

Estimated Results

2016 Estimated Results

Current estimates of full-year 2016 results for U.S. Cellular, TDS Telecom, and TDS, which are unchanged from the previous estimates, are shown below. Such estimates represent management's view as of August 5, 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

	U.S. Cellular		TDS Telecom		TDS ⁽²⁾	
	Current	Previous	Current	Previous	Current	Previous
(Dollars in millions)						
Total operating revenues	\$3,900-\$4,100	Unchanged	\$1,130-\$1,180	Unchanged	\$5,040-\$5,290	Unchanged
Operating cash flow ⁽¹⁾	\$525-\$650	Unchanged	\$270-\$310	Unchanged	\$800-\$965	Unchanged
Adjusted EBITDA ⁽¹⁾	\$725-\$850	Unchanged	\$270-\$310	Unchanged	\$1,000-\$1,165	Unchanged
Capital expenditures (Approximately)	\$ 500	Unchanged	\$ 180	Unchanged	\$ 695	Unchanged

The following tables provide a reconciliation to Operating Cash Flow and Adjusted EBITDA for 2016 estimated results, and actual results for the six months ended June 30, 2016 and year ended December 31, 2015. In providing 2016 estimated results, TDS has not completed the below reconciliation to net income because it does not provide guidance for income taxes. Although potentially significant, TDS believes that the impact of income taxes cannot be reasonably predicted; therefore, TDS is unable to provide such guidance.

2016 Estimated Results

	U.S. Cellular		TDS Telecom		TDS ⁽²⁾	
(Dollars in millions)						
Net income (loss) (GAAP)	N/A		N/A		N/A	
Add back:						
Income tax expense (benefit)	N/A		N/A		N/A	
Income (loss) before income taxes (GAAP)	\$	(5)-120	\$	40-80	\$	(25)-140
Add back:						
Interest expense		110		-		165
Depreciation, amortization and accretion expense		610		230		850
EBITDA (Non-GAAP)	\$	715-840	\$	270-310	\$	990-1,155
Add back:						
(Gain) loss on sale of business and other exit costs, net		-		-		-
(Gain) loss on license sales and exchanges, net		(10)		-		(10)
(Gain) loss on asset disposals, net		20		-		20
Adjusted EBITDA (Non-GAAP) ⁽¹⁾	\$	725-850	\$	270-310	\$	1,000-1,165
Deduct:						
Equity in earnings of unconsolidated entities		140		-		140
Interest and dividend income		60		-		60
Operating cash flow (Non-GAAP) ⁽¹⁾	\$	525-650	\$	270-310	\$	800-965

(1) 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 incomes, as

indicators of cash flows or as measure 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 below 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, 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 incomes taxes.

- (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) A reconciliation of Operating cash flow (Non-GAAP) to operating income (GAAP) for June 30, 2016 actual results can be found on the company's website at investors.tdsinc.com.