



Fourth Quarter 2016 Results
2016 Accomplishments
2017 Strategic Priorities and Guidance

February 24, 2017

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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

- 3/6/17 – Deutsche Bank 2017 Media, Internet & Telecom Conference (Palm Beach, Florida)
- 3/7/17 – Raymond James 2017 Institutional Investors Conference (Orlando)
- 3/22/17-3/23/17 (New York – Boston) – Gabelli NDR

TDS – looking ahead

- Capital Allocation – since 3:1 ratio announced in 2013, \$581 million invested back into Cable and HMS, \$263 million returned to shareholders, primarily through dividends
 - Cable acquisitions remain a priority
 - Dividend increase of 5%
- Regulatory Opportunities
 - A-CAM support a big win for TDS Telecom
 - Support for rural broadband aligns with FCC objectives
- Tax reform



2016: Balancing growth and profitability

- Revenue impacted by competitive activity
- Focus on protecting customer base
 - Improvement in postpaid and prepaid churn
- Strong cost focus
- Adjusted EBITDA up 4%, excluding discrete items

2016:Key drivers and accomplishments

- Gross additions and switching activity down across the industry
 - Have not been chasing customers at any cost
- Win-backs continue
- Strong customer engagement
 - Securing 4G roaming agreements to ensure continued satisfaction
 - J.D. Power Award for "Highest Wireless Network Quality Performance in the North Central Region"
 - Full year postpaid handset churn at 1.18%, down from 1.30% in 2015
- Strong cost and efficiency focus
 - Customer care
 - Distribution
- Managing capital expenditures to the lowest level in 15 years while maintaining network quality

2016: Investing in the Network

- 4G LTE reaches 99% of postpaid connections
 - 97% of postpaid smartphones 4G LTE capable
 - 90% of data carried on 4G LTE
- Commercial deployment of VoLTE in Iowa in early 2017
 - Network readiness
- VoLTE enables roaming opportunities with additional carriers
- Successfully tested fixed wireless technology
 - Evaluating use with both 4G and 5G

Network quality remains a cornerstone of the strategy

2017 strategic priorities

- Protect our subscriber base
- Aggressive, yet economical, promotions and pricing
- Efforts to attract SMB and government customers are gaining traction
- Drive high margin revenue streams
 - Device protection plans
 - Accessory sales
 - VoLTE roaming
- Active advocacy for programs to deliver mobile broadband to rural America
- Continue to drive improvements in cost structure

Where will we invest?

- Network quality remains our competitive advantage
- Ongoing investment to meet growing demand for data
- Continue multi-year roll-out of VoLTE
 - Commercial deployment in Iowa
 - Roaming initiated in latter half of 2017
 - Prepare additional markets for deployment in early 2018
- Fixed wireless

Reason for Optimism?

- We offer a highly-valued service
- Importance and value is growing
- Mobility and connectivity are the future
- Funding and adequate returns are necessary for investment to meet the demand and opportunity

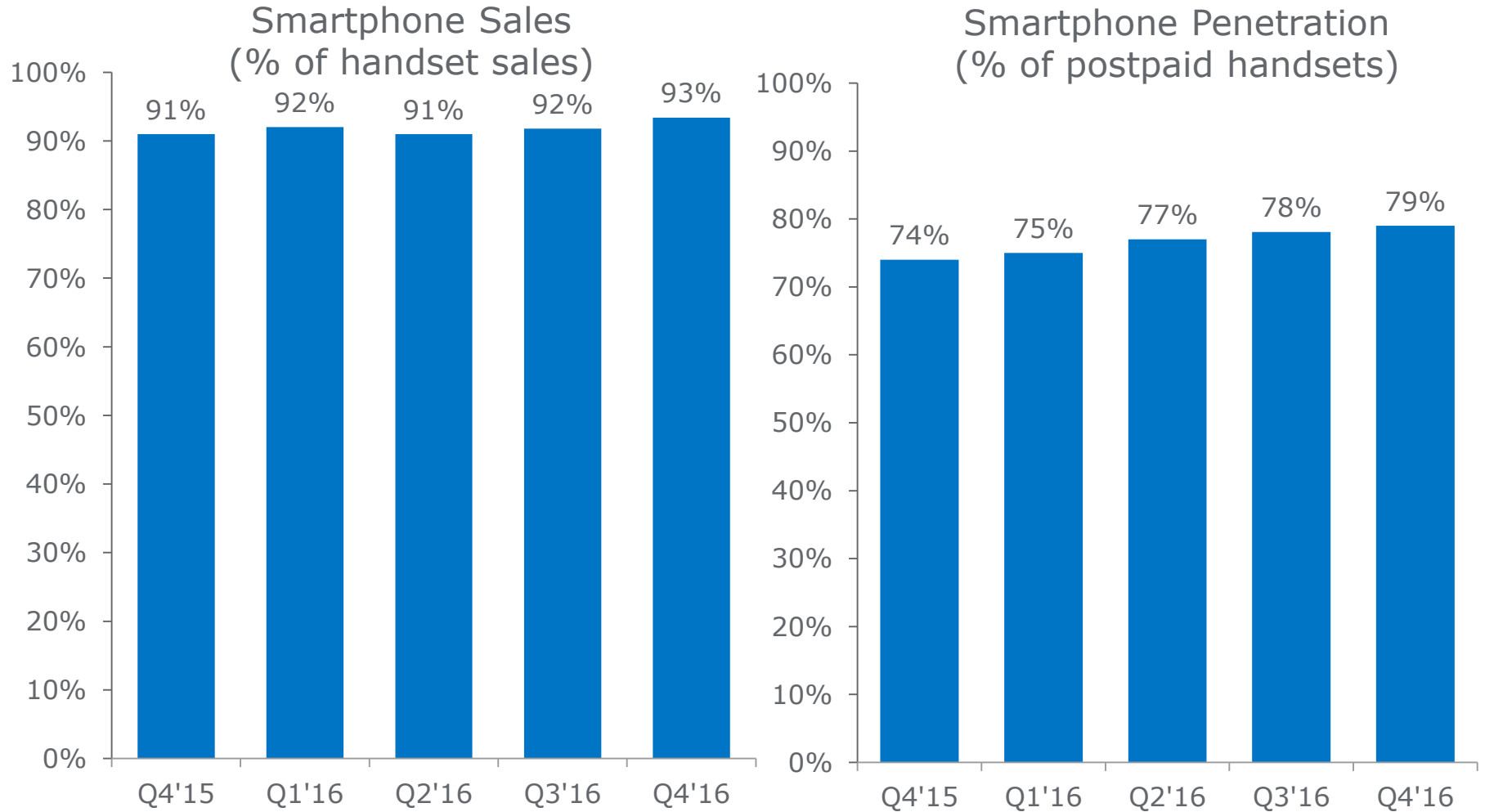
Connection Activity



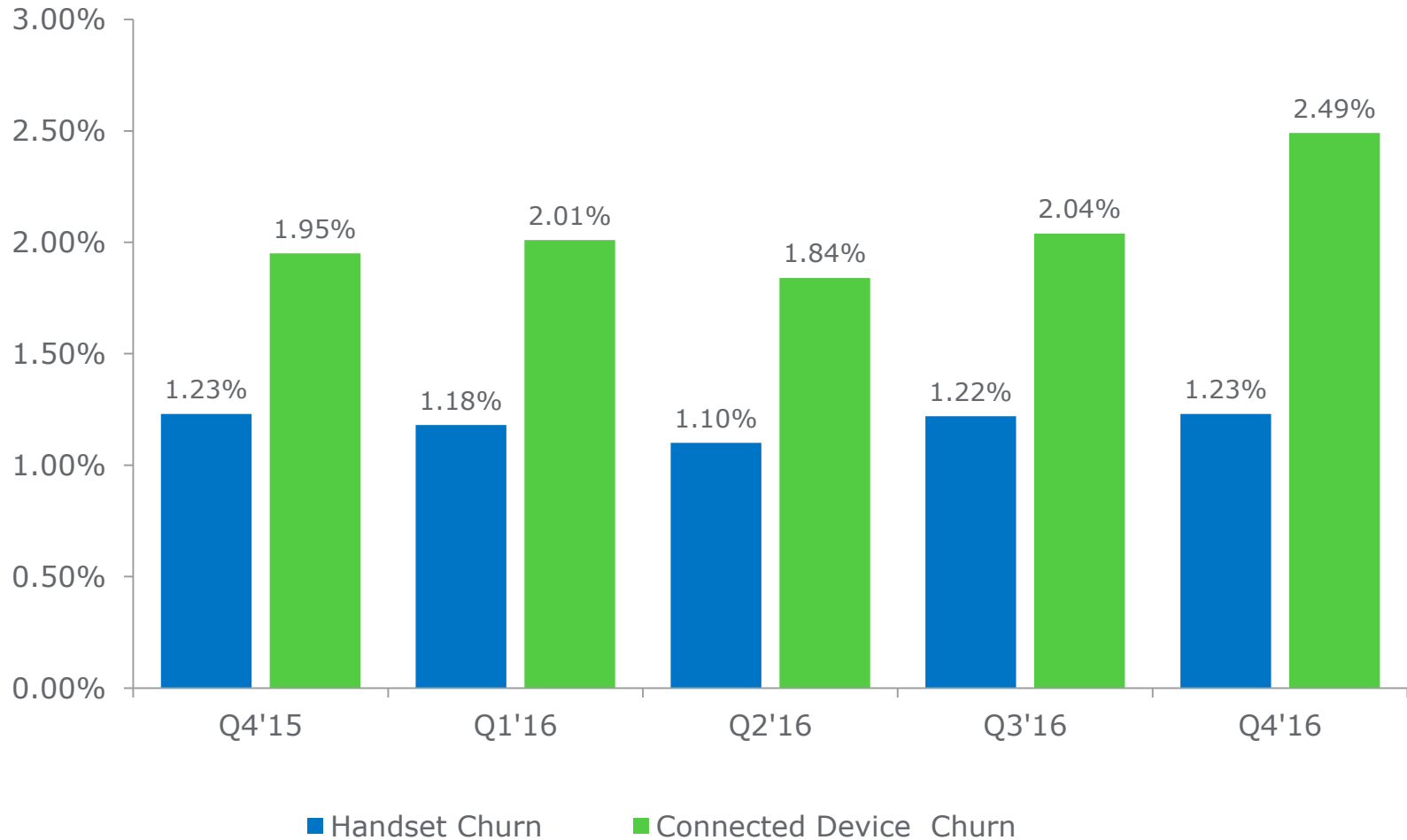
	Q4 '16	Q4 '15
Postpaid gross additions	187,000	240,000
Postpaid churn	1.41%	1.31%
Postpaid net additions (losses)	(2,000)	68,000
Prepaid net additions	4,000	7,000
Retail net additions	2,000	75,000
Total retail connections	4,966,000	4,796,000

	Feature Phones	Smartphones	Connected Devices
Postpaid gross additions	7,000	109,000	71,000
Postpaid net additions (losses)	(21,000)	(4,000)	23,000

Smartphone sales and penetration



Postpaid churn rate



Total operating revenues



(\$ in millions)	Q4'16	Q4'15	% Change
Service revenues	\$737	\$802	(8%)
Retail service	656	716	(8%)
Roaming	34	43	(22%)
Tower rentals	15	14	7%
Other	32	29	14%
Equipment sales revenues	254	185	37%
Total operating revenues	\$991	\$987	–

Postpaid revenue



	Q4'16	Q4'15	% Change
Average Revenue Per User	\$45.19	\$51.46	(12%)
Add: EIP billings	10.24	7.11	44%
Average Billings Per User (ABPU) ⁽¹⁾	\$55.43	\$58.57	(5%)
Average Revenue Per Account	\$120.67	\$131.96	(9%)
Add: EIP billings	27.35	18.23	50%
Average Billings Per Account (ABPA) ⁽¹⁾	\$148.02	\$150.19	(1%)
Average Postpaid Connections Per Account	2.67	2.56	4%
EIP Sales Mix	81%	53%	---

(1) ABPU and ABPA are non-GAAP financial measures that are defined in the non-GAAP reconciliation at the end of the presentation.

Operating cash flow



(\$ in millions)	Q4'16	Q4'15	% Change
Total operating revenues	\$991	\$987	–
System operations expense	188	189	–
Cost of equipment sold	283	274	3%
SG&A expenses	390	388	1%
Total cash expenses ⁽¹⁾	861	851	1%
Operating cash flow ⁽²⁾	130	136	(5%)

(1) Total cash expenses represents total operating expenses as shown in the Consolidated Statement of Operations Highlights, less depreciation, amortization and accretion and gains/losses.

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

Adjusted EBITDA



(\$ in millions)	Q4'16	Q4'15	% Change
Operating cash flow ⁽¹⁾	\$130	\$136	(5%)
Equity in earnings of unconsolidated entities	30	30	–
Interest and dividend income	16	10	53%
Other, net	1	1	(13%)
Adjusted EBITDA ⁽¹⁾	\$177	\$177	–

(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.

Revenues, Operating cash flow and Adjusted EBITDA – Full year 2016



(\$ in millions)	2016	2015	% Change
As Reported:			
Total operating revenues	\$3,939	\$3,997	(1%)
Operating cash flow ⁽¹⁾	618	675	(8%)
Adjusted EBITDA ⁽¹⁾	\$816	\$852	(4%)
Excluding discrete items ⁽²⁾			
Total operating revenues	\$3,939	\$3,939	–
Operating cash flow ⁽¹⁾	631	617	2%
Adjusted EBITDA ⁽¹⁾	\$829	\$794	4%

(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.

(2) Total Operating revenues, Operating cash flow and Adjusted EBITDA (excluding discrete items) are non-GAAP measures because they exclude the impacts of the termination of a naming rights agreement in 2016 (+\$13M) and the termination of the rewards program in 2015 (-\$58M).

2017 U.S. Cellular guidance ⁽¹⁾



(\$ in millions)		2016 Actual (as reported)	2016 Actual (excl. discrete items)*	2017 Estimates *
As of Feb. 24, 2017	2016 Estimates			
Total operating revenues	\$3,900-\$4,100	\$3,939	\$3,939	\$3,800-\$4,000
Operating cash flow ⁽²⁾⁽³⁾	\$525-\$650	\$618	\$631	\$500-\$650
Adjusted EBITDA ⁽²⁾⁽³⁾	\$725-\$850	\$816	\$829	\$650-\$800
Capital expenditures	\$500	\$446	\$446	Approx. \$500

(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.

(3) Operating cash flow and Adjusted EBITDA (excluding discrete items) are non-GAAP measures because they exclude the impact of the termination of a naming rights agreement in 2016 (+13M).

*** Effective for 2017, U.S. Cellular will report imputed interest related to equipment installment plans in revenues. For 2016 and previous years, Imputed interest was reported in Interest and dividend income. As adjusted to conform to the change in classification, Total operating revenues and Operating cash flow (excluding discrete items) for 2016 were \$3,990 million and \$682 million, respectively. The company recorded \$51 million in imputed interest in 2016. Such amounts are non-GAAP financial measures and are reconciled at the end of the presentation.**



2016: Network investments drive broadband and ARPU growth



Wireline

- Fiber deployment essentially complete in our most attractive markets
 - Providing speeds up to 1 GBPS
 - Opportunities to improve IPTV/triple play penetrations and ARPU
- Copper bonding complete in mid-tier markets
- Efforts to secure A-CAM funding successful
 - 10-years of support provides certainty
 - \$75 million per year plus transitional support
 - Obligation to bring defined speeds and service to 160,000 locations
 - Initial build will drive fiber deeper into network and improve capacity throughout network

2016: Network investments drive broadband and ARPU growth



Cable

- Broadband strategy taking hold, showing early results
- Analog reclamation completed, spectrum reclaimed
 - Increased speeds, 300 Mbps service to more than half of service addresses
 - Increased digital services across video customer base, driving improved customer experience

HMS

- Enhanced suite of hybrid-IT solutions
- Process automation and standardization to achieve efficiencies

2017 strategic priorities



- Wireline
 - Increase penetration in existing fiber markets and continue to modestly deploy fiber where economically feasible
 - Leverage copper bonding to increase penetration of higher speed broadband customers
 - Year 1 A-CAM – drive fiber deeper into network
- Cable
 - Increase broadband penetration
 - Continue to evaluate potential acquisitions
- Hosted and Managed Services
 - Focus on growth of recurring service revenues
 - Lead with managed services and hybrid cloud offering
 - Continue process automation and standardization

Build on 2016 Investments

TDS Telecom operating performance



(\$ in millions)	Q4'16	Q4'15	% Change
Wireline	\$174	\$174	---
Cable	49	43	13%
HMS	61	69	(10%)
Total operating revenues ⁽¹⁾	283	284	---
Cash expenses ⁽¹⁾⁽²⁾	212	214	(1%)
Adjusted EBITDA ⁽³⁾	72	71	1%
Capital expenditures	\$45	\$73	(39%)

(1) Includes intercompany eliminations

(2) 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 Operation Highlights.

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

Fourth quarter Wireline highlights



- Continued success selling triple play bundles
- IPTV connections up 32%
 - Residential revenue per connection up 7% as reported; 3% adjusted
- Demand for higher speed broadband strong
- Ability to offset loss of commercial and wholesale revenue with growth from fiber investments
- Free cash flow improvement as capital intensity declines

	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16	% Change (Y/Y)
IPTV connections	34,400	38,300	41,200	43,600	45,300	32%
Residential revenue per connection	\$41.24*	\$43.28	\$43.67	\$44.25	\$44.27	7%
<i>managed</i> IP connections	147,100	148,500	149,000	151,500	150,900	3%

	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16
Take rate % at 10 MB or higher	47%	49%	50%	52%	53%
Take rate % at 25 MB or higher	16%	18%	19%	21%	22%

*Includes discrete items which reduced ARPU by \$1.91

Wireline operating performance



(\$ in millions)	Q4'16	Q4'15	% Change
Residential	\$ 78	\$ 72	8%
Commercial	52	54	(5%)
Wholesale	44	46	(5%)
Total service revenues	174	173	---
Cash expenses ⁽¹⁾	116	116	---
Adjusted EBITDA ⁽²⁾	\$ 59	\$ 59	1%
Capital expenditures	\$26	\$50	(47%)

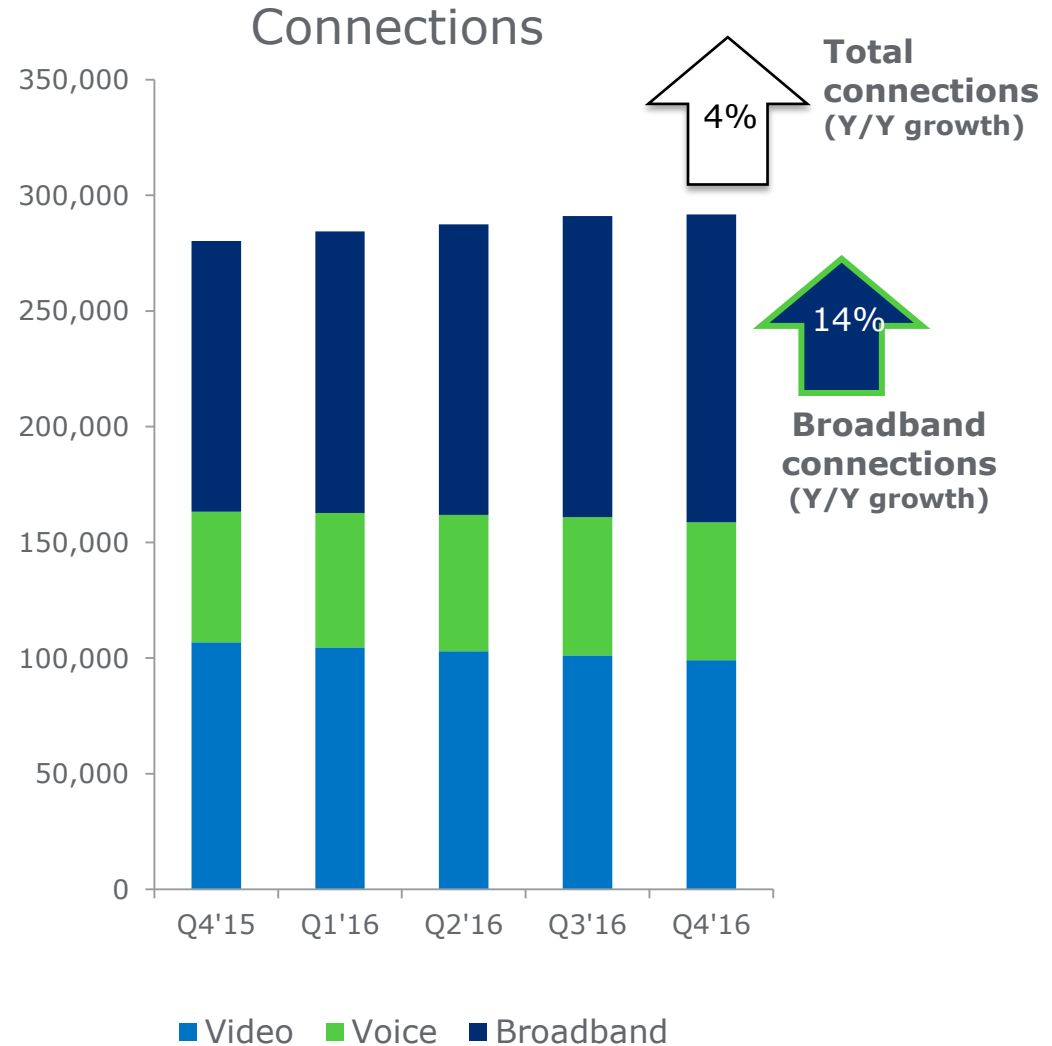
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(2) Adjusted EBITDA is a non-GAAP financial measure that is defined in the non-GAAP reconciliation at the end of the presentation.

Fourth quarter Cable highlights



- Broadband connections increase 14%
- Analog reclamation complete
- Revenue increases 13%



Cable operating performance



(\$ in millions)	Q4'16	Q4'15	% Change
Residential	\$ 38	\$ 34	13%
Commercial	11	9	15%
Total operating revenues	49	43	13%
Cash expenses ⁽¹⁾	38	32	16%
Adjusted EBITDA ⁽²⁾	\$ 11	\$ 10	6%
Capital expenditures	\$13	\$15	(12%)

(1) 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.

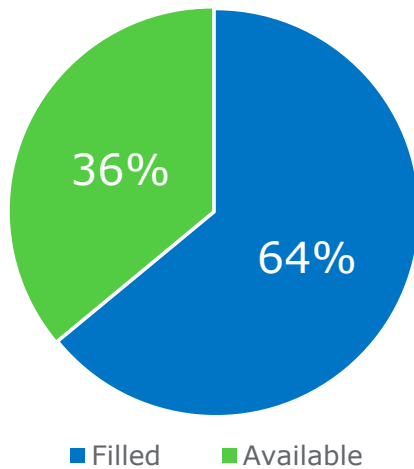
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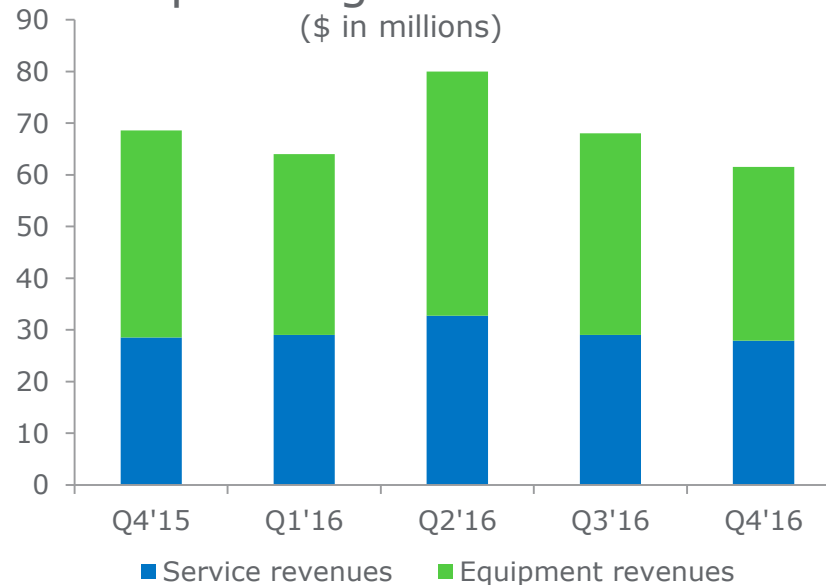
Fourth quarter HMS highlights

- Focus on growth of recurring service revenues
 - Utilize new data center capacity
- Equipment revenue and COGS lower due to timing of sales
- Lower capital intensity improved free cash flow

Rentable data center space



Operating Revenues
(\$ in millions)



Hosted and Managed Services operating performance



(\$ in millions)	Q4'16	Q4'15	% Change
Service revenues	\$28	\$28	(2%)
Equipment sales	34	40	(16%)
Total operating revenues	61	69	(10%)
Cash expenses ⁽¹⁾	60	67	(10%)
Adjusted EBITDA ⁽²⁾	\$ 1	\$ 1	(6%)
Capital expenditures	\$5	\$8	(35%)

(1) 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.

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

Revenues, Operating cash flow and Adjusted EBITDA – Full year 2016

(\$ in millions)	2016	2015	% Change
Wireline	\$ 698	\$ 701	---
Cable	185	175	6%
HMS	273	287	(5%)
Total operating revenues ⁽¹⁾	1,151	1,158	(1%)
Adjusted EBITDA ⁽²⁾	298	306	(3%)
Capital expenditures	\$ 173	\$ 219	(21%)

(1)Includes 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.

2017 TDS Telecom guidance (1)



(\$ in millions) As of Feb. 24, 2017	2016 Estimates	2016 Actual	2017 Estimates
Total operating revenues	\$1,130 - \$1,180	\$1,151	\$1,200 - \$1,250
Operating cash flow ⁽²⁾	\$270 - \$310	295	\$300 - \$340
Adjusted EBITDA ⁽²⁾	\$270 - \$310	298	\$300 - \$340
Capital expenditures	\$180	\$173	Approx. \$225

(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

In providing 2016 and 2015 Actual 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.

Three months ended Dec. 31, 2016

Three months ended Dec. 31, 2015

(\$ in millions)

	U.S. Cellular	Wireline	Cable	HMS	Total TDS Telecom	TDS (1)	U.S. Cellular	Wireline	Cable	HMS	Total TDS Telecom	TDS (1)
Net income (loss) (GAAP)	\$(5)	N/A	N/A	N/A	\$10	\$(5)	\$(3)	N/A	N/A	N/A	\$8	\$(2)
Add back:												
Income tax expense (benefit)	(6)	N/A	N/A	N/A	5	(6)	(5)	N/A	N/A	N/A	8	(7)
Income (loss) before income taxes (GAAP)	\$(11)	\$20	\$1	\$(7)	\$15	\$(11)	\$(8)	\$22	---	\$(7)	\$16	\$(9)
Add back:												
Interest expense	29	---	---	1	1	43	25	---	---	1	---	39
Depreciation, amortization and accretion expense	156	40	9	7	56	214	156	41	9	7	58	216
EBITDA (non-GAAP)	\$174	\$60	\$10	\$1	\$71	\$246	\$173	\$64	\$9	\$1	\$74	\$246
Add back:												
(Gain) loss on assets disposals, net	6	---	1	---	1	7	4	2	1	---	3	7
(Gain) loss on sale of business and other exit costs, net	---	---	---	---	---	---	---	(6)	---	---	(6)	(6)
(Gain) loss on license sales and exchanges, net	(3)	(1)	---	---	(1)	(3)	---	---	---	---	---	---
Adjusted EBITDA (2) (non-GAAP)	\$177	\$59	\$11	\$1	\$72	\$250	\$177	\$59	\$10	\$1	\$71	\$247
Deduct:												
Equity in earnings of unconsolidated entities	30	---	---	---	---	30	30	---	---	---	---	30
Interest and dividend income	16	1	---	---	1	18	10	---	---	---	---	11
Other, net	1	---	---	---	---	---	1	---	---	---	---	---
Operating cash flow (2) (3) (non-GAAP)	\$130	\$58	\$11	\$1	\$71	\$202	\$136	\$59	\$10	\$1	\$71	\$206

Operating Cash Flow and Adjusted EBITDA Reconciliation – 2017 Estimated and 2016 Full Year (as reported)

	2017 Estimated Results			Actual Results Year ended December 31, 2016		
	U.S. Cellular	TDS Telecom	TDS(1)	U.S. Cellular	TDS Telecom	TDS (1)
(Dollars in millions)						
Net income (loss) (GAAP)	N/A	N/A	N/A	\$49	\$42	\$52
Add back:						
Income tax expense (benefit)	N/A	N/A	N/A	33	25	40
Income (loss) before income taxes (GAAP)	\$(110)-\$40	\$75-\$115	\$(95)-\$95	\$82	\$67	\$92
Add back:						
Interest expense	110	---	170	113	3	170
Depreciation, amortization and accretion	630	225	860	618	224	850
EBITDA	\$630-\$780	\$300-\$340	\$935-\$1,125	\$813	\$294	\$1,112
Add back:						
(Gain) loss on sale of business and other exit costs, net	--	---	---	--	--	(1)
(Gain) loss on license sales and exchanges, net (4)	--	---	---	(19)	(1)	(20)
(Gain) loss on assets disposals, net	20	---	20	22	4	27
Adjusted EBITDA (2)	\$650-\$800	\$300-\$340	\$955-\$1,145	\$816	\$298	\$1,118
Deduct:						
Equity in earnings of unconsolidated entities	140	---	140	140	--	140
Interest and dividend income	10	---	10	57	3	62
Other, net	--	---	--	1	--	--
Operating cash flow (2)(3)	\$500-\$650	\$300-\$340	\$805-\$995	\$618	\$295	\$916

Postpaid ABPU ⁽⁵⁾ and Postpaid ABPA ⁽⁵⁾ Reconciliation

(dollars and connection counts in millions)

Three months
ended Dec. 31
2016

Three months
ended Dec. 31
2015

Calculation of Postpaid ARPU

Postpaid service revenues	\$607	\$674
Average number of postpaid connections	4.48	4.37
Number of months in period	3	3
Postpaid ARPU (GAAP metric)	\$45.19	\$51.46

Calculation of Postpaid ABPU ⁽⁵⁾

Postpaid service revenues	\$607	\$674
Equipment installment plan billings	138	93
Total billings to postpaid connections	\$745	\$767
Average number of postpaid connections	4.48	4.37
Number of months in period	3	3
Postpaid ABPU (non-GAAP metric) ⁽⁵⁾	\$55.43	\$58.57

Calculation of Postpaid ARPA

Postpaid service revenues	\$607	\$674
Average number of postpaid accounts	1.68	1.70
Number of months in period	3	3
Postpaid ARPA (GAAP metric)	\$120.67	\$131.96

Calculation of Postpaid ABPA ⁽⁵⁾

Postpaid service revenues	\$607	\$674
Equipment installment plan billings	138	93
Total billings to postpaid accounts	\$745	\$767
Average number of postpaid accounts	1.68	1.70
Number of months in period	3	3
Postpaid ABPA (non-GAAP metric) ⁽⁵⁾	\$148.02	\$150.19

U.S. Cellular Discrete Items Reconciliation

	Full Year-end 12/31/16	Discrete Item	Full Year-end 12/31/16	Discrete Item	Full-Year end 12/31/16	Full Year-end 12/31/15	Discrete Item	Full Year-end 12/31/15
(in millions)								
	As reported	Naming Rights Impact	Excluding naming rights impact (non-GAAP)	Imputed Interest	Excl(s) Naming Rights Impact and Imputed Interest (non-GAAP)	As reported	Rewards Impact	Excluding rewards impact (non- GAAP)
Service revenues*	\$ 3,030	---	\$ 3,030	\$51	\$ 3,081	\$3,350	\$(58)	\$3,292
Retail service*	2,700	---	2,700	---	2,700	2,994	(58)	2,936
Inbound roaming*	152	---	152	---	152	192	---	192
Other*	178	---	178	51	229	164	---	164
Equipment sales revenue*	909	---	909	---	909	647	---	647
Total operating revenues*	\$3,939	---	\$3,939	\$51	\$ 3,990	\$3,997	\$(58)	\$3,939
System operation expense*	760	---	760	---	760	775	---	775
Cost of equipment sold*	1,081	---	1,081	---	1,081	1,053	---	1,053
SG&A*	1,480	(13)	1,467	---	1,467	1,494	---	1,494
Total cash expenses ⁽⁶⁾	3,321	(13)	3,308	---	3,308	3,322	---	3,322
Operating cash flow (non-GAAP)	\$618	\$13	\$631	\$51	\$682	675	\$(58)	\$617
Equity in earnings of unconsolidated entities*	140	---	140	---	140	140	---	140
Interest and dividend income*	57	---	57	\$(51)	6	36	---	36
Other, net*	1	---	1	---	1	1	---	1
Adjusted EBITDA (non-GAAP)	\$816	\$13	\$829	---	\$829	\$852	\$(58)	\$794

* GAAP

As previously described, this table reconciles GAAP measures to non-GAAP measures showing the impact of the termination of a naming rights agreement in 2016 (\$13 million) and the termination of the rewards program in 2015 (\$58 million). In addition, this table shows 2016 results adjusted for the change in classification of imputed interest related to equipment installment plans to revenues from Interest and dividend income, to be made effective in 2017. U.S. Cellular believes this information is useful to investors and other users of its financial information in showing the effect of the termination of the naming rights and the pro-forma effect of the reclassification to be made effective in 2017.

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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, all of which are not presented above.
 - (2) 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 cash flow is defined as net income adjusted for the items set forth in the reconciliation above. Adjusted EBITDA and Operating cash flow 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 Operating cash flow as measurements of profitability, and therefore reconciliations to applicable GAAP income measures are deemed most appropriate. Management believes Adjusted EBITDA and Operating cash flow 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 Operating cash flow 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 Adjusted EBITDA and Operating cash flow to the corresponding GAAP measure, Net income or Income (loss) before income taxes.
 - (3) A reconciliation of Operating cash flow (Non-GAAP) and Operating income (excluding gains and losses) (Non-GAAP) to operating income (GAAP) for December 31, 2016 actual results can be found on the company's website at investors.tdsinc.com.
 - (4) In 2016, U.S. Cellular completed multiple agreements to exchange licenses. Agreements are subject to regulatory approval and other customary closing conditions. A portion of one of the agreements subsequently closed in the first quarter of 2017 and resulted in a gain.
 - (5) 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.
 - (6) Cash expenses represent the total of the above expenses, and are identified as Expenses excluding depreciation, amortization and accretion on the Consolidated Statement of Operations.