



Raymond James 38th  
Annual Institutional  
Investors Conference  
March 7, 2017

# Safe Harbor Statement

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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").

# Diversified Communications Company

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



TDS Telecom  
(wholly-owned)



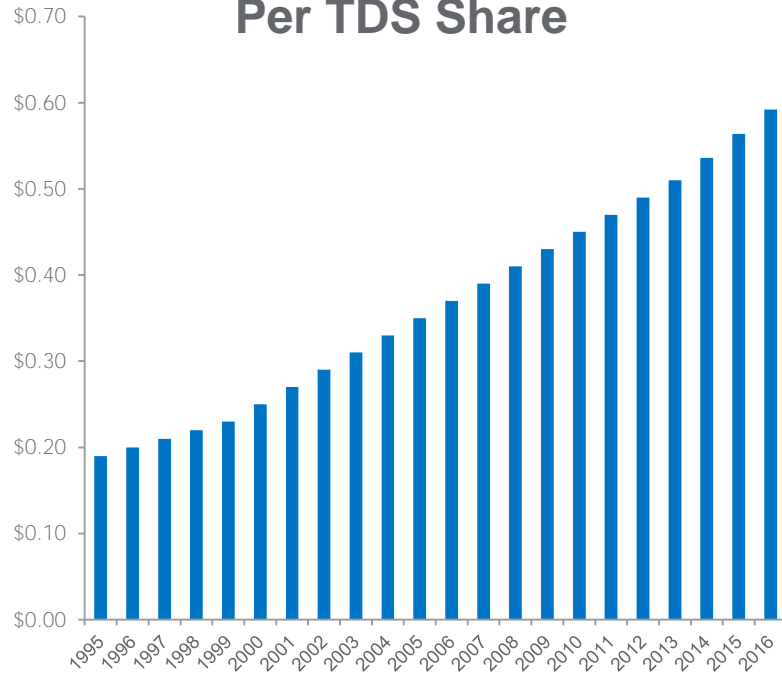
U.S. Cellular (NYSE:USM)  
(83% owned)

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

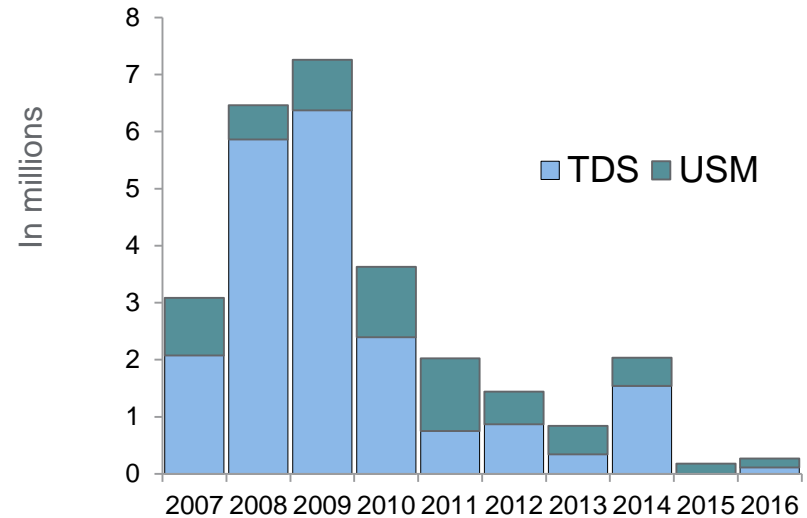
# Delivering Value to Shareholders

## 43 years of consecutive dividend increases

### Annual Dividends Per TDS Share



### Shares Repurchased



\* Retroactively adjusted for the effect of 2005 stock dividend.

Repurchased \$994 M



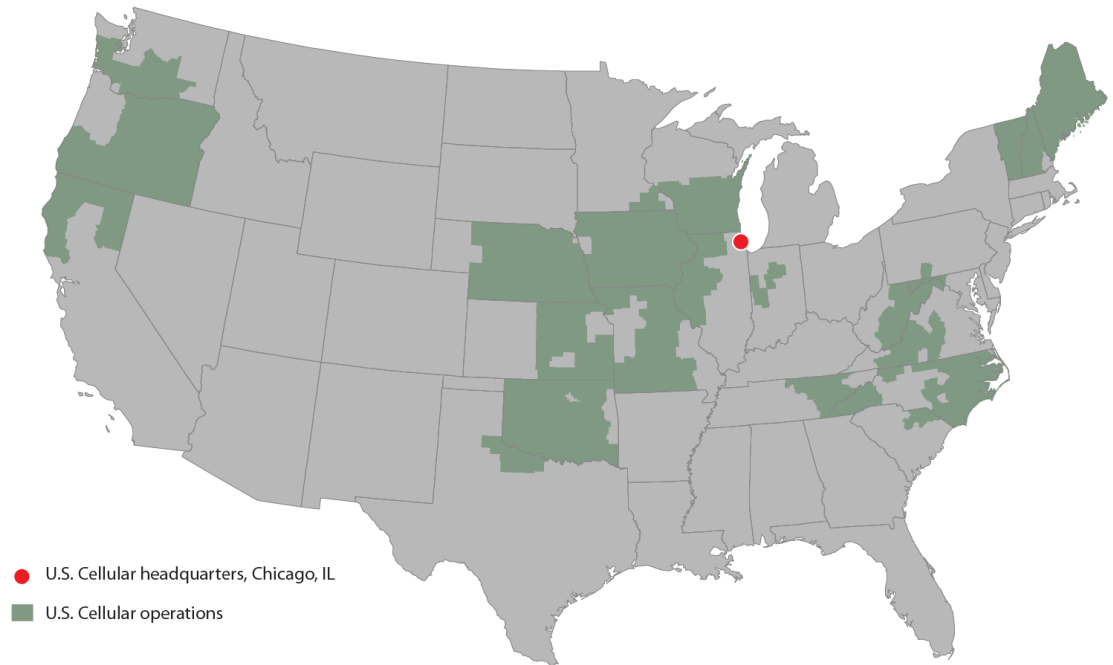
# Who are we?

Fifth largest  
wireless carrier in  
the U.S.

5 million  
customers

\$4 billion  
in revenue

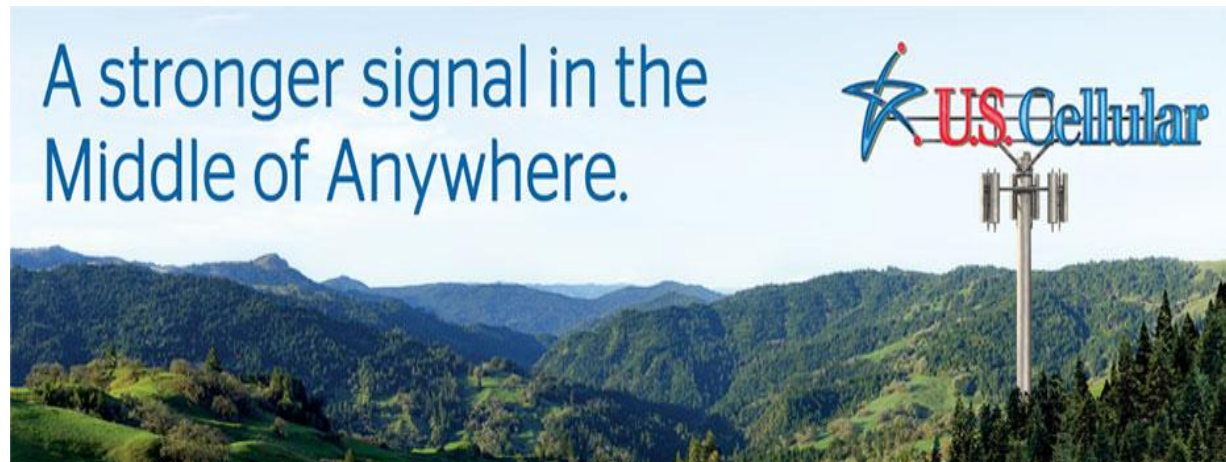
Serve primarily  
rural and  
suburban  
communities



# Differentiate through Our Value Proposition

Provide outstanding customer service through our:

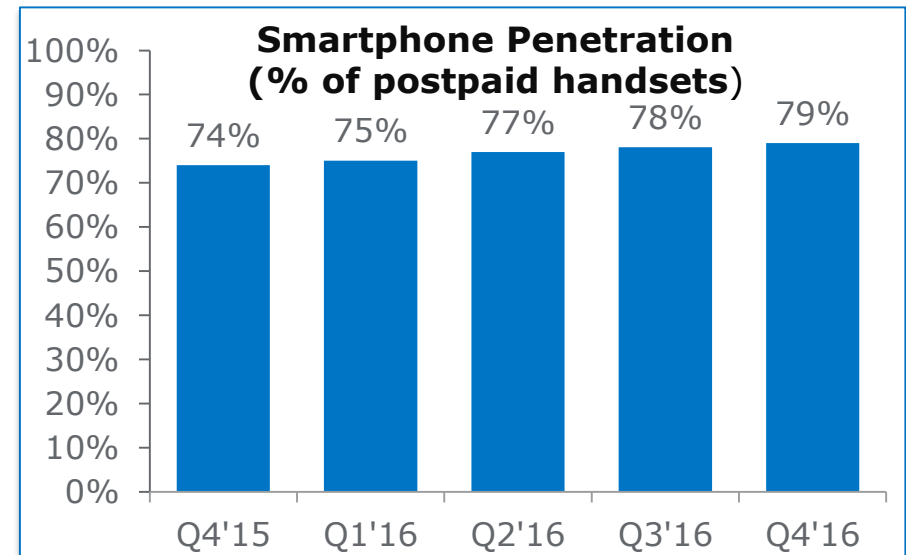
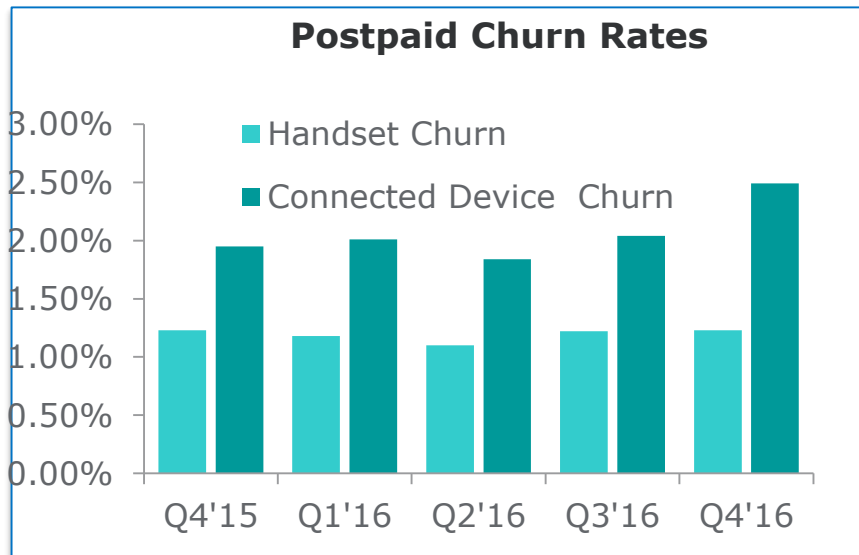
- High-quality network
  - 4G/LTE
  - VoLTE deployment
  - Network Quality Award in North Central region
- Competitive devices, plans and pricing
  - New/unlimited pricing plans
  - Equipment installment plans and shared data
- Local focus
  - Support causes that strengthen our neighborhoods



# Full Year Results



(\$ in millions) excluding discrete items <sup>(2)</sup>	2016	2015	% Change
Total operating revenues	\$3,939	\$3,939	–
Operating cash flow <sup>(1)</sup>	631	617	2%
Adjusted EBITDA <sup>(1)</sup>	\$829	\$794	4%



- (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
- (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).







# Who are we?

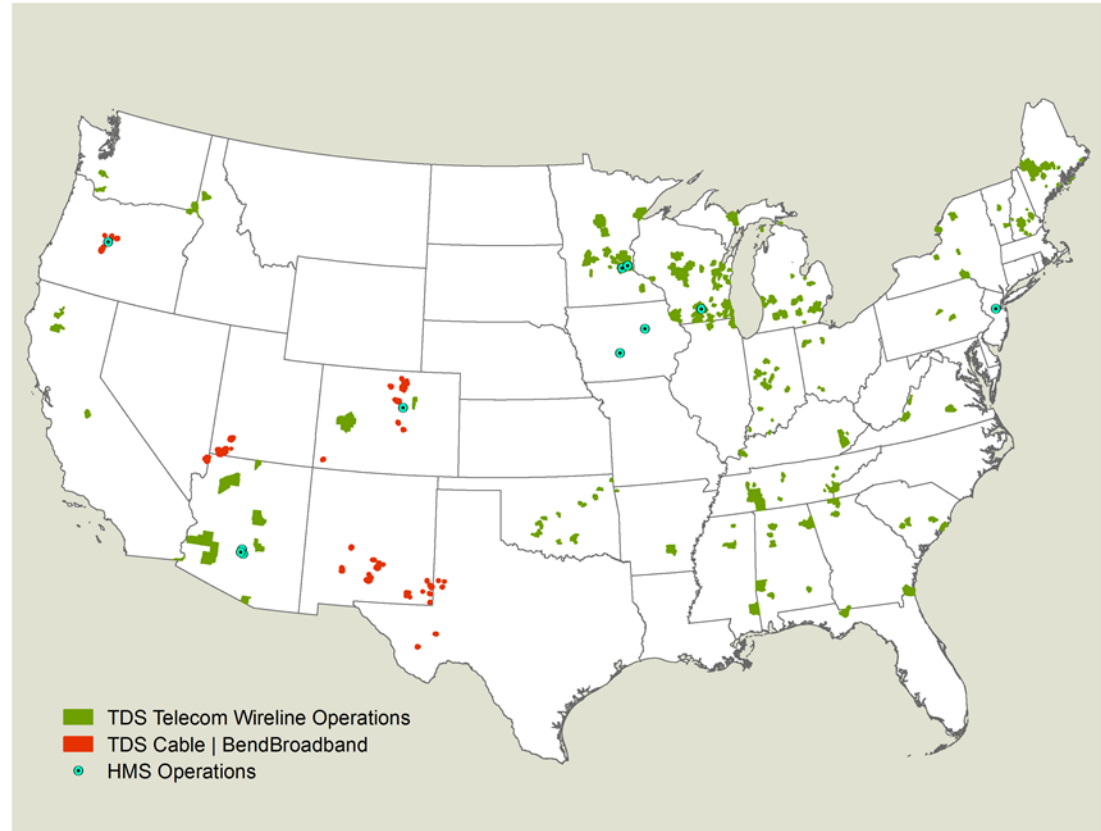


1.2 million connections in 34 states

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

IP - based services for SMB customers

Hybrid cloud solutions for mid-market customers

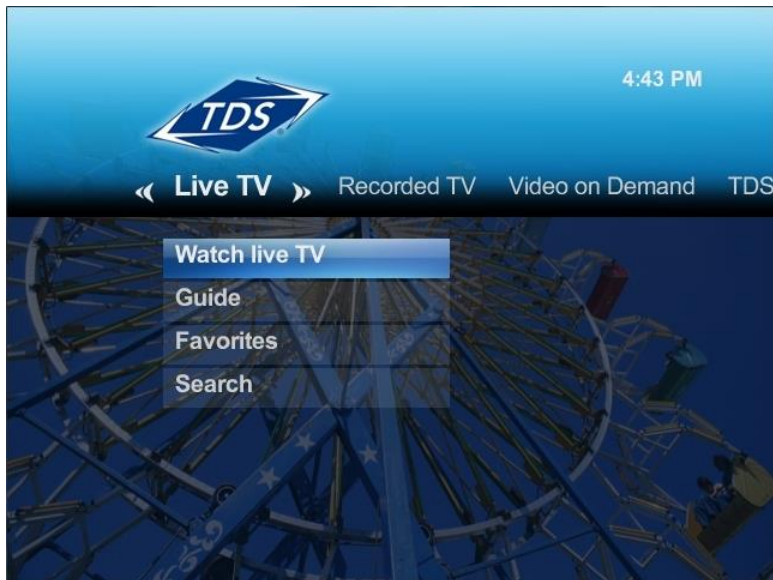




Both wireline and cable share the common strategy to “**own the best pipe in the market.**” Our goal is to grow high-margin broadband services bundles with video and voice products.

## TDS TV

(Triple play bundles reduce churn)



## Wireline

- Targeted fiber deployment with strong results
- 98% of all TDS TV (IPTV) customers subscribe to triple play
  - Secured A-CAM funding 10-years of support provides certainty
  - \$75 million per year plus transitional support

## Cable

- A natural extension of broadband strategy
- Entered market in 2013; two major acquisitions
- Total broadband connections growth of 14%

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



- Process automation and standardization to achieve efficiencies
- Increasing equipment sales
- Focus on increasing recurring sales revenues
  - Lead with hybrid cloud offering

# Full Year Results



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

(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



## 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

## Cable

- Increase residential and commercial broadband customer connections
- Continue to evaluate potential acquisitions

## Hosted and Managed Services

- Focus on growth of recurring service revenues
  - Lead with hybrid cloud offering
- Continue process automation and standardization





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# Appendix

# Operating Cash Flow and Adjusted EBITDA Reconciliation – 2017 Estimated, 2016 Full Year Actual Results

	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)						
<b>Net income (loss) (GAAP)</b>	N/A	N/A	N/A	\$49	\$42	\$52
Add back:						
Income tax expense (benefit)	N/A	N/A	N/A	33	25	40
<b>Income (loss) before income taxes (GAAP)</b>	<b>\$ (5)-\$120</b>	<b>80-120</b>	<b>\$ (25)-\$140</b>	<b>\$82</b>	<b>67</b>	<b>\$92</b>
Add back:						
Interest expense	110	---	165	113	3	170
Depreciation, amortization and accretion	615	225	855	618	224	850
<b>EBITDA</b>	<b>\$720-\$845</b>	<b>300-340</b>	<b>\$995-\$1,160</b>	<b>\$813</b>	<b>294</b>	<b>\$1,112</b>
Add back:						
(Gain) loss on sale of business and other exit costs, net	--	---	---	--	--	(1)
(Gain) loss on license sales and exchanges (4)	--	---	---	(19)	(1)	(20)
(Gain) loss on assets disposals, net	20	---	20	22	4	27
<b>Adjusted EBITDA (2)</b>	<b>\$650-\$800</b>	<b>300-340</b>	<b>\$945-\$1,135</b>	<b>\$816</b>	<b>298</b>	<b>\$1,118</b>
Deduct:						
Equity in earnings of unconsolidated entities	140	---	140	140	--	140
Interest and dividend income	60	---	60	57	3	62
Other, net	--	---	--	1	--	--
<b>Operating cash flow (2)(3)</b>	<b>\$500-\$650</b>	<b>300-340</b>	<b>\$800-\$990</b>	<b>\$618</b>	<b>295</b>	<b>\$916</b>

# 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 <sup>(6)</sup>	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) 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](http://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.