Second Quarter 2023 Results

August 4, 2023

Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995

All information set forth in this presentation about Telephone and Data Systems, Inc., including its subsidiaries UScellular and TDS Telecom, 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: whether any strategic alternatives for UScellular will be successfully identified or completed; whether any such strategic alternative will result in additional value for TDS or UScellular and their respective shareholders and whether the process will have an adverse impact on TDS' and UScellular's business; intense competition; the ability to obtain or maintain roaming arrangements with other carriers on acceptable terms and changes in roaming practices; the ability to obtain access to adequate radio spectrum to meet current or anticipated future needs, including participation in FCC auctions; the ability to attract people of outstanding talent throughout all levels of the organization; TDS' smaller scale relative to larger competitors; changes in demand, consumer preferences and perceptions, price competition, or churn rates; advances in technology; impacts of costs, integration problems or other factors associated with acquisitions, divestitures or exchanges of properties or wireless spectrum licenses and/ or expansion of TDS' businesses; the ability of the company to successfully construct and manage its networks; difficulties involving third parties with which TDS does business; uncertainties in TDS' future cash flows and liquidity and access to the capital markets; the ability to make payments on TDS and UScellular indebtedness or comply with the terms of debt covenants; conditions in the U.S. telecommunications industry; the value of assets and investments; the state and federal regulatory environment; pending and future litigation; cyber-attacks or other breaches of network or information technology security; potential conflicts of interest between TDS and UScellular; control by the TDS Voting Trust; disruption in credit or other financial markets; deterioration of U.S. or global economic conditions; and the impact, duration and severity of public health emergencies. Investors are encouraged to consider these and other risks and uncertainties that are more fully described under "Risk Factors" in the most recent filing of TDS' Form 10-K, as updated by any TDS Form 10-Q filed subsequent to such Form 10-K.

Corporate Update

- **TDS and UScellular launching a strategic review of UScellular**
- **Access to liquidity as June 30, 2023**

($M)	TDS	USM
Cash	$ 65	$186
Available undrawn borrowing capacity	274	625
Total available liquidity	$339	$811

- **Business units are making key investments:**
  - UScellular - deploying 5G mid-band spectrum
  - TDS Telecom - growing its fiber footprint
- **Managing costs across the organization**


uscellular

Multi-pronged growth strategies

2023 Strategic Priorities

- Advance Our Mission
- Continued Focus on Growth
- Expand Return on Capital
- Leverage Infrastructure Programs
- Advance the Network
- Invest in our Team



Focus on Growth

- Subscriber stabilization
- Tower revenue growth
- Fixed wireless expansion
- Business and Government & IoT growth

Quarterly highlights



Focused on improving subscriber trajectory:

Reduced Postpaid Churn in Q2



Continuing **5G** network investment



Ongoing **Cost Discipline**



Executing on **Growth Initiatives**

Fixed Wireless Connections & Tower Rental Revenues

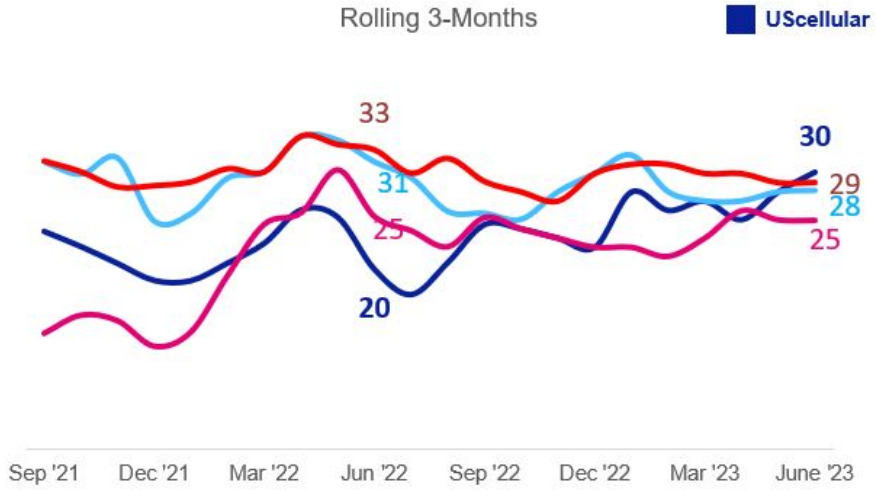
New Branding Campaign rollout

New Masterbrand Campaign focused on genuine connection versus constant connection





Receiving positive NPS results compared to Peers



Results of campaign are encouraging

Impact of Let's Find US campaign

Positive brand awareness

CURRENT CUSTOMERS	NON-CUSTOMERS
Represents my values +14.9 ppts ▲	Best days ahead +30 ppts ▲
Cares about me +15.6 ppts ▲	Buzz / excitement +26 ppts ▲
Brand I trust +12.7 ppts ▲	Consideration +15 ppts ▲
Company impact +12.6 ppts ▲	Familiarity +9 ppts ▲
Improved my opinion of USCC +37% ▲	Improved my opinion of USCC +58% ▲

Over 358+ million impressions to date

Source: Total Customer

Valuable towers

- Opportunity to grow tenancy rate
- Increasing tower rental revenue through annual escalators and new co-locators
- Expect ongoing technology investments to drive additional revenues
- Diversified third-party customer base
- Strong contribution margins
- Opportunity to offer additional services such as backhaul, shelter space and power infrastructure

Tower revenues

4,341

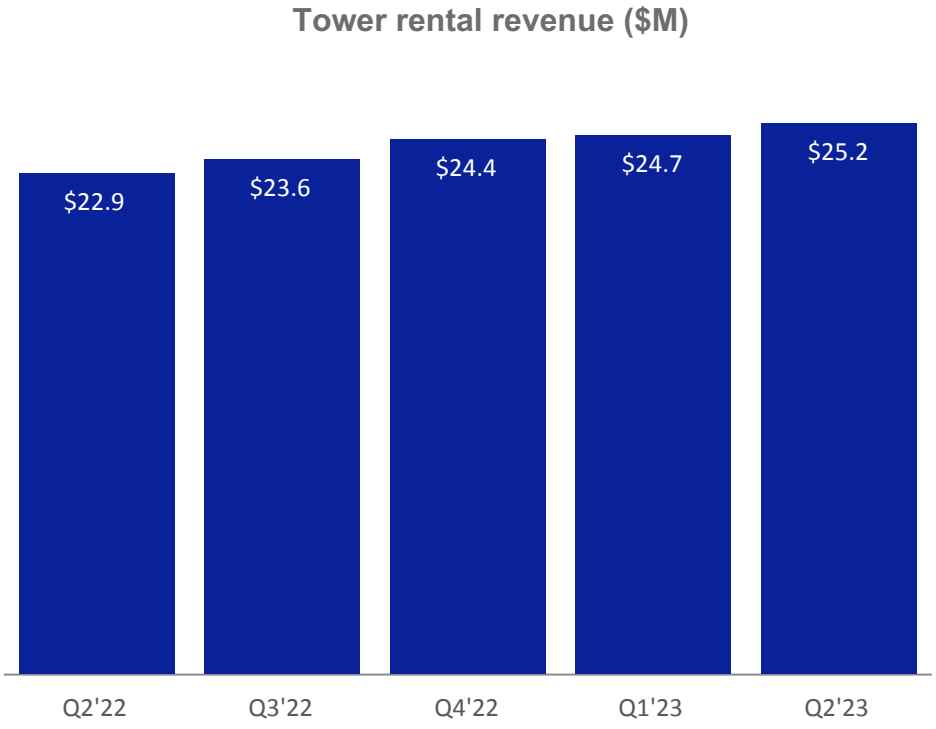
Owned Towers

2,458

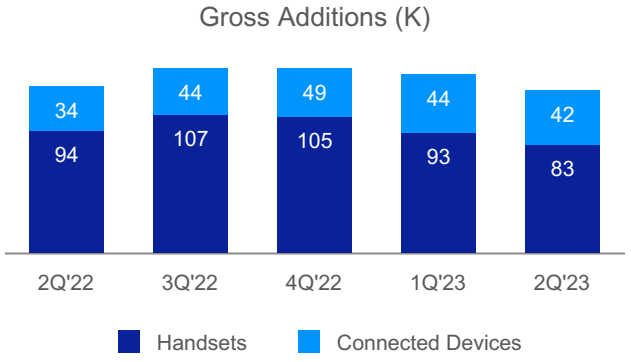
Number of Colocations (Up 8% Y/Y)

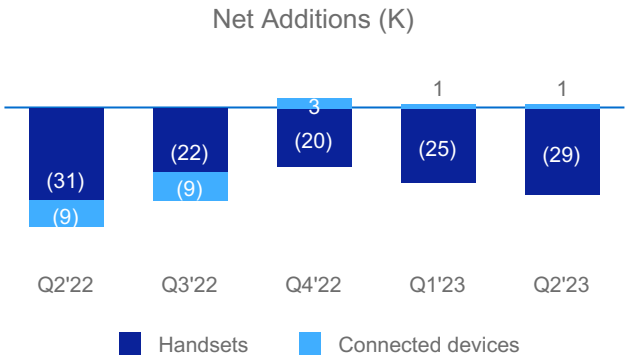
1.55

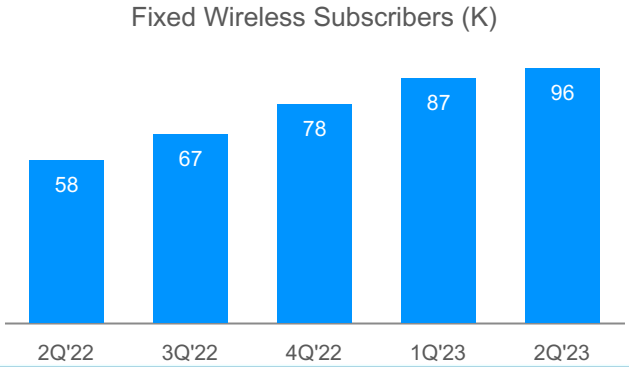
Tower Tenancy Rate (Up 2% Y/Y)

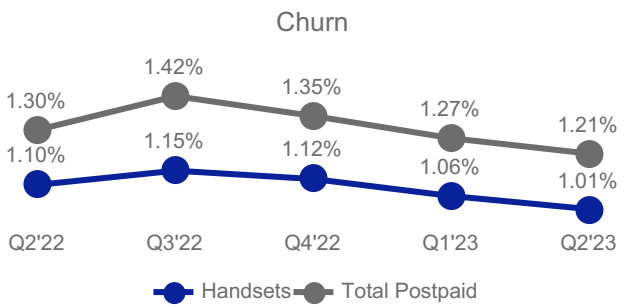


Postpaid operating metrics



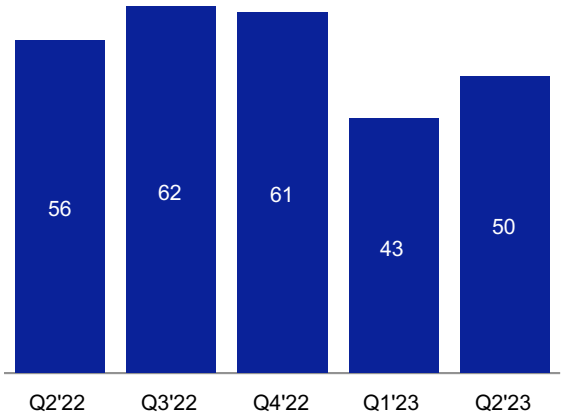




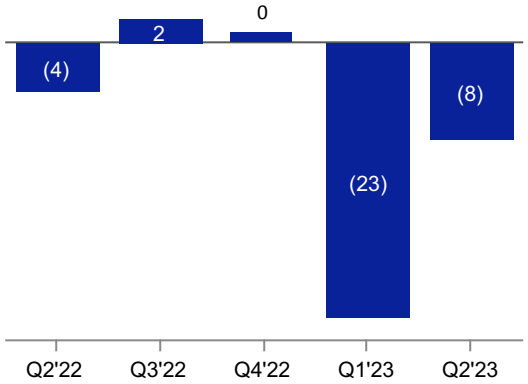


Prepaid operating metrics

Gross Additions (K)

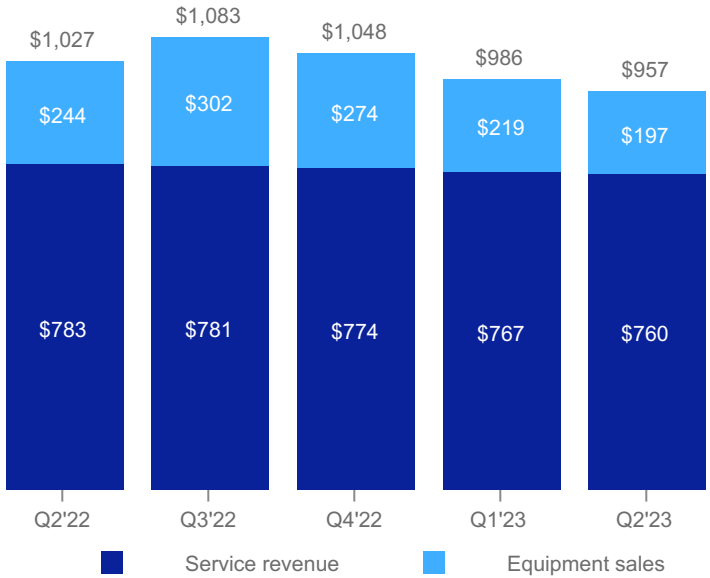


Net Additions (K)



Financial summary

Operating Revenue ($M)



Postpaid ARPU



UScellular operating performance

($M)	Q2'23	Q2'22	% Change
Service revenues	$ 760	$ 783	(3)%
Equipment sales	197	244	(20)%
Total operating revenues	957	1,027	(7)%
System operations expense	190	192	(1)%
Cost of equipment sold	228	275	(17)%
SG&A expenses	341	339	1 %
Total cash expenses [1]	759	806	(6)%
Adjusted OIBDA [1]	198	221	(10)%
Equity in earnings of unconsolidated entities	38	37	3 %
Adjusted EBITDA [1]	239	261	(8)%
Capital expenditures	$ 143	$ 268	(47)%

(1) - See appendix for explanation.

The numbers contained within these slides do not reflect any anticipated costs, expenses or results of the strategic review.

2023 guidance *

($M) As of August 4, 2023	2022 Actual	2023 Previous Estimates	2023 Current Estimates
Service revenues	$3,125	$3,050-$3,150	$3,025-$3,075
Adjusted OIBDA (1)	$790	$725-$875	$750-$850
Adjusted EBITDA (1)	$956	$875-$1,025	$925-$1,025
Capital expenditures	$717	$600-$700	Unchanged

(1) -See appendix for explanation. *There can be no assurance that final results will not differ materially from such estimated results. See Safe Harbor Statement on Slide 2. The estimated results contained on this slide do not reflect any anticipated costs, expenses or results of the strategic review of UScellular.


TDS

Our strategy is built on five priorities that we expect will continue to transform our business



- Grow Scale
- Grow Revenue
- Optimize Platform Cost Structure
- Improve Customer Experience
- Invest in our Team

Progress on our 2026 goals — On track

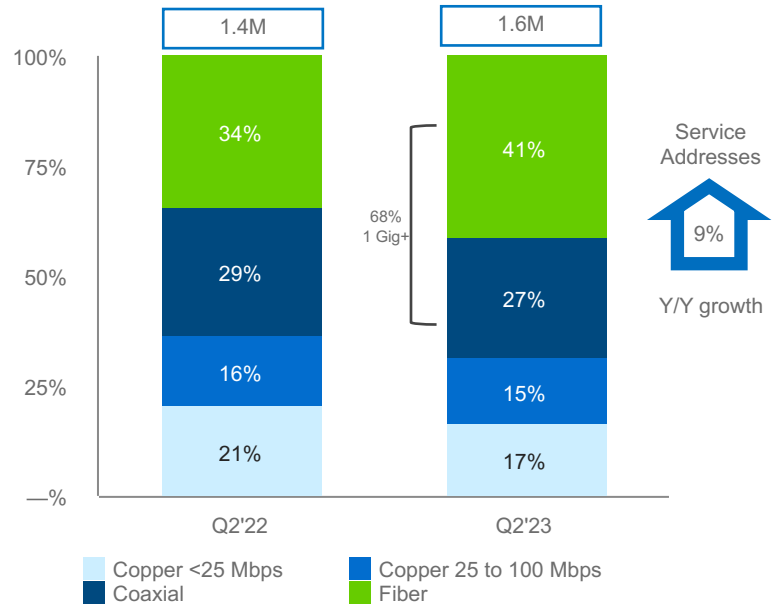
Deployed 41,000 marketable fiber service addresses in 2Q'23 and 66,000 YTD

2026 Goal: 1.2 million marketable fiber service addresses	2026 Goal: 60% of service addresses to be served by fiber	2026 Goal: 80% of service addresses with speeds of 1 Gig+
Where are we 648,000	Where are we 41%	Where are we 68%

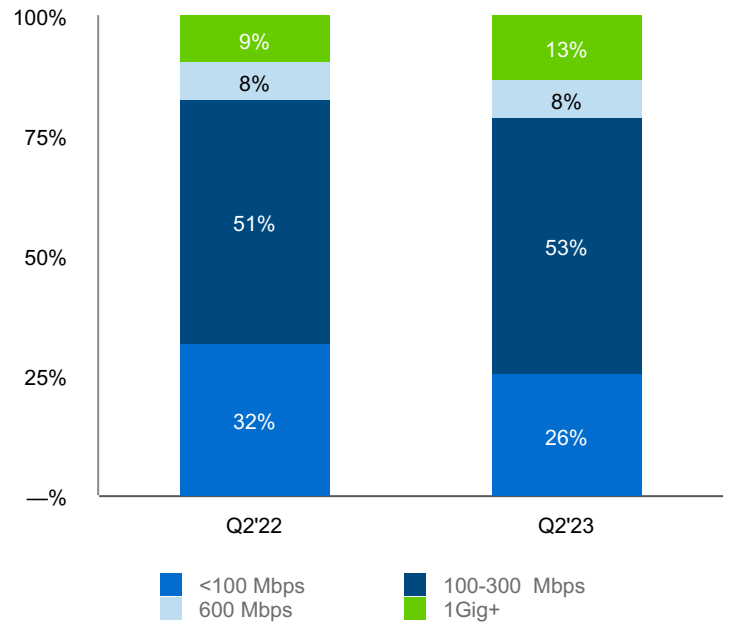
* Marketable service addresses includes single family households, commercial locations, and multiple dwelling units where we have gained right of entry across all of our markets.

Investments are driving footprint expansion and faster speeds — on track for 2023 goal

Total Service Address Mix

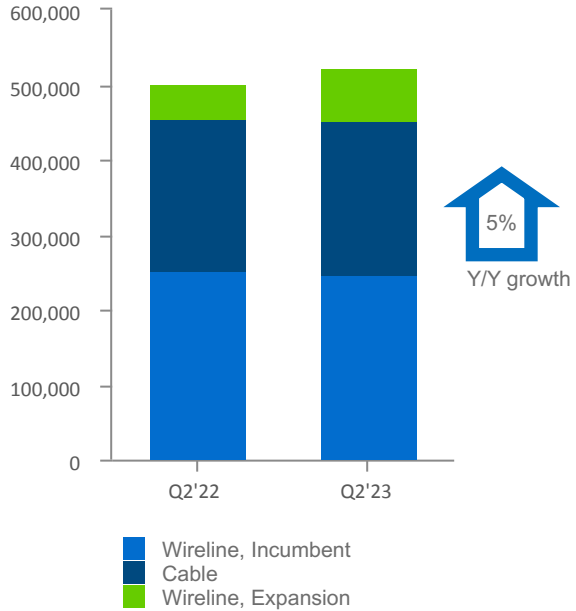


Residential Broadband Connections by Speed

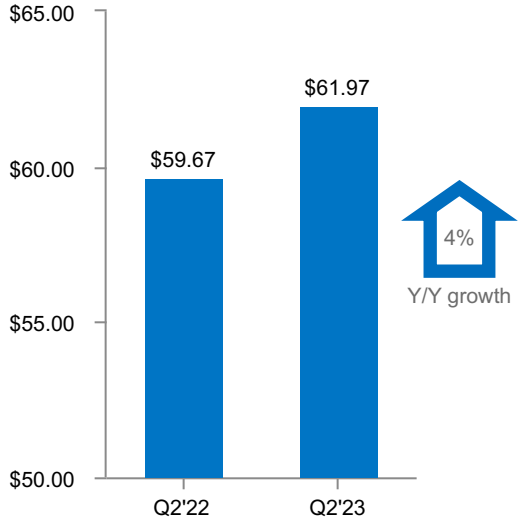


Strategy drives residential broadband growth - broadband growth offsetting legacy revenue declines

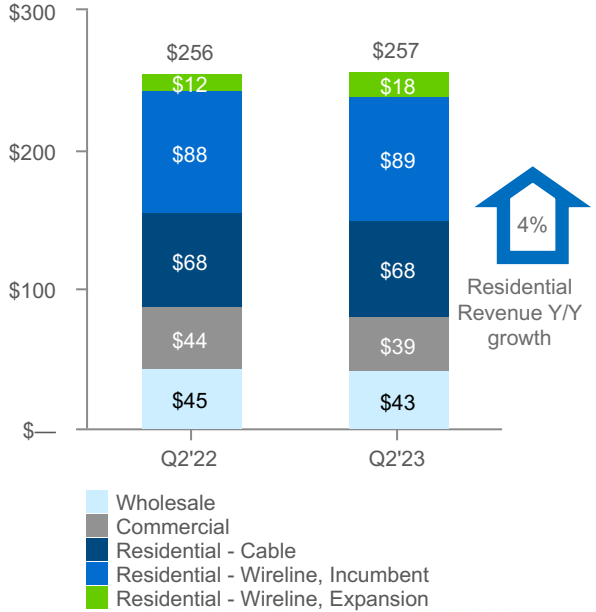
Residential Broadband Connections



Residential Revenue per Connection



Operating Revenues ($M)



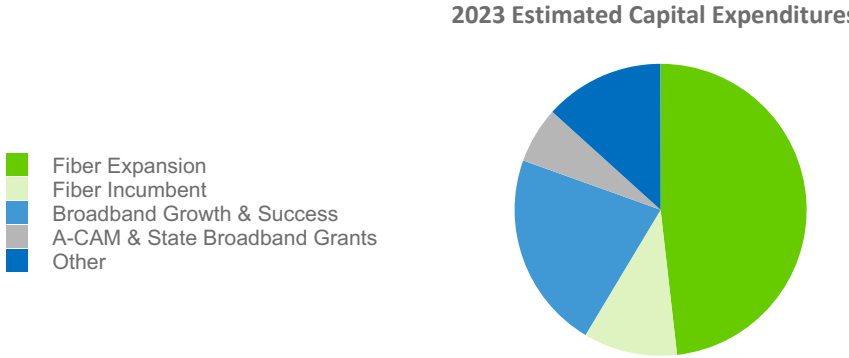
TDS Telecom operating performance

($M)	Q2'23	Q2'22	% Change
Total operating revenues	$ 257	$ 256	1 %
Cash expenses [1]	189	180	5 %
Adjusted EBITDA [1]	$ 70	$ 76	(9)%
Capital expenditures	$ 132	$ 120	10 %

(1) - See appendix for explanation.

2023 TDS Telecom guidance*

($M) As of August 4, 2023	2022 Actual	2023 Previous Estimates	2023 Current Estimates
Total operating revenues	$1,020	$1,030-$1,060	Unchanged
Adjusted OIBDA (1)	$288	$260-$290	$270-$300
Adjusted EBITDA (1)	$291	$260-$290	$270-$300
Capital expenditures	$556	$500-$550	$475-$525



(1) -See appendix for explanation.
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Appendix

Adjusted OIBDA and Adjusted EBITDA Reconciliation

	Three Months Ended June 30, 2023			Three Months Ended June 30, 2022		
($M)	**UScellular**	**TDS Telecom**	**TDS***	**UScellular**	**TDS Telecom**	**TDS***
Net income (GAAP)	**$5**	**$7**	**$—**	**$22**	**$19**	**$39**
Add back:						
Income tax expense	19	3	15	18	7	27
Income before income taxes (GAAP)	**$24**	**$10**	**$15**	**$40**	**$25**	**$66**
Add back:						
Interest expense	51	(2)	62	40	(2)	40
Depreciation, amortization and accretion expense	161	60	225	172	52	229
EBITDA [(1)] (non-GAAP)	$236	$68	$302	$252	$75	$335
Add back or deduct:						
Loss on impairment of licenses	—	—	—	3	—	3
(Gain) loss on asset disposals, net	3	2	5	6	1	7
Adjusted EBITDA [(1)] (non-GAAP)	$239	$70	$307	$261	$76	$345
Add back or deduct:						
Equity in earnings of unconsolidated entities	38	—	38	37	—	38
Interest and dividend income	3	1	6	3	—	5
Adjusted OIBDA [(1)] (non-GAAP)	$198	$68	$263	$221	$76	$302

Numbers may not foot due to rounding.

* The TDS column includes UScellular, TDS Telecom and also the impacts of consolidating eliminations, corporate operations and non-reportable segments.

(1) - See final slide for explanation.

Adjusted OIBDA and Adjusted EBITDA Reconciliation – 2023 Estimated and 2022 Full Year

In providing 2023 estimated 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.

	2023 Estimated Results		Actual Results Year ended December 31, 2022	
($M)	**UScellular**	**TDS Telecom**	**UScellular**	**TDS Telecom**
Net income (GAAP)	N/A	N/A	**$35**	**$53**
Add back:				
Income tax expense	N/A	N/A	37	23
Income before income taxes (GAAP)	**$50-$150**	**$40-$70**	**$72**	**$76**
Add back:				
Interest expense	200	—	163	(7)
Depreciation, amortization and accretion expense	655	230	700	215
EBITDA [(1)] (non-GAAP)	$905-$1,005	$270-$300	$935	$284
Add back or deduct:				
Loss on impairment of licenses	—	—	3	—
(Gain) loss on asset disposals, net	20	—	19	7
(Gain) loss on sale of business and other exit costs, net	—	—	(1)	—
Adjusted EBITDA [(1)] (non-GAAP)	$925-$1,025	$270-$300	$956	$291
Deduct:				
Equity in earnings of unconsolidated entities	160	—	158	—
Interest and dividend income	15	—	8	2
Other, net	—	—	—	1
Adjusted OIBDA [(1)] (non-GAAP)	$750-$850	$270-$300	$790	$288

Numbers may not foot due to rounding.

(1) - See final slide for explanation.

Cash Expenses

Total cash expenses represent total operating expenses as shown in the Consolidated Statement of Operations Highlights in the TDS and UScellular SEC Forms 8-K, less depreciation, amortization and accretion and gain/losses.

EBITDA, Adjusted EBITDA and Adjusted OIBDA

EBITDA, Adjusted EBITDA and Adjusted OIBDA are defined as net income adjusted for the items set forth in the reconciliations on slides 24 and 25. EBITDA, Adjusted EBITDA and Adjusted OIBDA 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 and UScellular do not intend to imply that any such items set forth in the reconciliations on slides 24 and 25 are non-recurring, infrequent or unusual; such items may occur in the future. Management uses Adjusted EBITDA and Adjusted OIBDA as measurements of profitability, and therefore reconciliations to Net income are deemed appropriate. Management believes Adjusted EBITDA and Adjusted OIBDA are useful measures of TDS' and UScellular's 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' and UScellular's 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 Adjusted OIBDA 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 tables on slide 24 and 25 reconcile EBITDA, Adjusted EBITDA and Adjusted OIBDA flow to the corresponding GAAP measure, Net income or Income before income taxes. Additional information and reconciliations related to Non-GAAP financial measures for June 30, 2023, can be found on TDS' and UScellular's websites at investors.tdsinc.com and investors.uscellular.com.