Third Quarter 2023 Results

November 3, 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; the effect on TDS' business if the collateral securing its secured term loan is foreclosed upon; 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.

This presentation contains certain non-GAAP financial measures. Information about these non-GAAP financial measures and reconciliations between each non-GAAP financial measure and the most directly comparable GAAP measure are contained in the appendix to this presentation.

Corporate Update

- **Strategic alternatives review of UScellular announced on August 4, 2023**
- **Business units are continuing to make key investments**
  - UScellular - deploying 5G mid-band spectrum
  - TDS Telecom - growing its fiber footprint
- **Q3 treasury activity supporting the business units**
  - Renewed USM EIP securitization for an additional 2 years
  - TDS entered into a $300 million senior secured term loan
- **Access to liquidity as September 30, 2023**

($M)	**TDS**	**USM**
Cash	$103	$153
Available undrawn borrowing capacity	399	745*
Total available liquidity	$502	$898

*Excludes $200 million of unused borrowing capacity which is restricted due to secured borrowing limitations.


uscellular

Quarterly highlights



Postpaid ARPU grew 2%



Financial Discipline

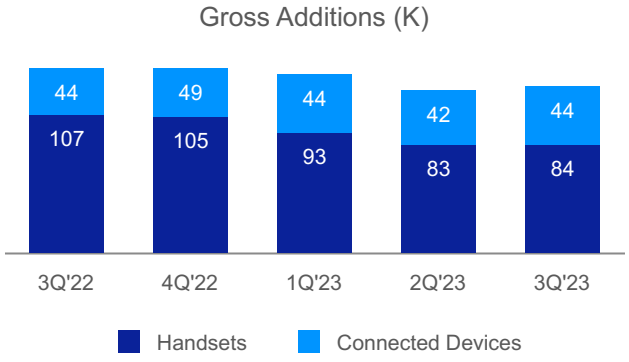


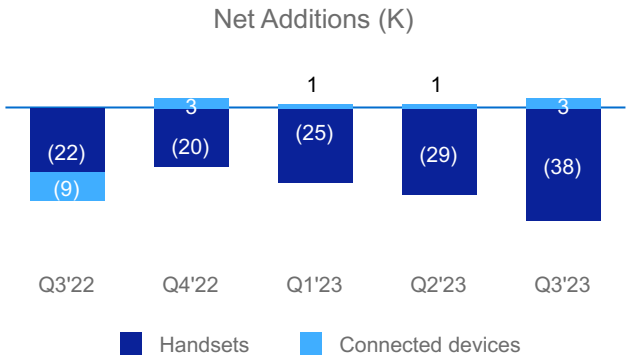
Executing on Growth Initiatives (Fixed Wireless Access & Towers)

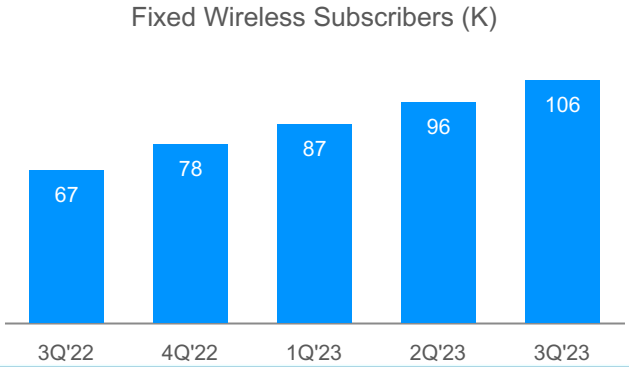


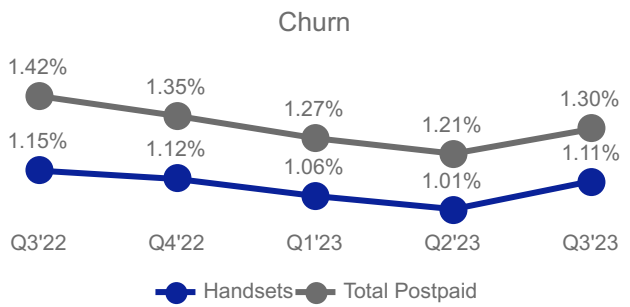
Continuing 5G network investment

Postpaid operating metrics



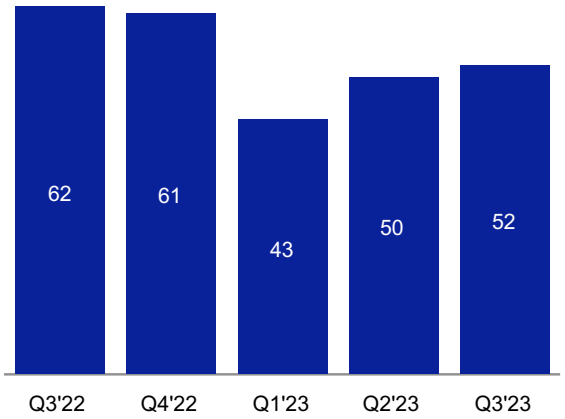




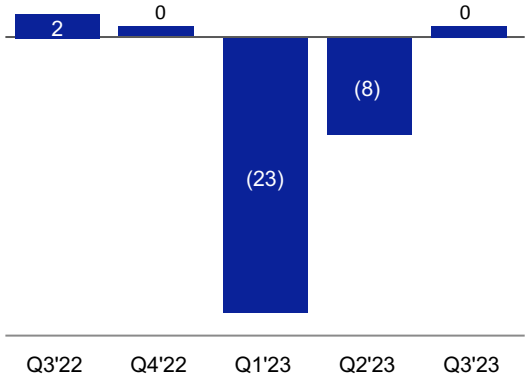


Prepaid operating metrics

Gross Additions (K)

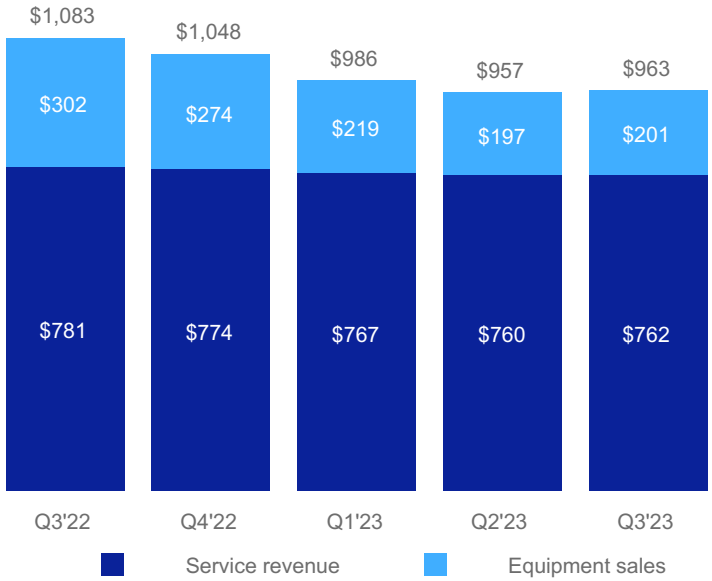


Net Additions (K)



Financial summary

Operating Revenue ($M)



Postpaid ARPU

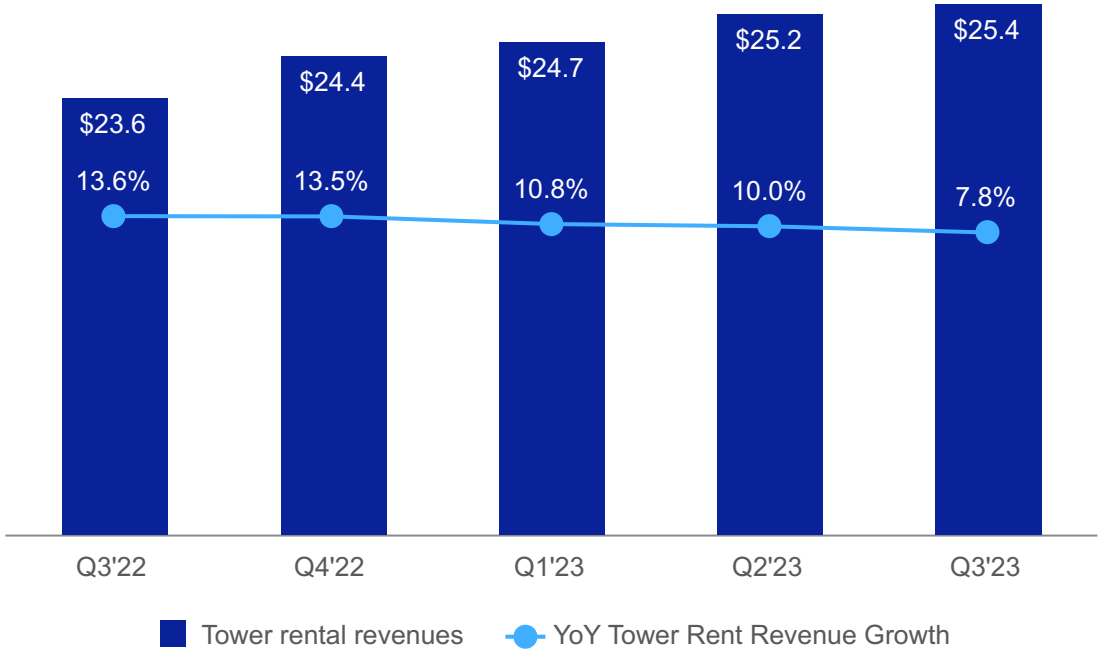


Tower revenues

4,356
Owned Towers

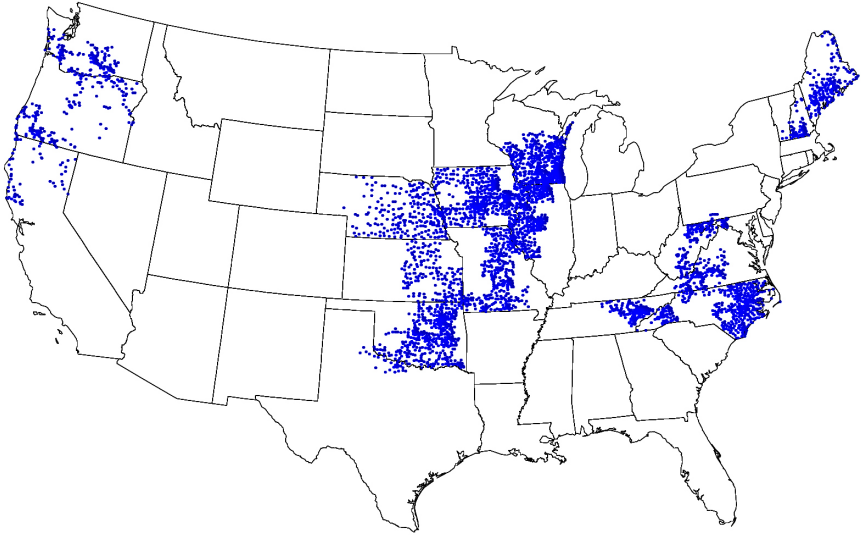
2,406
Number of Colocations (Up 2% Y/Y)

1.54
Tower Tenancy Rate (Up 1% Y/Y)

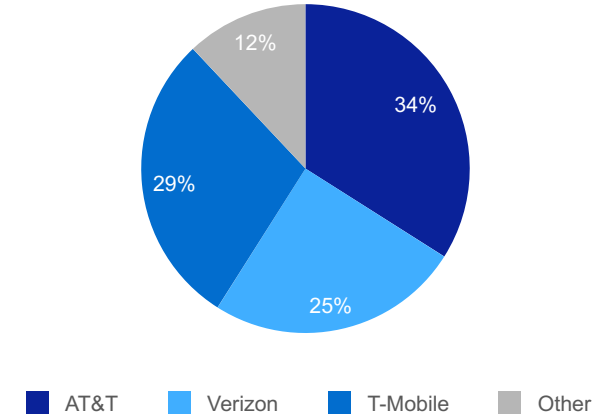


Diversified third-party customer base

UScellular Owned Towers



Tower Revenue Distribution - 3Q'23



UScellular operating performance

($M)	Q3'23	Q3'22	% Change
Service revenues	$ 762	$ 781	(2)%
Equipment sales	201	302	(33)%
Total operating revenues	963	1,083	(11)%
System operations expense	185	197	(6)%
Cost of equipment sold	228	354	(36)%
SG&A expenses (1)	333	369	(10)%
Total cash expenses (2)	746	920	(19)%
Adjusted OIBDA (2)	220	163	35 %
Equity in earnings of unconsolidated entities	40	40	(1)%
Adjusted EBITDA (2)	263	205	28 %
Capital expenditures	$ 111	$ 136	(18)%

(1) The 2023 amount includes $3M of expenses related to the strategic alternatives review.
(2) See appendix for explanation.

2023 UScellular guidance *

($M) As of November 3, 2023	2022 Actual	2023 Previous Estimates	2023 Current Estimates
Service revenues	$3,125	$3,025-$3,075	Unchanged
Adjusted OIBDA (1)	$790	$750-$850	$770-$830
Adjusted EBITDA (1)	$956	$925-$1,025	$945-$1,005
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

Quarterly highlights



Deployed 61K fiber service addresses in Q3 (127K YTD)

Increased 2023 goal to 200K, up from 175K



Accepted E-ACAM support

Ten additional years of support to bring 100/20 Mbps speeds to approximately 270K locations

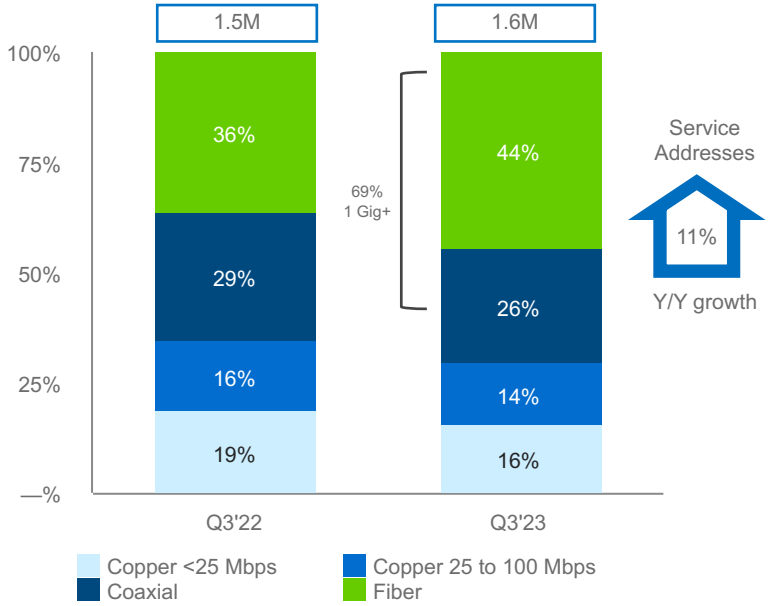
Progress on our 2026 goals

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 709,000	Where are we 44%	Where are we 69%

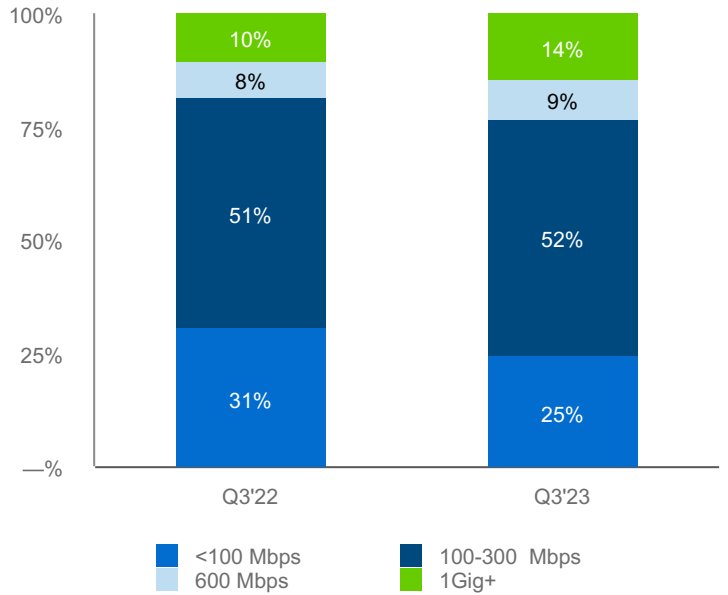
* Marketable service addresses includes single family households, commercial locations, and multiple dwelling units where we have gained right of entry across all of our markets.

Growing fiber footprint driving faster speeds

Total Service Address Mix

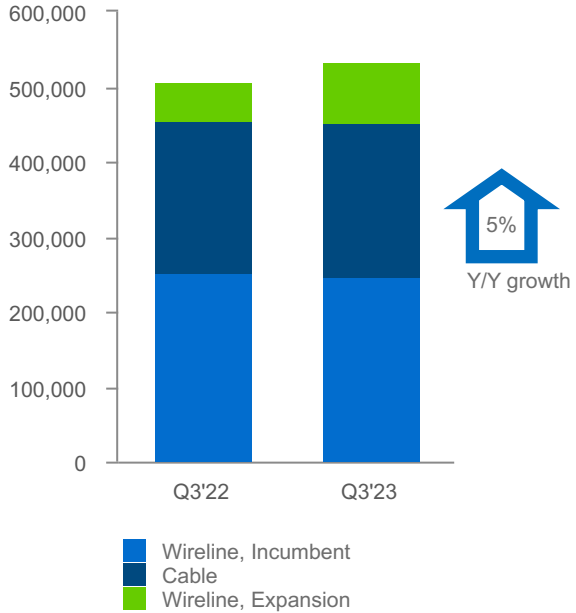


Residential Broadband Connections by Speed

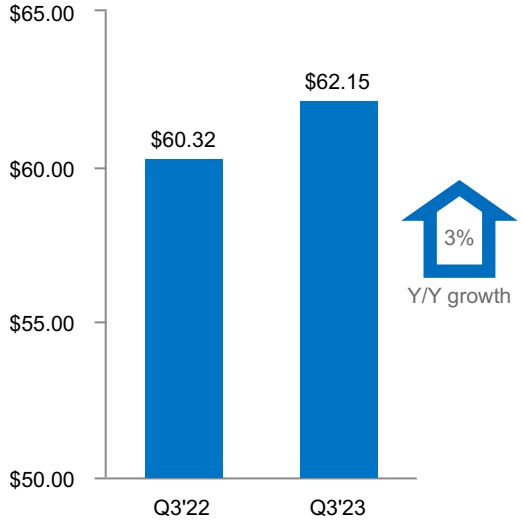


Strategy drives residential broadband growth

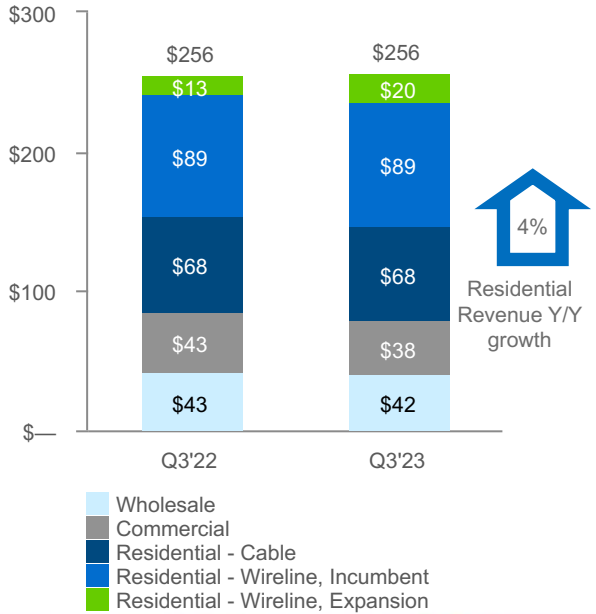
Residential Broadband Connections



Residential Revenue per Connection



Operating Revenues ($M)



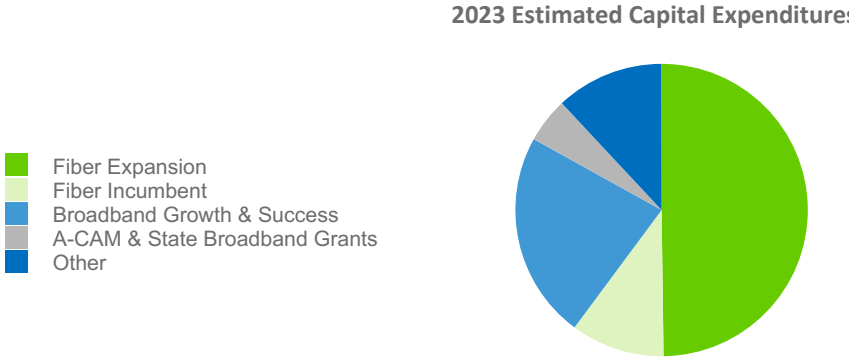
TDS Telecom operating performance

($M)	Q3'23	Q3'22	% Change
Total operating revenues	$ 256	$ 256	—
Cash expenses [1]	189	190	(1)%
Adjusted EBITDA [1]	$ 68	$ 66	3 %
Capital expenditures	$ 172	$ 166	3 %

(1) - See appendix for explanation.

2023 TDS Telecom guidance*

($M) As of November 3, 2023	2022 Actual	2023 Previous Estimates	2023 Current Estimates
Total operating revenues	$1,020	$1,030-$1,060	Unchanged
Adjusted OIBDA (1)	$288	$270-$300	Unchanged
Adjusted EBITDA (1)	$291	$270-$300	Unchanged
Capital expenditures	$556	$475-$525	Approx. $550



(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.

Appendix

Adjusted OIBDA and Adjusted EBITDA Reconciliation

	Three Months Ended September 30, 2023			Three Months Ended September 30, 2022		
($M)	**UScellular**	**TDS Telecom**	**TDS***	**UScellular**	**TDS Telecom**	**TDS***
Net income (GAAP)	**$23**	**$4**	**$4**	**($12)**	**$10**	**($10)**
Add back:						
Income tax expense	27	—	27	(3)	3	(3)
Income before income taxes (GAAP)	**$50**	**$4**	**$31**	**($15)**	**$13**	**($13)**
Add back:						
Interest expense	50	(2)	62	42	(2)	46
Depreciation, amortization and accretion expense	159	61	225	177	53	234
EBITDA [(1)] (non-GAAP)	$259	$63	$318	$204	$63	$267
Add back or deduct:						
Expenses related to strategic alternatives review	3	—	4	—	—	—
(Gain) loss on asset disposals, net	1	6	6	1	3	4
Adjusted EBITDA [(1)] (non-GAAP)	$263	$68	$328	$205	$66	$271
Add back or deduct:						
Equity in earnings of unconsolidated entities	40	—	40	40	—	40
Interest and dividend income	3	1	5	2	1	4
Adjusted OIBDA [(1)] (non-GAAP)	$220	$67	$283	$163	$66	$227

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)	**$75-$135**	**$40-$70**	**$72**	**$76**
Add back:				
Interest expense	195	—	163	(7)
Depreciation, amortization and accretion expense	655	230	700	215
EBITDA [(1)] (non-GAAP)	$925-$985	$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)	$945-$1,005	$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)	$770-$830	$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 21 and 22. 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 21 and 22 are 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, nonrecurring expenses, 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, gains and losses, and expenses related to the strategic alternatives review of UScellular 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 21 and 22 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 September 30, 2023, can be found on TDS' and UScellular's websites at investors.tdsinc.com and investors.uscellular.com.