

2016 Estimated Results

Estimates of full-year 2016 results for U.S. Cellular, TDS Telecom, and TDS are shown below. Such estimates represent management's view as of February 19, 2016. Such forward-looking statements should not be assumed to be current as of any future date. TDS undertakes no duty to update such information, whether as a result of new information, future events, or otherwise. There can be no assurance that final results will not differ materially from such estimated results.

2016 Estimated Results and Actual Results for the year ended December 31, 2015

	U.S. Cellular		TDS Telecom		TDS ⁽²⁾	
	Estimate	Actual	Estimate	Actual	Estimate	Actual
(Dollars in millions)						
Total operating revenues	\$3,900-\$4,100	\$ 3,997	\$1,130-\$1,180	\$ 1,158	\$5,040-\$5,290	\$ 5,176
Operating cash flow ⁽¹⁾	\$525-\$650	\$ 675	\$270-\$310	\$ 304	\$800-\$965	\$ 981
Adjusted EBITDA ⁽¹⁾	\$725-\$850	\$ 852	\$270-\$310	\$ 306	\$1,000-\$1,165	\$ 1,160
Capital expenditures	Approx. 500	\$ 533	Approx. 180	\$ 219	Approx. 695	\$ 759

The following table provides a reconciliation to Operating Cash Flow and Adjusted EBITDA for 2016 estimated results, and actual results for the year ended December 31, 2015:

	U.S. Cellular		TDS Telecom		TDS ⁽²⁾	
	Estimate ⁽³⁾	Actual	Estimate ⁽³⁾	Actual	Estimate ⁽³⁾	Actual
(Dollars in millions)						
Net income (loss) (GAAP)	N/A	247	N/A	46	N/A	263
Add back:						
Income tax expense (benefit)	N/A	156	N/A	35	N/A	172
Income (loss) before income (GAAP)	\$ 0-125	\$ 404	\$ 40-80	\$ 81	\$ (20)-145	\$ 435
Add back:						
Interest expense	105	86	-	1	165	142
Depreciation, amortization and accretion expense	600	606	230	228	835	844
EBITDA	\$ 705-830	\$ 1,096	\$ 270-310	\$ 310	\$ 980-1,145	\$ 1,421
Add back:						
(Gain) loss on sale of business and other exit costs, net	-	(114)	-	(10)	-	(136)
(Gain) loss on license sales and exchanges, net ⁽⁵⁾	-	(147)	-	-	-	(147)
(Gain) loss on asset disposals, net	20	16	-	6	20	22
Adjusted EBITDA ⁽¹⁾	\$ 725-850	\$ 852	\$ 270-310	\$ 306	\$ 1,000-1,165	\$ 1,160
Deduct:						
Equity in earnings of unconsolidated entities	(140)	(140)	-	-	(140)	(140)
Interest and dividend income; other income	(60)	(37)	-	(2)	(60)	(39)
Operating cash flow ⁽¹⁾⁽⁴⁾	\$ 525-650	\$ 675	\$ 270-310	\$ 304	\$ 800-965	\$ 981

Note: Totals may not foot due to rounding differences.

- (1) 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 cash flow and Adjusted EBITDA 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 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 and Adjusted EBITDA 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 and Adjusted EBITDA are useful measures of TDS' operating results before significant recurring non-cash charges, gains and losses, and other items as indicated above.
- (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) In providing 2016 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.
- (4) A reconciliation of Operating cash flow (Non-GAAP) to operating income (GAAP) for full year 2015, 2014 and 2013 actual results can be found on the Guidance and Reconciliation page of 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.