



Drexel Hamilton
Telecom, Media & Technology Conference
September 7, 2016

Safe Harbor Statement

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.

Diversified Communications Company

- TDS (NYSE:TDS) provides communications products and services primarily in rural and suburban markets, through its two principal business units:



TDS Telecom
(wholly-owned)



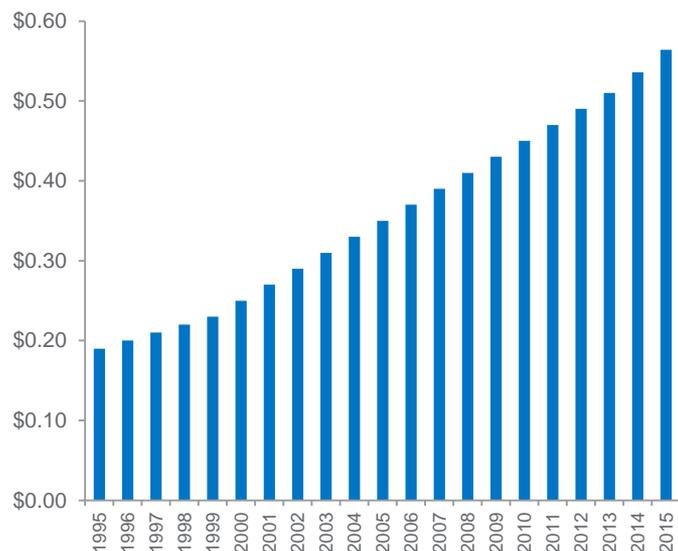
U.S. Cellular (NYSE:USM)
(83% owned)

- Fortune 500®
- 6 million customers nationwide
- Controlled company with focus on long-term value creation
- Conservative financing strategy

TDS Balanced Capital Allocation Strategy

Allocate approximately 75% of available resources of TDS to invest back into our business and return approximately 25% to shareholders

**Annual Dividends
Per TDS Share**



Invest in the business (M&A)

- Primarily focused on cable acquisitions

Return value to shareholders

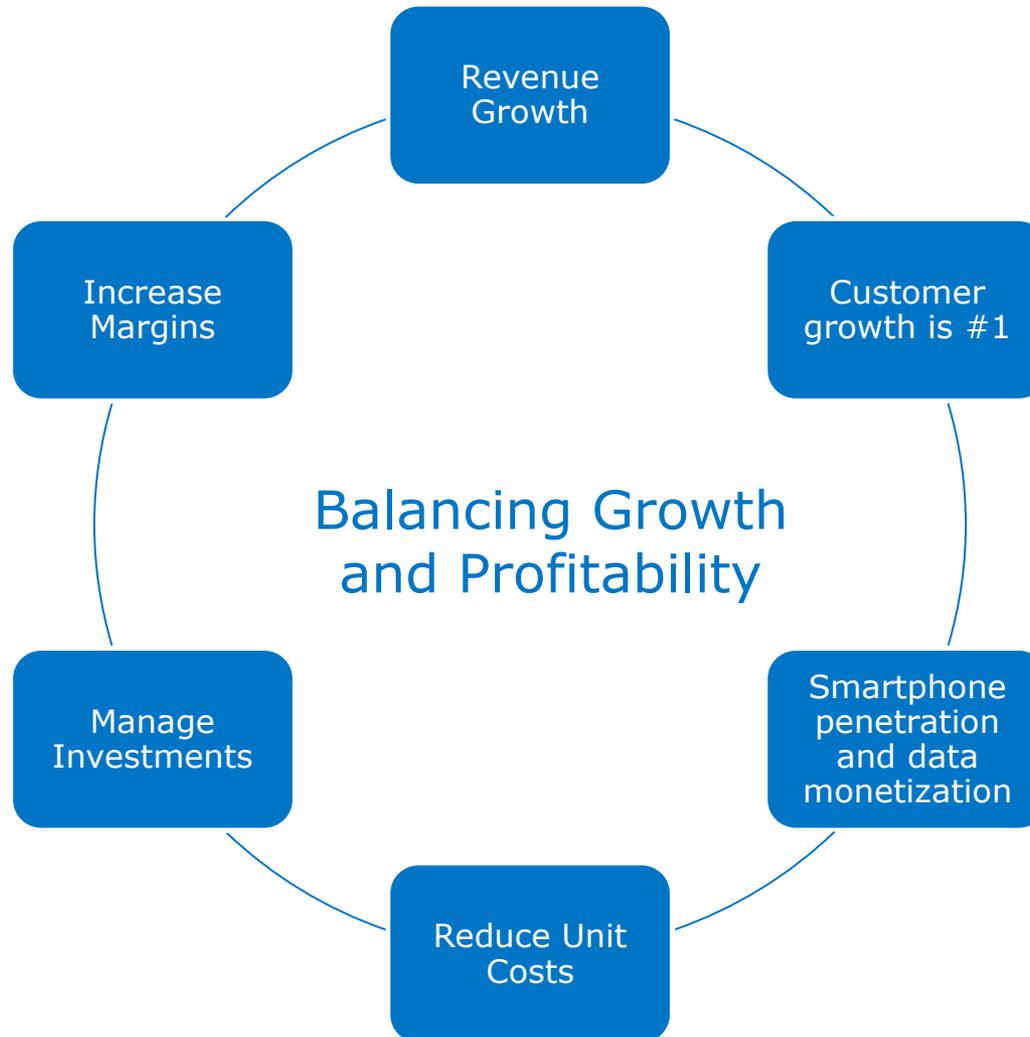
- 42nd consecutive year of increasing cash dividends
- Supplement with opportunistic share repurchase
 - \$250 million TDS stock repurchase program (\$198.7 remaining)
 - Repurchased 111,700 shares in Q1'16
 - No repurchases in 2015

* Retroactively adjusted for the effect of 2005 stock dividend.



Provide outstanding customer service through our:

- High-quality network
 - 4G/LTE
 - 'In the Middle of Anywhere'
- Competitive devices, plans and pricing
 - Best Value in wireless
 - Equipment installment plans and shared data
- Local focus
 - Treat customers like neighbors not numbers





Who are we?

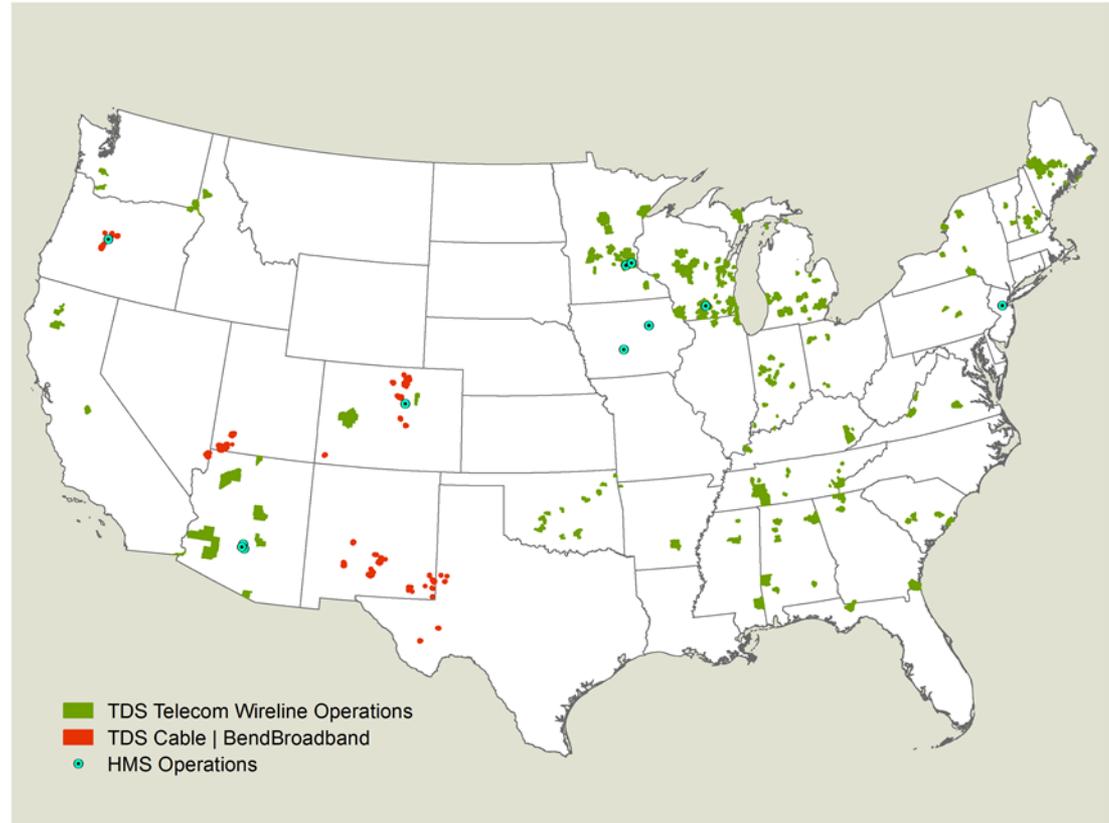


1.2 million connections in 34 states

Serve some of the most rural communities in U.S.

IP - based services for SMB customers

Hybrid cloud solutions for mid-market customers





Wireline

- Complete planned targeted fiber deployment; increase broadband and IPTV penetration
- Deploy bonding technology to increase broadband speeds in copper markets
- Choose USF funding option for non-competitive markets

Cable

- Increase residential and commercial broadband customer connections
- 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



Both wireline and cable share the common strategy to “**own the best pipe in the market.**” Our goal is to grow high-margin broadband services bundles with video and voice products.

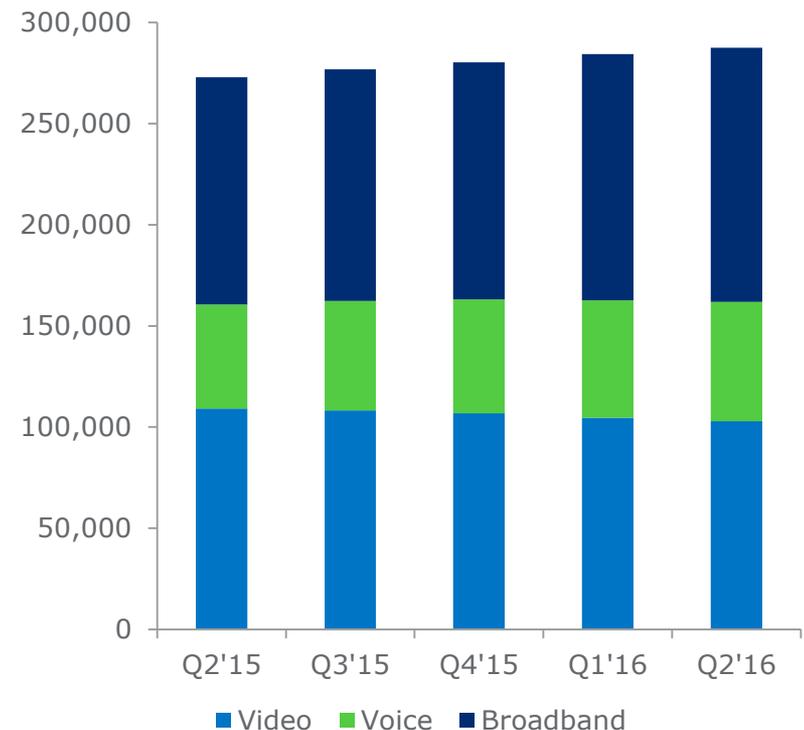
Wireline

- Targeted fiber deployment with strong results
- 98% of all TDS TV (IPTV) customer subscribe to triple play – **Triple play bundles reduce churn**
- Moderates loss on voice lines

Cable

- A natural extension of business
- Two major acquisitions since 2013

Total Connections up 5% Y/Y



FCC Universal Service Support (USF) reform for Rate of Return carriers



- Goal is modernizing the USF program to support broadband; only available for census blocks that lack voice and broadband competition
- Each Rate of Return carrier will need to decide between the Model-based support option or Revised USF support option
- If TDS Telecom chose Revised USF, the rate of return support declines from 11.25% to 9.75% over 6 years and there would be a capital obligation
- If TDS Telecom chose the Model option it would receive:
 - \$82.3 M per year/10 years of support, plus transitional support in a few states
 - Would require TDS Telecom to deploy significant capital over that time frame to meet specific broadband speeds to ~160,000 service addresses
- Our engineering team is currently evaluating the economics of each option
- Decision will be made on a state-by-state basis by 11/1/16
- Acceptance is binding assuming adequate funding; if demand for model exceeds funding levels, then revised support amount will be offered

- OneNeck IT Solutions offers comprehensive range of hosted and managed services to mid-market companies looking to outsource their IT needs



- Increasing equipment sales
- Focus on increasing recurring sales revenues
- Recent Data Center completions in Denver, Colorado and expansion in Madison, Wisconsin

