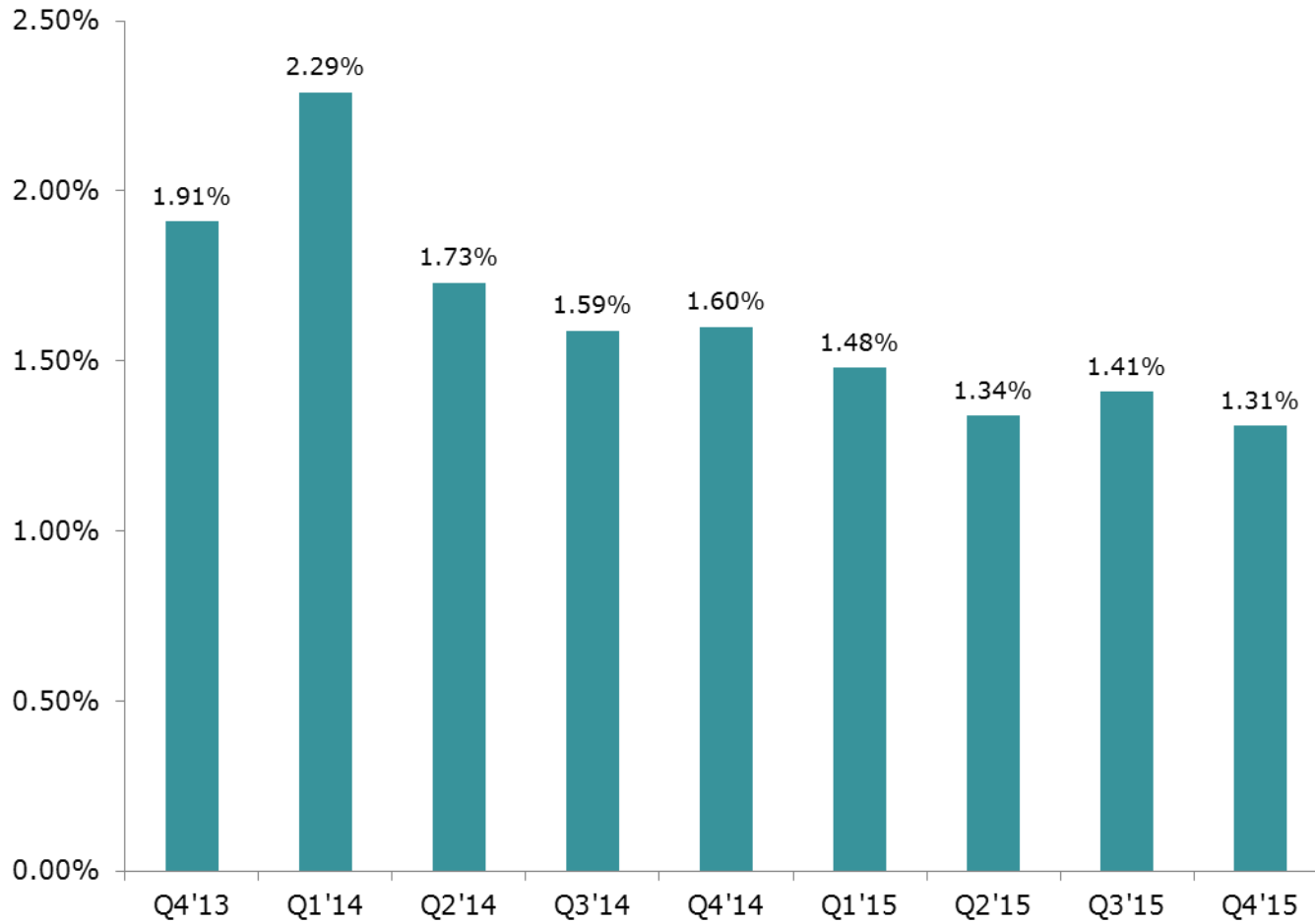
- Trade-off between customer acquisition and margin
- Manage Loss on Equipment
- Longer upgrade cycle
- Reduce unit costs
- Capital expenditures lower with completion of 4G LTE deployment

Customer results

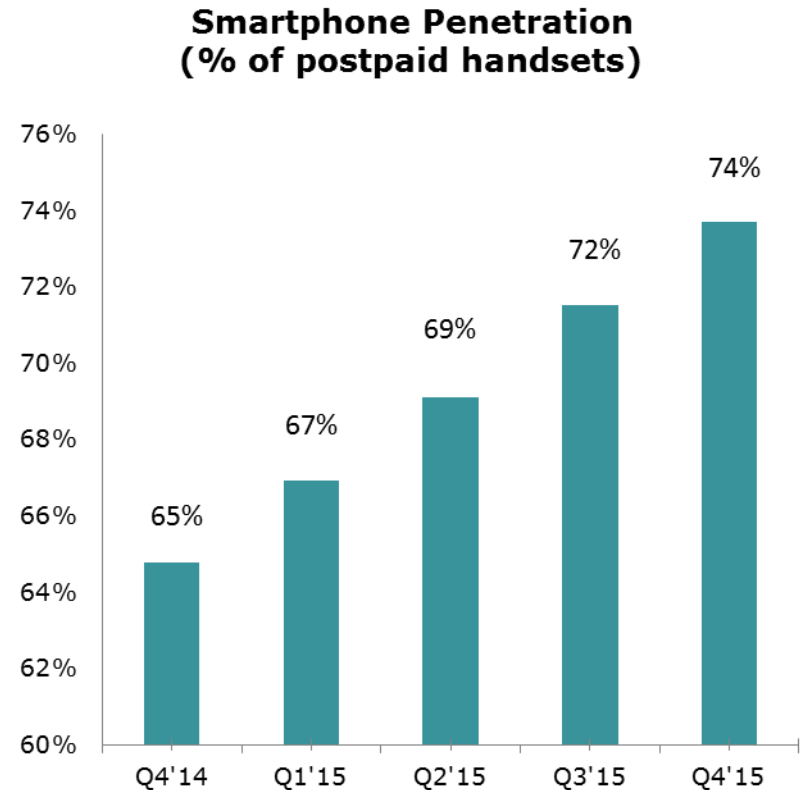
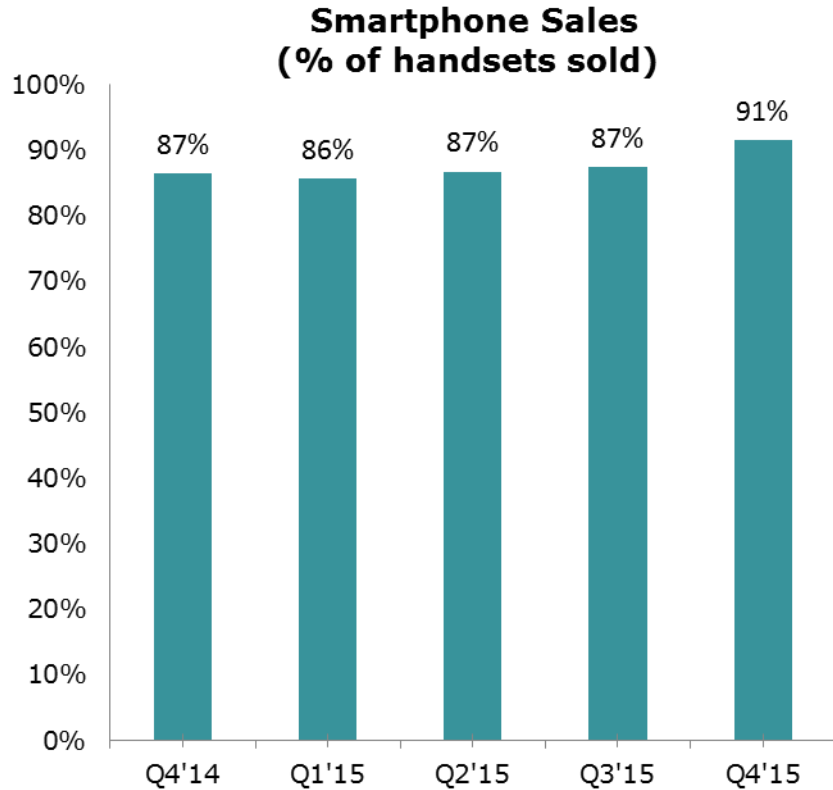
	Q4 '15	Q4 '14
Postpaid gross additions	240,000	302,000
Postpaid churn	1.3%	1.6%
Postpaid net additions	68,000	98,000
Prepaid net additions (losses)	7,000	(2,000)
Retail net additions	75,000	96,000
Total retail customers	4,796,000	4,646,000

	Feature Phones	Smartphones	Connected Devices
Postpaid gross additions	10,000	132,000	98,000
Postpaid net additions	(25,000)	23,000	70,000

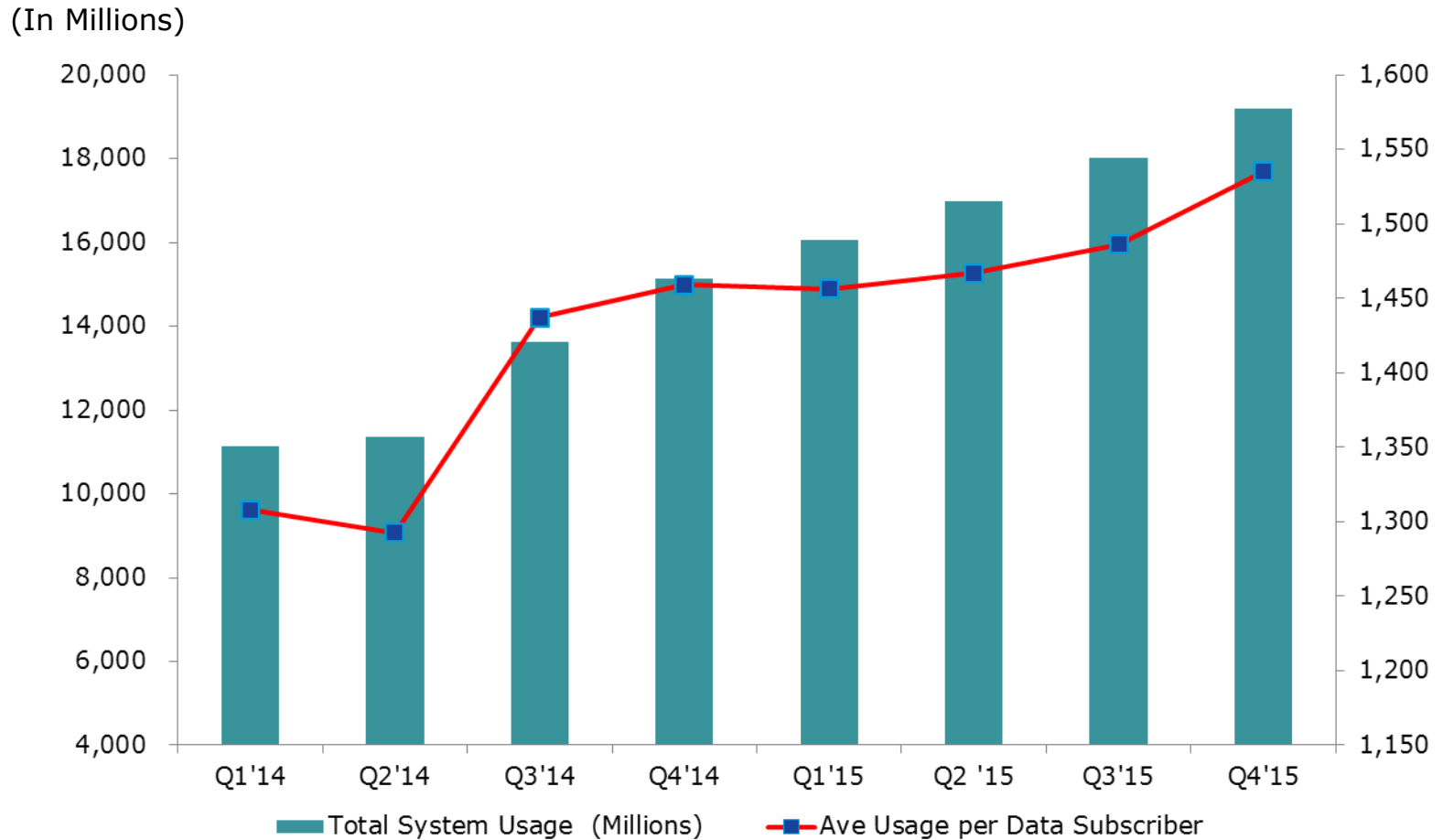
Postpaid churn rate



Smartphone sales and penetration



Data usage (In MB)



Postpaid revenue

	Q4'15	Q4'14	% Change
Average Revenue Per User	\$51.46	\$56.51	(9%)
Add: EIP billings	7.11	2.62	>100%
Average Billings Per User	\$58.57	\$59.13	(1%)
Average Revenue Per Account	\$131.96	\$136.13	(3%)
Add: EIP billings	18.23	6.31	>100%
Average Billings Per Account	\$150.19	\$142.44	5%

Total operating revenues

(\$ in millions)	Q4 '15	Q4 '14	% Change
Service revenues	\$ 802	\$ 850	(6%)
Retail service	716	758	(6%)
Roaming	43	50	(13%)
Tower rentals ⁽¹⁾	14	15	(9%)
Other	29	27	8%
Equipment sales revenues	185	159	16%
Total operating revenues	\$ 987	\$1,009	(2%)

(1) On a comparable basis excluding divested towers, tower rentals increased 12%

Operating cash flow and income



(\$ in millions)	Q4 '15	Q4 '14	% Change
Total operating revenues	\$ 987	\$1,009	(2%)
System operations expense	189	202	(7%)
Cost of equipment sold	274	342	(20%)
SG&A expenses	387	395	(2%)
Total cash expenses	850	939	(10%)
Operating cash flow ⁽¹⁾	137	69	98%
Depreciation, amortization and accretion	156	141	11%
Operating income (loss) (excluding gains, losses) ⁽¹⁾	\$(19)	\$(72)	73%

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

Adjusted EBITDA

(\$ in millions)	Q4 '15	Q4 '14	% Change
Operating cash flow ⁽¹⁾	\$137	\$ 69	98%
Equity in earnings of unconsolidated entities	30	24	29%
Interest and dividend income	11	6	72%
Adjusted EBITDA ⁽¹⁾	\$178	\$ 99	80%

(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

Full Year Results

(\$ in millions)	2015	2014	% Change
Total operating revenues	\$3,997	\$3,893	3%
Operating cash flow ⁽¹⁾	675	338	100%
Operating income (loss)(excluding gains, losses) ⁽¹⁾	69	(268)	>100%
Adjusted EBITDA ⁽¹⁾	\$852	\$480	77%

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

2016 guidance⁽¹⁾

(as of 2/19/16) (in millions)	2015 Estimates ⁽²⁾	2015 As Reported ⁽²⁾	2015 (Excluding rewards impact) ⁽³⁾	2016 Estimates (Current)
Total operating revenues	Approx. \$4,000	\$3,997	\$3,939	\$3,900 - \$4,100
Operating cash flow ⁽⁴⁾	\$540 - \$620	\$675	\$617	\$525 - \$650
Adjusted EBITDA ⁽⁴⁾	\$710 - \$790	\$852	\$794	\$725 - \$850
Capital expenditures	Approx. \$600	\$533	\$533	Approx. \$500

- (1) There can be no assurance that final results will not differ materially from estimated results.
- (2) Includes \$58 million related to termination of the rewards program
- (3) Total operating revenues, Operating cash flow and Adjusted EBITDA (Excluding Rewards Impact), are non-GAAP financial measures and represent Total operating revenues, Operating cash flow and Adjusted EBITDA, respectively, less the \$58 million impact of the termination of the rewards program in 2015. U.S. Cellular believes that such measures are useful to show such the impact of the termination of the rewards program on such measures.
- (4) 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: Positioning for success

- Wireline
 - Strong Fiber/IPTV results; TDS TV in 27 markets covering 23% of service addresses
 - Strong ARPUs
 - Legacy voice lines – losses moderating
- Cable
 - Total residential connections growth of 6%
 - Broadband penetration increasing
 - Product quality improvements at former Baja markets; rebranded as TDS
- HMS
 - Strong equipment revenue growth
 - Recurring service revenue growth still below expectations
 - Productivity and cost control initiatives



2016 strategic priorities

- Wireline
 - Complete targeted fiber deployment; increase broadband and IPTV penetration in existing markets
 - Potential for CAF II funding
 - Capital intensity declines
- Cable
 - Increase residential and commercial broadband customer connections
 - Leverage Wireline capabilities to create additional synergies
 - Continue to evaluate potential acquisitions
- Hosted and Managed Services
 - Focus on growth of recurring service revenues
 - Sell across entire portfolio
 - Utilize new data center capacity

TDS Telecom operating performance



(\$ in millions)	Q4 '15	Q4 '14	% Change
Wireline	\$174	\$180	(4%)
Cable	43	43	---
HMS	<u>69</u>	<u>60</u>	14%
Total operating revenues ⁽¹⁾	284	282	1%
Expenses ⁽¹⁾⁽²⁾	214	206	4%
Adjusted EBITDA ⁽³⁾	\$71	\$77	(8%)

(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)	Q4 '15	Q4 '14	% Change
Residential	\$73	\$74	(1%)
Commercial	54	57	(4%)
Wholesale	<u>46</u>	<u>49</u>	(6%)
Total service revenues	173	180	(4%)
Expenses ⁽¹⁾	116	114	2%
Adjusted EBITDA ⁽²⁾	\$59	\$67	(13%)

(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 *managedIP* contributing revenue growth



ILEC Residential Customers by Broadband Speeds

	12/31/15	12/31/14
> 5 Mb	86%	83%
> 10 Mb	47%	41%
> 25 Mb	16%	11%

IPTV Connections

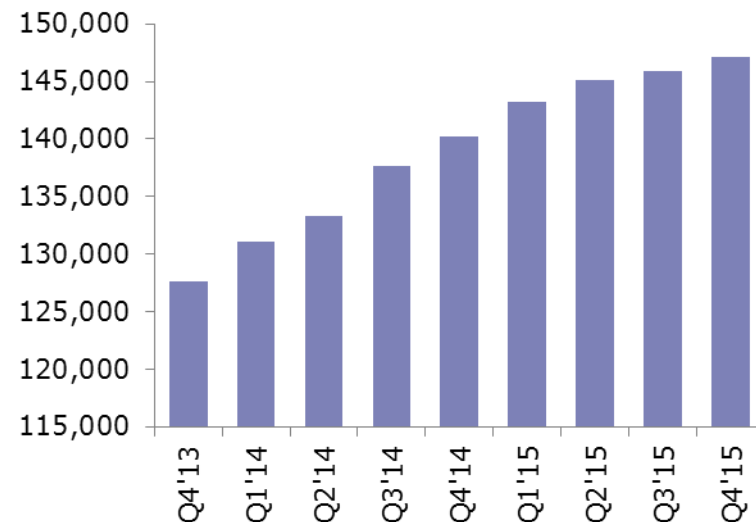
	12/31/15	12/31/14
IPTV	34,400	23,400

Wireline Residential Average Revenue Per Connection

12/31/15 (As reported)*	12/31/14
\$41.24	\$41.56

* Excluding one-time items, ARPU was \$43.15

managedIP Connections



Wireline Commercial ARPU per Connection

12/31/15	12/31/14
\$52.93	\$52.57



Cable snapshot

Connections

	12/31/15	12/31/14	% Change
Video	106,800	110,300	(3%)
Broadband	117,100	110,900	6%
Voice	<u>56,400</u>	<u>46,000</u>	<u>23%</u>
Total cable connections	280,300	267,300	5%

Operating Performance

(\$ in millions)	Q4 '15	Q4 '14	% Change
Total operating revenues	\$43	\$43	--
Expenses ⁽¹⁾	32	33	(1%)
Adjusted EBITDA ⁽²⁾	\$10	\$11	--

Penetration

	Industry 9/30/15	TDS Cable 12/31/15
Video	40%	33%
Broadband	44%	36%
Voice	22%	17%

(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)	Q4 '15	Q4 '14	% Change
Service revenues	\$29	\$27	6%
Equipment revenues	<u>40</u>	<u>33</u>	21%
Total operating revenues	69	60	14%
Expenses ⁽¹⁾	67	61	10%
Adjusted EBITDA ⁽²⁾	\$1	\$(1)	>100%

(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.

Full Year Results



(\$ in millions)	2015	2014	% Change
Wireline	\$ 701	\$ 716	(2%)
Cable	175	117	50%
HMS	<u>287</u>	<u>259</u>	11%
Total operating revenues ⁽¹⁾	1,158	1,088	6%
Adjusted EBITDA ⁽²⁾	306	298	3%
Capital Expenditures	\$ 219	\$ 208	5%

(1) Reflects intercompany eliminations

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

2016 TDS Telecom guidance⁽¹⁾



(as of 2/19/16) (\$ in millions)	2015 Estimate	2015 Actual	2016 Estimates (Current)
Total operating revenues	\$1,130 - \$1,180	\$1,158	\$1,130 - \$1,180
Operating cash flow ⁽²⁾	\$280 - \$310	\$304	\$270 - \$310
Adjusted EBITDA ⁽²⁾	\$280 - \$310	\$306	\$270 - \$310
Capital expenditures	Approx. \$220	\$219	Approx. \$180

(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 – Q4 2015 and Q4 2014 Actual Results

	Actual Results						Actual Results					
	Three months ended Dec. 31, 2015						Three months ended Dec. 31, 2014					
	U.S. Cellular	Wireline	Cable	HMS	Total TDS Telecom	TDS (2)	U.S. Cellular	Wireline	Cable	HMS	Total TDS Telecom	TDS (2)
(\$ in millions)												
Net income (loss) (GAAP)	(3)	12	(1)	(4)	8	(2)	(22)	5	1	6	12	(21)
Add back:												
Income tax expense (benefit)	(5)	10	1	(3)	8	(7)	(13)	19	---	(14)	5	(12)
Income (loss) before income taxes (GAAP)	(\$8)	\$22	---	(\$7)	\$16	(\$9)	(\$35)	\$24	\$1	(\$8)	\$17	(\$33)
Add back:												
Interest expense	25	---	---	1	---	39	15	(1)	---	---	---	28
Depreciation, amortization and accretion expense	156	41	9	7	58	216	141	43	9	7	58	202
EBITDA	\$174	\$64	\$9	\$1	\$74	\$246	\$121	\$68	\$9	(\$1)	\$76	\$196
Add back:												
Loss on impairment of assets	---	---	---	---	---	---	---	---	---	---	---	4
(Gain) loss on assets disposals, net	4	2	1	---	3	7	5	1	1	---	2	7
(Gain) loss on sale of business and other exit costs, net	---	(6)	---	---	(6)	(6)	(5)	---	---	---	---	(7)
(Gain) loss on license sales and exchanges, net	---	---	---	---	---	---	(22)	---	---	---	---	(22)
Adjusted EBITDA (3)	\$178	\$59	\$10	\$1	\$71	\$247	\$99	\$68	\$11	(\$1)	\$78	\$179
Deduct:												
Equity in earnings of unconsolidated entities	30	---	---	---	---	30	24	---	---	---	---	24
Interest and dividend income	11	1	---	---	---	11	6	1	---	---	---	7
Operating cash flow (3)(4)	\$137	\$59	\$10	\$1	\$71	\$206	\$69	\$67	\$11	(\$1)	\$77	\$148
Deduct:												
Depreciation, amortization and accretion expense	156						141					
Operating income (loss) (excluding gains, losses)	<u>(\$19)</u>						<u>(\$72)</u>					

(2) (3) (4) – see notes at the end of this presentation

Operating Cash Flow and Adjusted EBITDA Reconciliation – 2016 Estimated, 2015 and 2014 Full Year Actual Results

(\$ in millions)

	U.S. Cellular				TDS Telecom			
	2016 Estimate (1)	2015 Estimate (1)	2015 Actual	2014 Actual	2016 Estimate (1)	2015 Estimate (1)	2015 Actual	2014 Actual
Net Income (loss) (GAAP)	N/A	N/A	247	(47)	N/A	N/A	46	(24)
Add back:								
Income tax expense (benefit)	N/A	N/A	156	(12)	N/A	N/A	35	18
Income (loss) before income taxes (loss) (GAAP)	\$0 - \$125	\$275-\$355	\$404	(\$59)	\$40- \$80	\$45-\$75	\$81	(\$7)
Add back:								
Interest expense	105	80	86	57	--	--	1	(1)
Depreciation, amortization and accretion	600	600	606	606	230	235	228	220
EBITDA	\$705-\$830	\$955-\$1,035	\$1,096	\$605	\$270 - \$310	\$280-\$310	\$310	\$212
Add back:								
Loss on impairment of assets	---	---	---	---	--	---	---	84
(Gain) loss on sale of business and other exit costs, net	---	(115)	(114)	(33)	--	(5)	(10)	(2)
(Gain) loss on license sales and exchanges (5)	---	(145)	(147)	(113)	--	---	---	---
(Gain) loss on asset disposals, net	20	15	16	21	--	5	6	5
Adjusted EBITDA (2)	\$725-\$850	\$710-\$790	\$852	\$480	\$270 - \$310	\$280-\$310	\$306	\$298
Deduct:								
Equity in earnings of unconsolidated entities	(140)	(135)	(140)	(130)	--	--	---	---
Interest and dividend income	(60)	(35)	(37)	(12)	--	--	(2)	(2)
Operating cash flow (2) (3) (4)	\$525-\$650	\$540--\$620	\$675	\$338	\$270 - \$310	\$280-\$310	\$304	\$296
Deduct:								
Total Depreciation, Amortization and Accretion			(606)	(606)				
Operating Income (loss) (excluding gains, losses)			\$69	(\$268)				

(1) (2) (3) (4) (5) – see notes at the end of this presentation

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- (1) In providing 2016 and 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.
 - (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, TDS 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. TDS 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. TDS believes Operating cash flow, Adjusted EBITDA and Operating income (loss) (excluding gains and losses) are useful measures of TDS' 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 Dec. 31, 2015 actual results can be found on the company's website at investors.tdsinc.com.
 - (5) In February 2016, U.S. Cellular entered into multiple agreements to exchange licenses. Agreements are subject to regulatory approval and other customary closing conditions, and are expected to close in 2016. Upon closing of the transactions, U.S. Cellular expects to record a gain. A reasonable estimate of the gains is unavailable at the time of this filing.

