



First Quarter 2020 Results COVID-19 Update

May 1, 2020

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 U.S. Cellular and TDS Telecom (the "company"), 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: the impact, duration and severity of the COVID-19 pandemic; intense competition; the ability to execute the company's business strategy; uncertainties in the company's future cash flows and liquidity and access to the capital markets; the ability to make payments on the company's 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 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 the company's 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 the company. Investors are encouraged to consider these and other risks and uncertainties that are discussed in documents furnished to the Securities and Exchange Commission.

COVID-19 related safe harbor statement

The impact of the COVID-19 pandemic on TDS' business is uncertain, but depending on its duration and severity it could have a material adverse effect on TDS' business, financial condition or results of operations.

The impact of the recent global spread of COVID-19 on TDS' future operations is uncertain. Public health emergencies, such as COVID-19, pose the risk that TDS or its associates, agents, partners and suppliers may be unable to conduct business activities for an extended period of time and/or provide the level of service expected. TDS' ability to attract customers, maintain adequate supply chain and execute on its business strategies and initiatives could be negatively impacted by this outbreak. Additionally, COVID-19 has caused and could continue to cause increased unemployment, economic downturn and credit market deterioration, all of which could negatively impact TDS. The extent of the impact of COVID-19 on TDS' business, financial condition and results of operations will depend on future circumstances, including the severity of the disease, the duration of the outbreak, actions taken by governmental authorities and other possible direct and indirect consequences, all of which are uncertain and cannot be predicted.

Upcoming investor relations calendar

- 5/12/20 - J.P. Morgan 48th Annual Global Technology, Media and Communications Conference (Virtual)
 - From management - Ted Carlson, Doug Chambers, Vicki Villacrez, and Jane McCahon
- We welcome the opportunity to do virtual meetings with investors

Living our mission as an essential service

Our mission at TDS is to provide outstanding communications services to our customers and meet the needs of our shareholders, our people, and our communities.

Customers – The TDS family of businesses is fulfilling our promise to provide high-quality communication services to our customers, including underserved markets, while keeping their safety a top priority

- U.S. Cellular and TDS Telecom signed the FCC’s Keep Americans Connected Pledge

Employees – Our culture remains strong as we adjust to new work environments

Communities – We are keeping our communities connected and providing support to charitable organizations

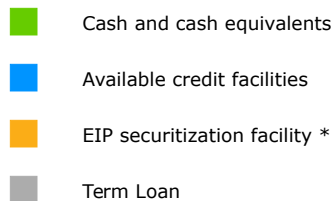
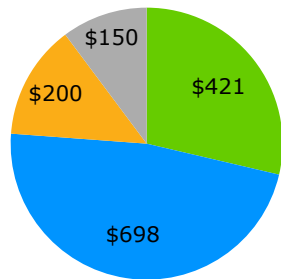
Shareholders and Debtholders – Long-term investments in our businesses and conservative financial strategies have positioned us to manage through this crisis

Our balance sheet is strong

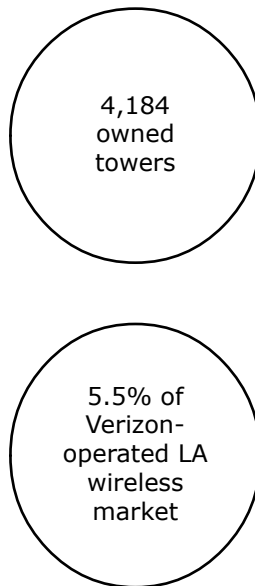
- Continue to maintain a strong balance sheet with ample liquidity
- Employ a conservative financing strategy with long-dated repayment obligations

Available Sources

March 31, 2020
(\$ in millions)

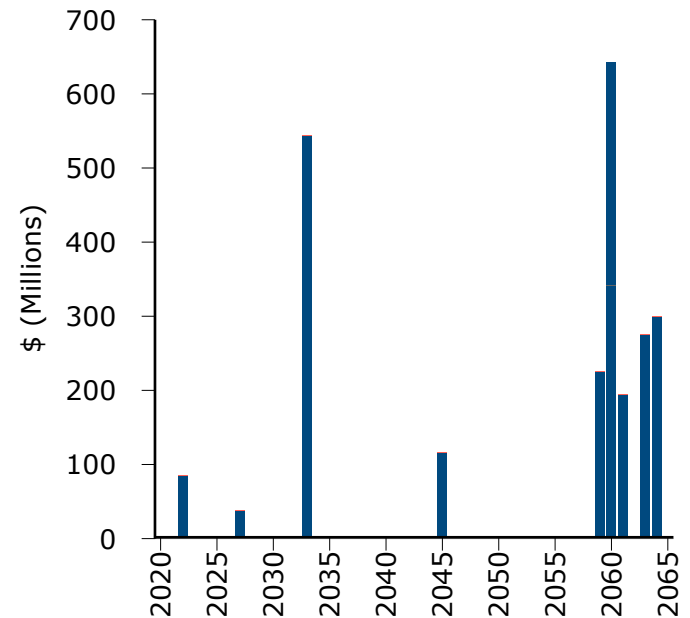


Potential Sources



Long-term debt obligations

March 31, 2020



* In April 2020, U.S. Cellular borrowed \$125 million under its receivables securitization agreement.

Recent treasury activities and tax benefits

- Closely monitoring customer receipts, accounts receivable balances and aging, cash disbursements activity, inventory balances, and other leading indicators. No trends currently indicating a material deterioration in cash flows or liquidity.
- Completed 2020 financing activities prior to the start of the COVID-19 outbreak
 - No additional financing required at this time
 - However, our banks have indicated that we could, if needed, raise new money
 - Partially drew down on the TDS term loan and U.S. Cellular EIP securitization, as previously planned
- Repurchasing stock
 - TDS repurchased 378,197 shares for \$6 million
 - U.S. Cellular repurchased 803,836 shares for \$23 million
- CARES Act
 - TDS projects that the income tax effects of the CARES Act will result in a reduction in income tax expense recognized throughout the 2020 tax year and a cash refund in 2021 of taxes paid in prior years
 - In Q1 2020, TDS' effective tax rate was 4.2%



Our Company is open and working through this crisis. More than ever consumers and businesses appreciate how essential wireless service is to how they work and stay connected!

- Associates
 - A resilient, dedicated organization

- Operations
 - Customer service substantially migrated to work from home, allowing for social distancing inside the call centers
 - Distribution - 70% of retail stores remain open
 - Supply chain - stocked and fully functional

- Network performing well
 - Meeting increased demand
 - Data traffic up 59% year-over-year; up additional 15% during COVID-19

U.S. Cellular's strategic priorities remain intact, but managing through COVID-19 crisis is job one now:



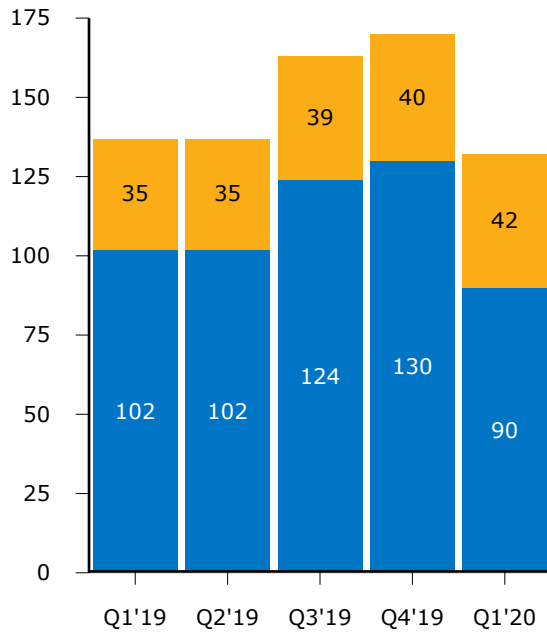
Highlights of efforts that continue:

- Providing products and services that customers need
- Churn mitigation: Strategies to help customers pay bills
- Cost optimization efforts ongoing even as we react to and learn from COVID-19 challenges
- Network enhancements moving forward (VoLTE, Network Modernization, 5G)
- Millimeter Wave spectrum holdings:
 - 408 licenses in 28 GHz (Auction 101)
 - 282 licenses in 24 GHz (Auction 102)
 - 237 licenses in the 37, 39 and 47 GHz bands (Auction 103)

Postpaid connections

Gross Additions

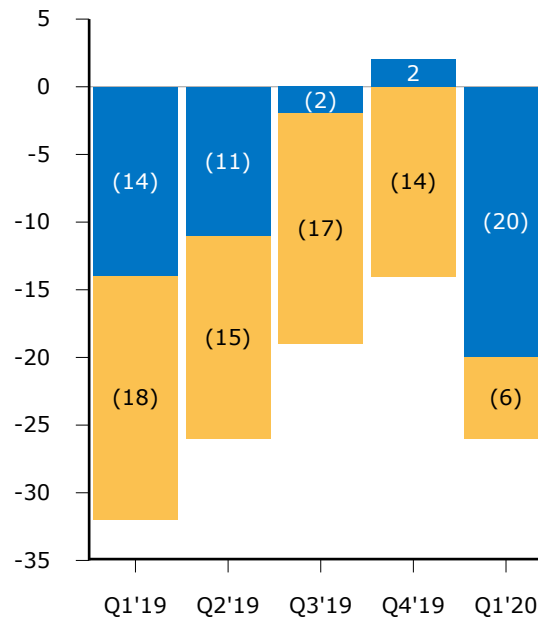
(in thousands)



- Handsets
- Connected devices

Net Additions

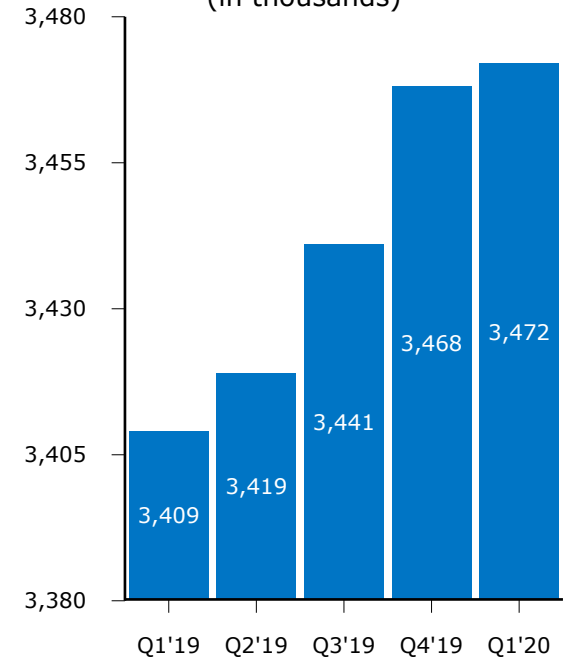
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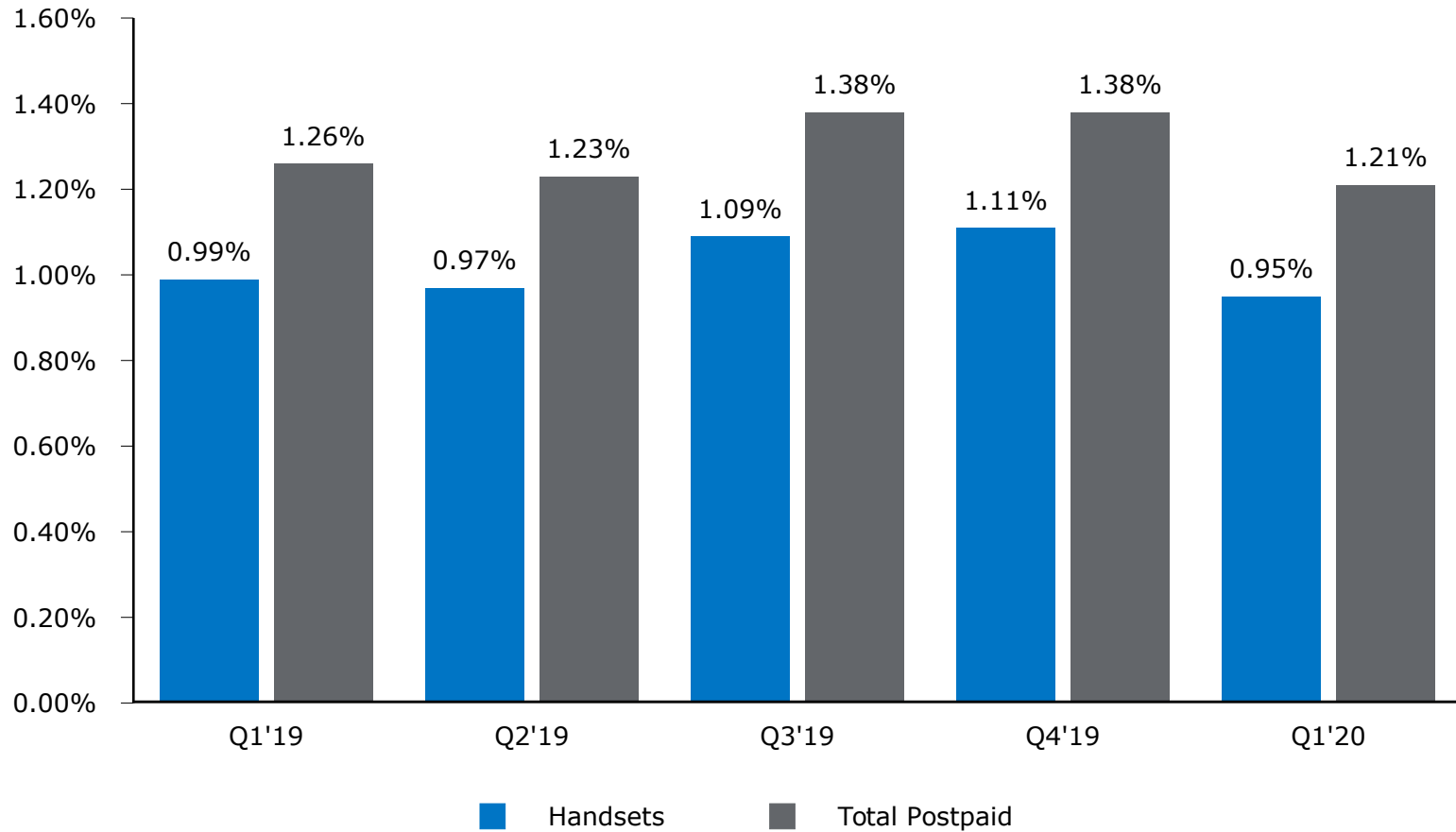
- Handsets
- Connected devices

Smartphone Connections

(in thousands)



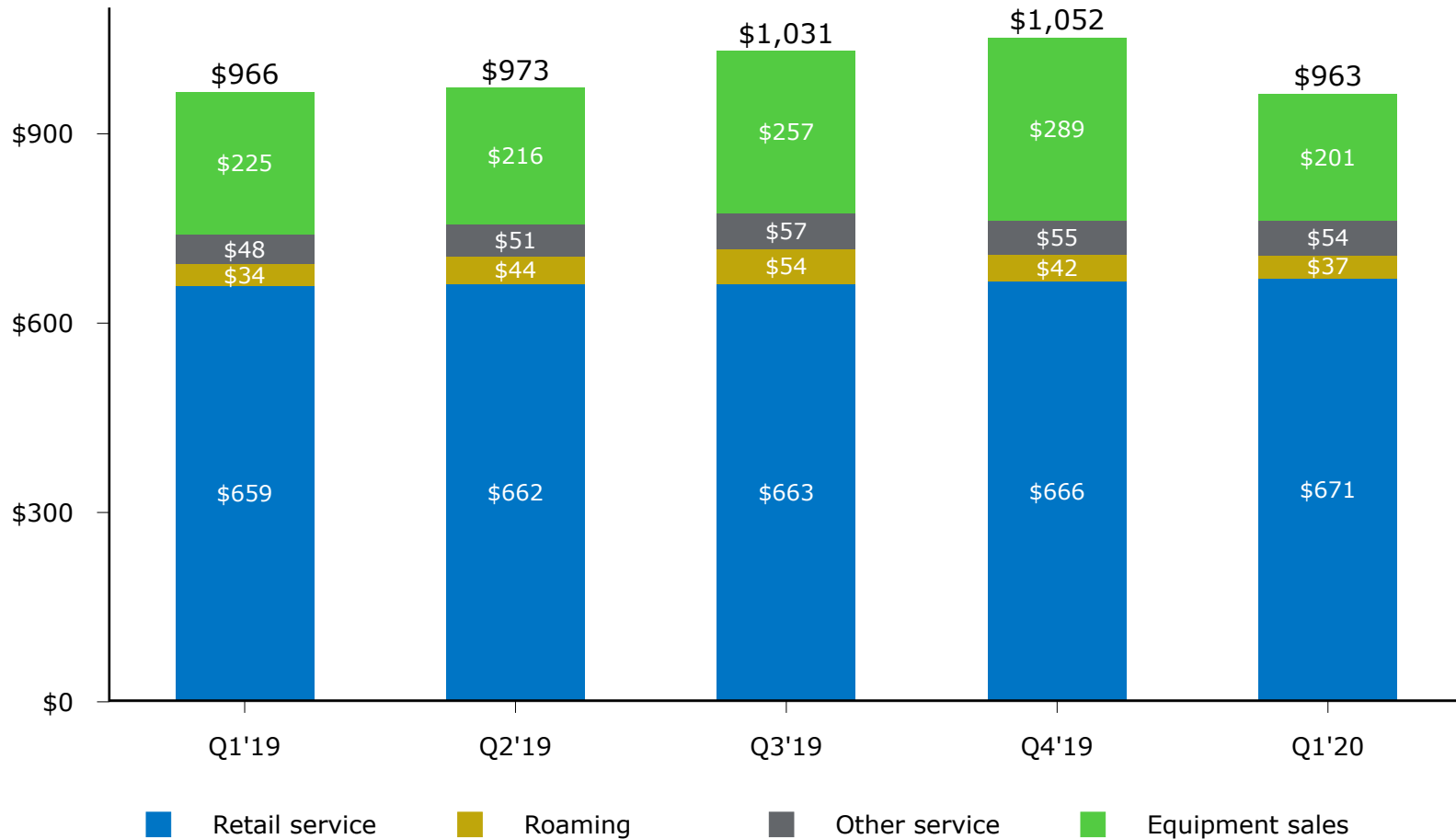
Postpaid churn rate



Total operating revenues



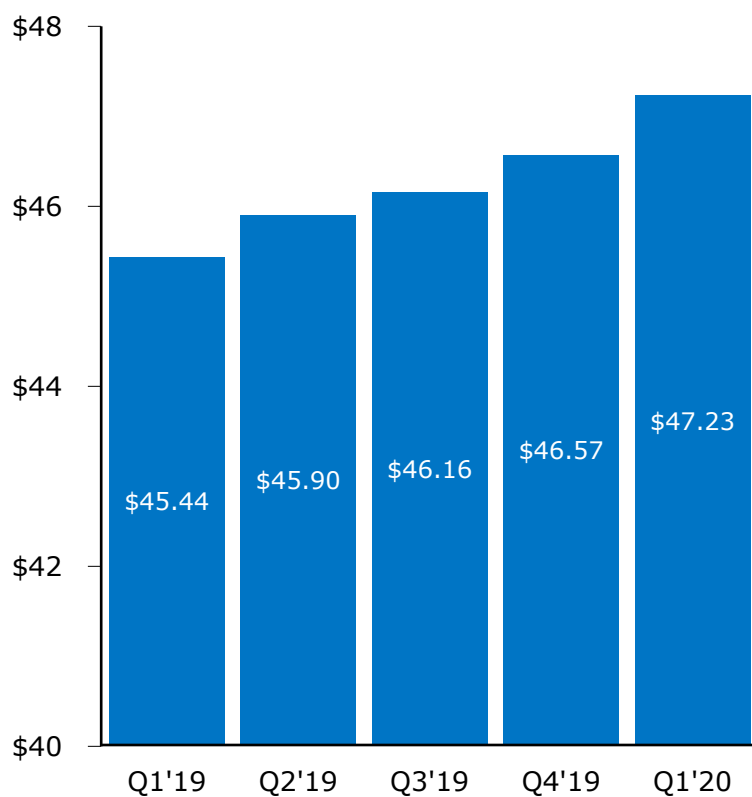
(\$ in millions)



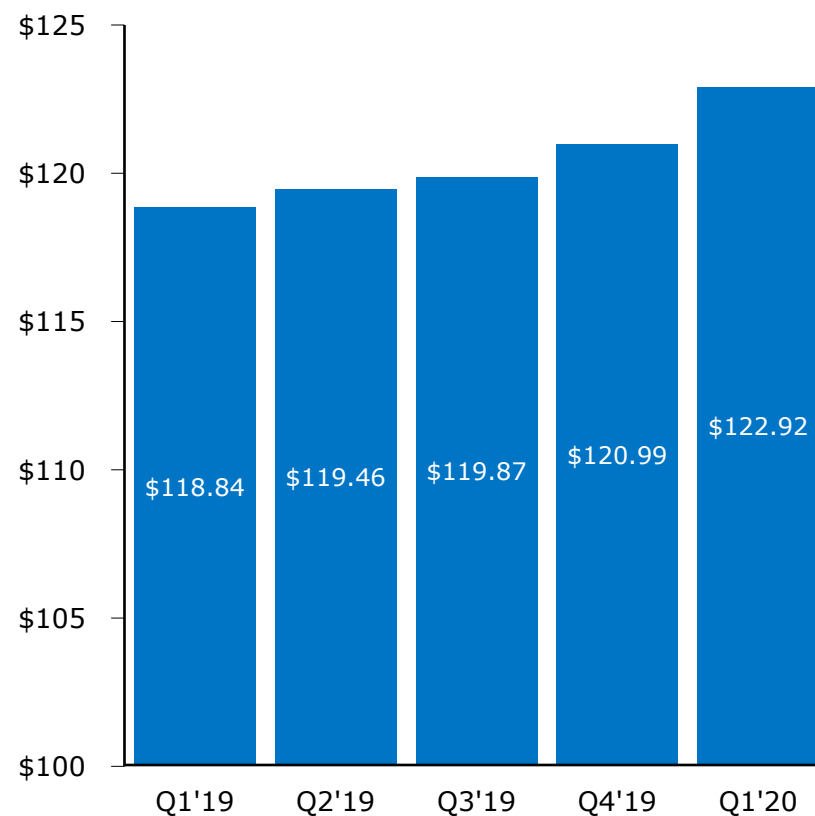
Postpaid revenue



Average Revenue Per User (ARPU)



Average Revenue Per Account (ARPA)



Adjusted OIBDA



(\$ in millions)	Q1'20	Q1'19	% Change
Total operating revenues	\$ 963	\$ 966	–
System operations expense	180	176	2 %
Cost of equipment sold	217	233	(7)%
SG&A expenses	335	326	3 %
Total cash expenses ⁽¹⁾	732	735	–
Adjusted OIBDA ⁽²⁾	\$ 231	\$ 231	–

(1), (2) - See slide 32 for explanations

Adjusted EBITDA



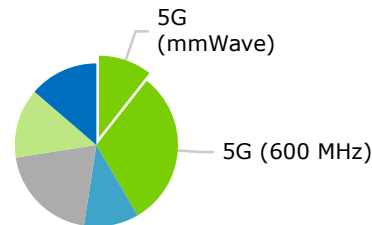
(\$ in millions)	Q1'20	Q1'19	% Change
Adjusted OIBDA ⁽²⁾	\$ 231	\$ 231	–
Equity in earnings of unconsolidated entities	45	44	3 %
Interest and dividend income	4	6	(33)%
Other, net	1	–	(86)%
Adjusted EBITDA ⁽²⁾	\$ 281	\$ 281	–

(2) - See slide 32 for explanation

2020 guidance *

(\$ in millions) As of May 1, 2020	2019 Actual	2020 Previous Estimates	2020 Current Estimates
Service revenues	\$3,035	\$3,000-\$3,100	Unchanged
Adjusted OIBDA ⁽²⁾	\$832	\$775-\$900	\$725-\$850
Adjusted EBITDA ⁽²⁾	\$1,015	\$950-\$1,075	\$900-\$1,025
Capital expenditures	\$710	\$850-\$950	Unchanged

2020 Estimated Capital Expenditures



- 5G (mmWave)
- 5G (600 MHz)
- Sales/IS/Facilities
- Network Operations
- VoLTE
- Capacity

(2) - See slide 32 for explanation

* There can be no assurance that final results will not differ materially from estimated results.

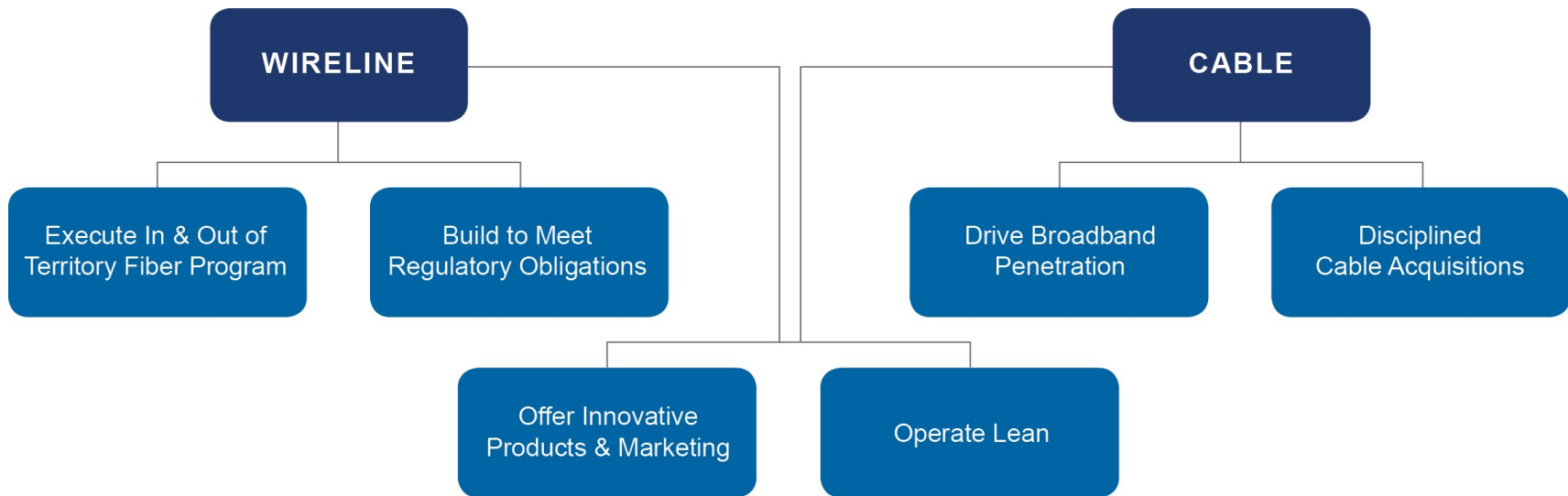




This crisis has validated the need for high speed broadband services and we are dedicated to providing the best solutions.

- One third of our workforce goes in/out of homes and safety is our #1 priority. To that end, we have implemented tools and techniques to continue to service our customers (e.g., remote video assist, pre-configuration of equipment outside of the home)
- At the end of quarter, demand for our products and services was up significantly from last year as stay-at-home policies were implemented around the U.S.
- Our networks, benefitting from our fiber fortification programs, are stable as capacity during non-peak hours increased significantly – peak is up ~15%
- Customers continue to pay their bills as they value wired broadband services, and even voice, at this time

Wireline and cable strategic priorities remain intact but managing through COVID-19 crisis is job one now:



Target new markets where our formula wins:

- Attractive demographics and competitive landscape
- Target build cost per household passed
- Hyper-localized marketing and sales

TDS Telecom operating performance



(\$ in millions)	Q1'20	Q1'19	% Change
Wireline	\$ 169	\$ 171	(1)%
Cable	71	60	19 %
Total operating revenues *	240	230	4 %
Cash expenses ⁽¹⁾	160	150	7 %
Adjusted EBITDA ⁽²⁾	82	83	(2)%
Capital expenditures	\$ 54	\$ 42	27 %

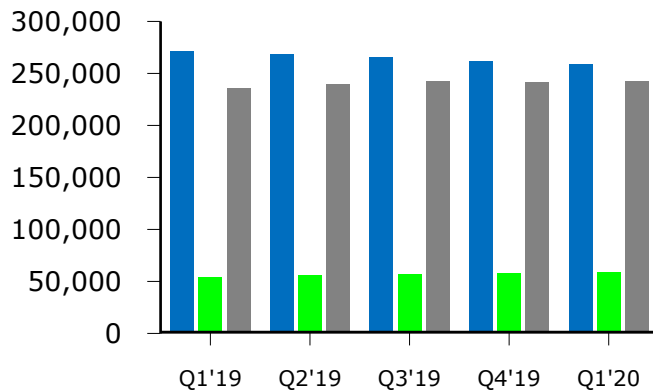
* Includes intercompany eliminations
 (1), (2) - See slide 32 for explanations

Wireline highlights and trends



- Growth in residential video and broadband driving an increase in residential revenue per connection
 - Demand for higher speeds is strong
- Growth from fiber investments and A-CAM support helps to offset legacy revenue declines

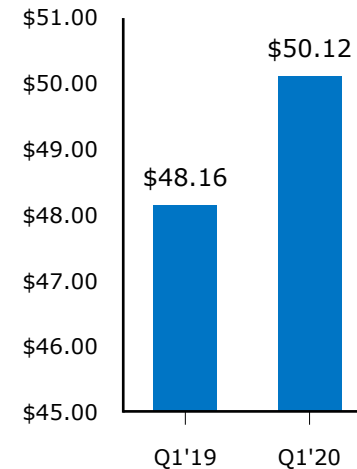
Residential Connections



■ Voice ■ Video
■ Broadband

↑ 3%
Broadband connections (Y/Y growth)

Residential Revenue Per Connection

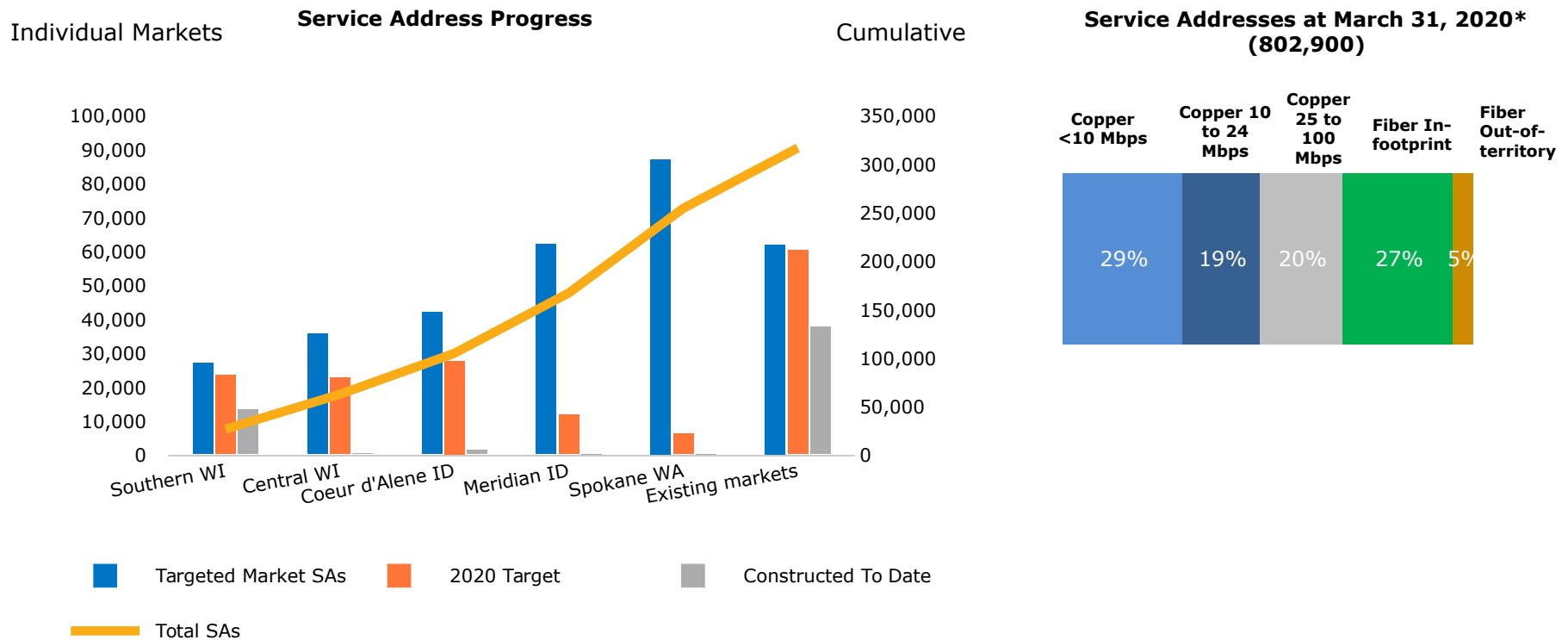


↑ 4%
(Y/Y)



Fiber highlights and trends

- Fiber-to-the-Home to 32% of Wireline Service Addresses (SA)*
- Total Wireline SAs increased 5% with expansion into new markets
- Construction Watch Points:
 - Municipalities slowing permitting processes
 - Electric utilities slowing pole preparation for aerial portions of the fiber construction



* Includes ILEC and OOT, excludes CLEC

Wireline operating performance



(\$ in millions)	Q1'20	Q1'19	% Change
Residential	\$ 84	\$ 81	4 %
Commercial	39	43	(10)%
Wholesale	46	46	–
Total operating revenues	169	171	(1)%
Cash expenses ⁽¹⁾	114	110	3 %
Adjusted EBITDA ⁽²⁾	57	63	(9)%
Capital expenditures	\$ 39	\$ 29	32 %

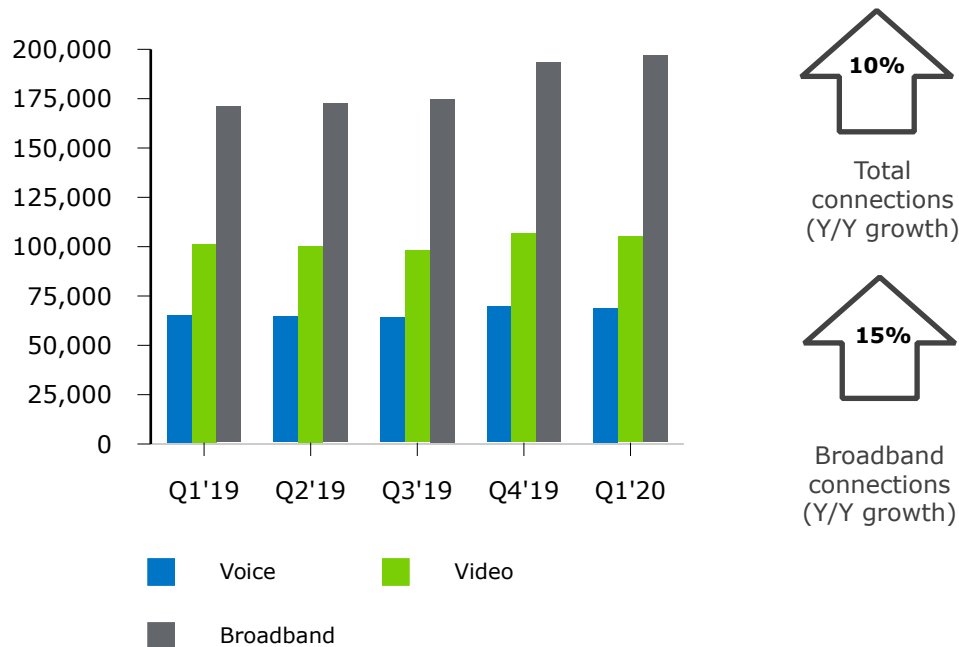
(1), (2) - See slide 32 for explanations



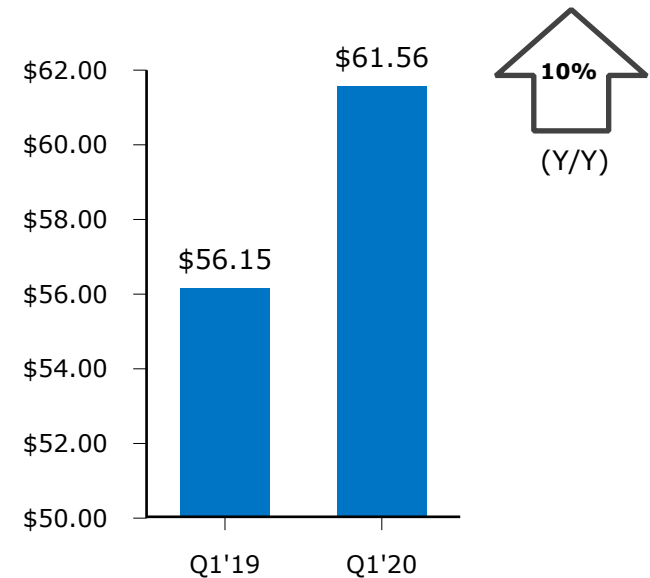
Cable highlights and trends

- Cable connections grew 10% due to an increase in broadband connections and the acquisition of Continuum
 - Continuum added 15,800 broadband connections; 9,400 video connections; 5,800 voice connections
- Revenues increase 19%; Adjusted EBITDA increase 22%

Connections



Residential Revenue Per Connection



Cable operating performance



(\$ in millions)	Q1'20	Q1'19	% Change
Residential	\$ 60	\$ 49	20%
Commercial	11	10	11%
Total operating revenues	71	60	19%
Cash expenses ⁽¹⁾	47	40	17%
Adjusted EBITDA ⁽²⁾	25	20	22%
Capital expenditures	\$ 15	\$ 13	15%

(1), (2) - See slide 32 for explanations

What investors are asking



Numerous factors to watch over the short- and medium-term that could impact our 2020 results

Headwinds

- Bad debts – tracking daily cash receipts
- SMB customers – number of defections due to insolvency
- DSL defections – copper customers who are unable to upgrade to higher speeds
- Door-to-door sales teams – redeployed to customer service
- Supply chain – monitoring third-party dependencies

Tailwinds

- Broadband gross adds – new customer orders taking BB and other services
- Broadband upgrades – increasing ARPU as customers move up the stack
- Cloud TV adds – roll out of new platform in our most attractive Cable & Wireline markets

2020 TDS Telecom guidance*

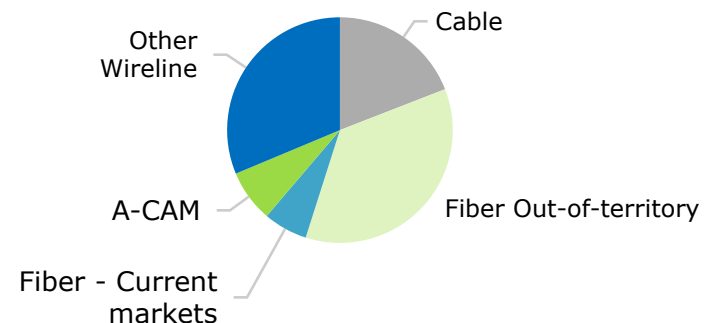


(\$ in millions) As of May 1, 2020	2019 Actual	2020 Previous Estimates	2020 Current Estimates
Total operating revenues	\$930	\$950-\$1,000	Unchanged
Adjusted OIBDA ⁽²⁾	\$300	\$280-\$310	Unchanged
Adjusted EBITDA ⁽²⁾	\$313	\$290-\$320	Unchanged
Capital expenditures	\$316	\$300-\$350	Unchanged

The impact of the recent global spread of COVID-19 on TDS' future operations is uncertain and may affect:

- Future sales demand
- Investment to support broadband growth
- Delays in fiber construction
- Government actions

2020 Estimated Capital Expenditures



(2) - See slide 32 for explanation

Appendix

Adjusted OIBDA and Adjusted EBITDA Reconciliation

	Three Months Ended March 31, 2020					Three Months Ended March 31, 2019				
(\$ in millions)	U.S. Cellular	Wireline	Cable	Total TDS Telecom	TDS ⁽³⁾	U.S. Cellular	Wireline	Cable	Total TDS Telecom	TDS ⁽³⁾
Net income (GAAP)	\$72	N/A	N/A	\$28	\$83	\$58	N/A	N/A	\$31	\$70
Add back:										
Income tax expense	4	N/A	N/A	4	3	27	N/A	N/A	10	34
Income before income taxes (GAAP)	\$76	\$26	\$5	\$31	\$86	\$85	\$38	\$3	\$40	\$104
Add back:										
Interest expense	24	(1)	—	(1)	37	29	(1)	—	—	43
Depreciation, amortization and accretion expense	177	32	19	52	235	169	34	17	50	227
EBITDA ⁽²⁾ (non-GAAP)	\$277	\$57	\$25	\$82	\$358	\$283	\$71	\$20	\$90	\$374
Add back or deduct:										
(Gain) loss on asset disposals, net	4	—	—	—	4	2	(7)	—	(7)	(5)
(Gain) loss on sale of business and other exit costs, net	—	—	—	—	—	(2)	—	—	—	(2)
(Gain) loss on license sales and exchanges, net	—	—	—	—	—	(2)	—	—	—	(2)
Adjusted EBITDA ⁽²⁾ (non-GAAP)	\$281	\$57	\$25	\$82	\$362	\$281	\$63	\$20	\$83	\$365
Add back or deduct:										
Equity in earnings of unconsolidated entities	45	—	—	—	45	44	—	—	—	44
Interest and dividend income	4	2	—	2	6	6	3	—	3	9
Other, net	1	—	—	—	—	—	—	—	—	—
Adjusted OIBDA ⁽²⁾ (non-GAAP)	\$231	\$56	\$24	\$80	\$311	\$231	\$61	\$20	\$80	\$312

Numbers may not foot due to rounding.

(2), (3) - See slide 32 for explanations

Adjusted OIBDA and Adjusted EBITDA Reconciliation – 2020 Estimated and 2019 Full Year

In providing 2020 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.

(Dollars in millions)	2020 Estimated Results		Actual Results Year ended December 31, 2019	
	U.S. Cellular	TDS Telecom	U.S. Cellular	TDS Telecom
Net income (GAAP)	N/A	N/A	\$133	\$92
Add back:				
Income tax expense	N/A	N/A	52	30
Income before income taxes (GAAP)	\$80-\$205	\$80-\$110	\$185	\$122
Add back:				
Interest expense	110	—	110	(3)
Depreciation, amortization and accretion	690	210	702	200
EBITDA ⁽²⁾ (non-GAAP)	\$880-\$1,005	\$290-\$320	\$997	\$320
Add back or deduct:				
(Gain) loss on asset disposals, net	20	—	19	(7)
(Gain) loss on license sales and exchanges, net	—	—	(1)	—
Adjusted EBITDA ⁽²⁾ (non-GAAP)	\$900-\$1,025	\$290-\$320	\$1,015	\$313
Deduct:				
Equity in earnings of unconsolidated entities	165	—	166	—
Interest and dividend income	10	10	17	12
Adjusted OIBDA ⁽²⁾ (non-GAAP)	\$725-\$850	\$280-\$310	\$832	\$300

(2) - See slide 32 for explanations

- 1) Total cash expenses represent total operating expenses as shown in the Consolidated Statement of Operations Highlights in the TDS and U.S. Cellular SEC Forms 8-K, less depreciation, amortization and accretion and gain/losses.
- 2) EBITDA, Adjusted EBITDA and Adjusted OIBDA are defined as net income adjusted for the items set forth in the reconciliations on slides 30 and 31. 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 U.S. Cellular do not intend to imply that any such items set forth in the reconciliations on slides 30 and 31 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 U.S. Cellular'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 U.S. Cellular'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 30 and 31 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 March 31, 2020, can be found on TDS' and U.S. Cellular's website at investors.tdsinc.com or investors.uscellular.com.
- 3) The TDS column includes U.S. Cellular, TDS Telecom and also the impacts of consolidating eliminations, corporate operations and non-reportable segments.