



Second Quarter 2024 Results

August 2, 2024

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 the announced transaction whereby UScellular has agreed to sell its wireless operations and selected spectrum assets to T-Mobile will be successfully completed or whether UScellular will be able to find buyers at mutually agreeable prices for its spectrum assets that are not subject to the agreement with T-Mobile; 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; strategic decisions regarding the tower 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, including changes in regulatory support received and the ability to pass through certain regulatory fees to customers; 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

- **Strategic alternatives review of UScellular**
 - Announced the sale of wireless operations and select spectrum assets on May 28, 2024
 - Seeking to monetize the remaining 70% of spectrum
- **Announced agreement to sell OneNeck IT Solutions Operations**
- **Balancing improved profitability while making key investments in networks**
 - Cost optimization programs producing significant savings
 - UScellular and TDS Telecom both reporting strong Adjusted EBITDA growth
 - Reduced leverage



Quarterly highlights



Meaningful sequential improvement in total net losses

- Competitive environment remains aggressive
- Improved postpaid and prepaid churn
- Grew postpaid ARPU 2%



Year-over-year Adjusted OIBDA growth from ongoing expense management



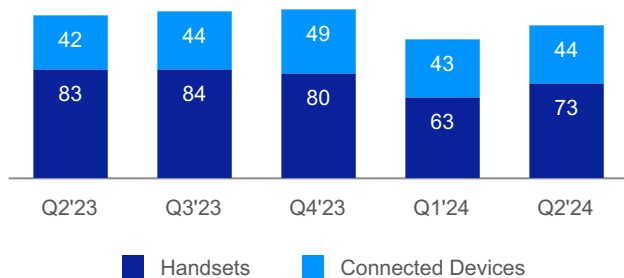
Advancing the network

- Continued mid-band deployment

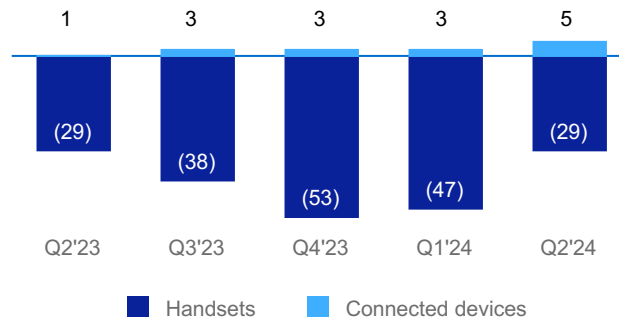
Wireless - postpaid operating metrics



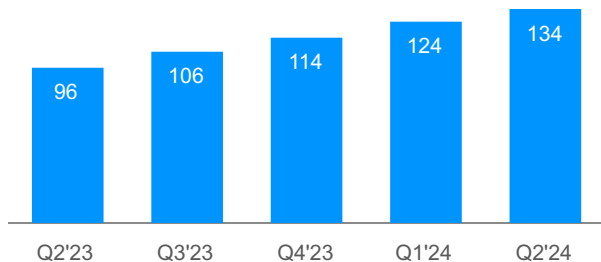
Gross Additions (in thousands)



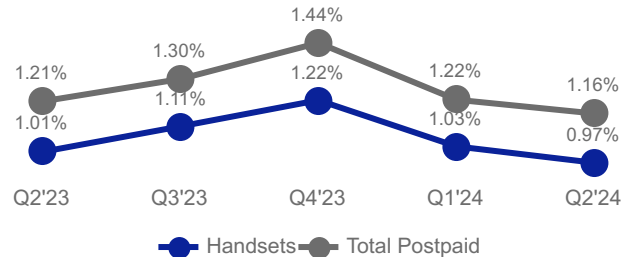
Net Additions (in thousands)



Fixed Wireless Subscribers (in thousands)



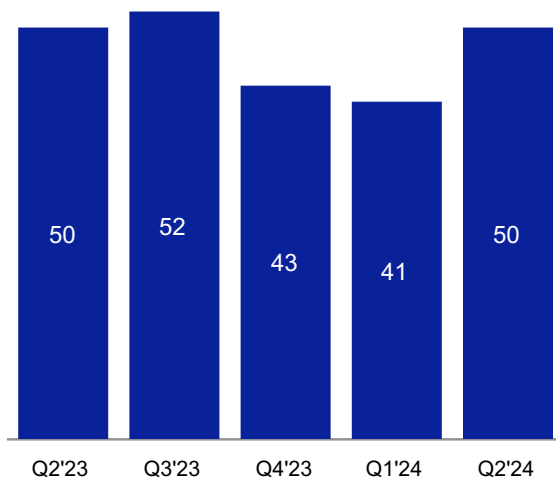
Churn



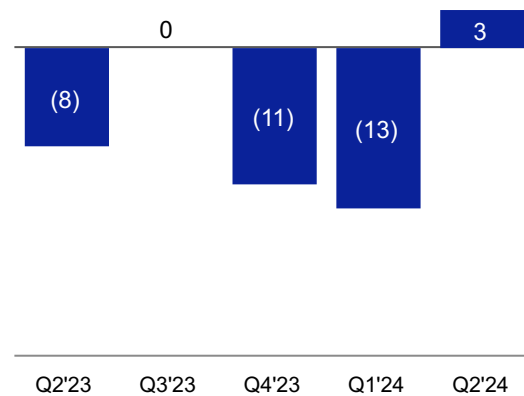
Wireless - prepaid operating metrics



Gross Additions (in thousands)



Net Additions (in thousands)



Towers - Q2 2024 operating metrics



4,388

Owned Towers

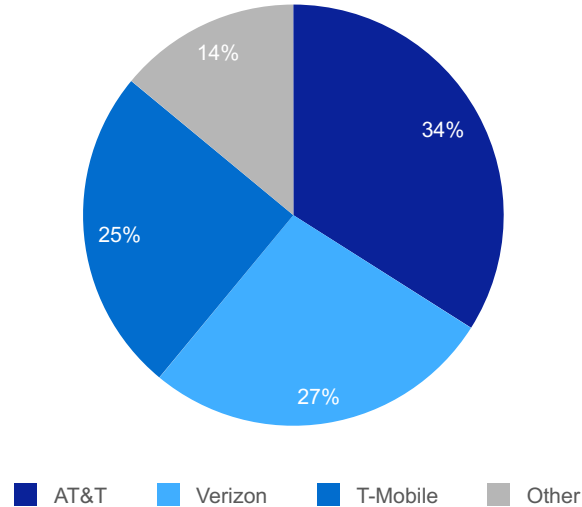
2,392

Number of Colocations

1.55

Tower Tenancy Rate

Tower Revenue Distribution



UScellular Total - operating performance



(\$M)	Q2'24	Q2'23	% Change
Service revenues	\$ 743	\$ 760	(2)%
Equipment sales	184	197	(6)%
Total operating revenues	927	957	(3)%
System operations expense	180	190	(5)%
Cost of equipment sold	211	228	(7)%
SG&A expenses ⁽¹⁾	322	341	(5)%
Total cash expenses ⁽²⁾	713	759	(6)%
Adjusted OIBDA ⁽²⁾	227	198	14 %
Equity in earnings of unconsolidated entities	38	38	2 %
Adjusted EBITDA ⁽²⁾	268	239	13 %
Capital expenditures	\$ 165	\$ 143	15 %

(1) The Q2'24 amount includes \$13M of expenses related to the strategic alternatives review.

(2) See appendix for explanation.

Wireless - operating performance



(\$M), except Postpaid ARPU	Q2'24	Q2'23	% Change
Retail service	\$ 666	\$ 686	(3)%
Other	52	49	7 %
Service revenues	718	735	(2)%
Equipment sales	184	197	(6)%
Total operating revenues	902	932	(3)%
System operations expense ⁽¹⁾	194	203	(4)%
Cost of equipment sold	211	228	(7)%
SG&A expenses ⁽²⁾	313	333	(6)%
Total cash expenses ⁽³⁾	718	764	(6)%
Adjusted OIBDA ⁽³⁾	196	168	16 %
Capital expenditures	\$ 160	\$ 140	13 %
Postpaid ARPU	\$ 51.45	\$ 50.64	2 %

(1) System operations expense includes \$33M and \$32M of intra-company tower rental expense for Q2'24 and Q2'23, respectively.

(2) The Q2'24 amount includes \$12M of expenses related to the strategic alternatives review.

(3) See appendix for explanation.

Towers - operating performance



(\$M)	Q2'24	Q2'23	% Change
Third-party revenues	\$ 25	\$ 25	1 %
Intra-company revenues	33	32	4 %
Total tower revenues	58	57	3 %
System operations expense	19	19	(1)%
SG&A expenses ⁽¹⁾	9	8	8 %
Total cash expenses ⁽²⁾	28	27	2 %
Adjusted OIBDA ⁽²⁾	31	30	6 %
Capital expenditures	\$ 5	\$ 3	N/M

(1) The Q2'24 amount includes \$1M of expenses related to the strategic alternatives review.

(2) See appendix for explanation.

2024 UScellular guidance *



(\$M)

As of August 2, 2024

	2023 Actual	2024 Previous Estimates	2024 Current Estimates
Service revenues	\$3,044	\$2,950-\$3,050	Unchanged
Adjusted OIBDA ⁽¹⁾	\$818	\$750-\$850	Unchanged
Adjusted EBITDA ⁽¹⁾	\$986	\$920-\$1,020	Unchanged
Capital expenditures	\$611	\$550-\$650	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 alternatives review of UScellular.





Expanding footprint

- Network expansion increased service addresses 10%
- Deployed 27,000 new marketable fiber addresses; 55,000 YTD

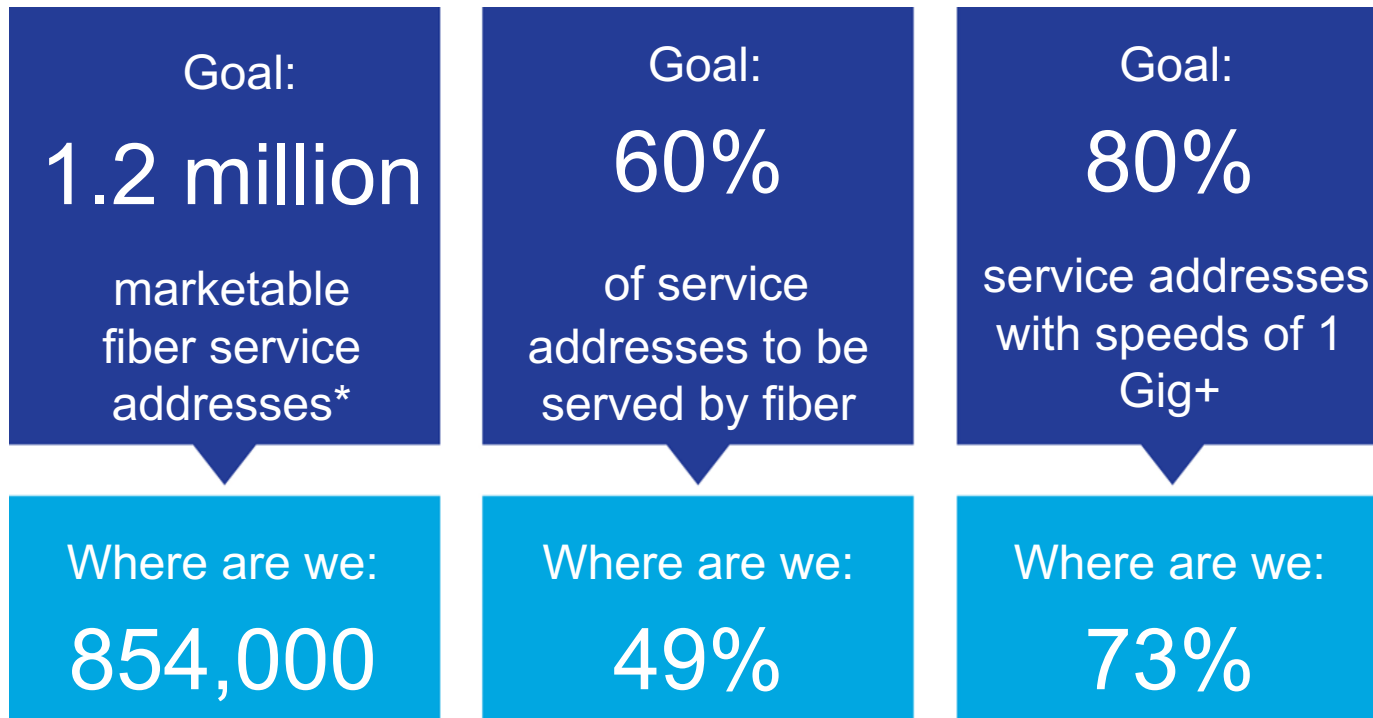


Broadband strategy delivered both top and bottom line growth versus prior year

- Residential broadband connections up 5%
- Residential revenue per connection grew 5%
- Revenues up 4%
- Adjusted EBITDA ⁽¹⁾ up 32%

Progress on our long-term fiber program

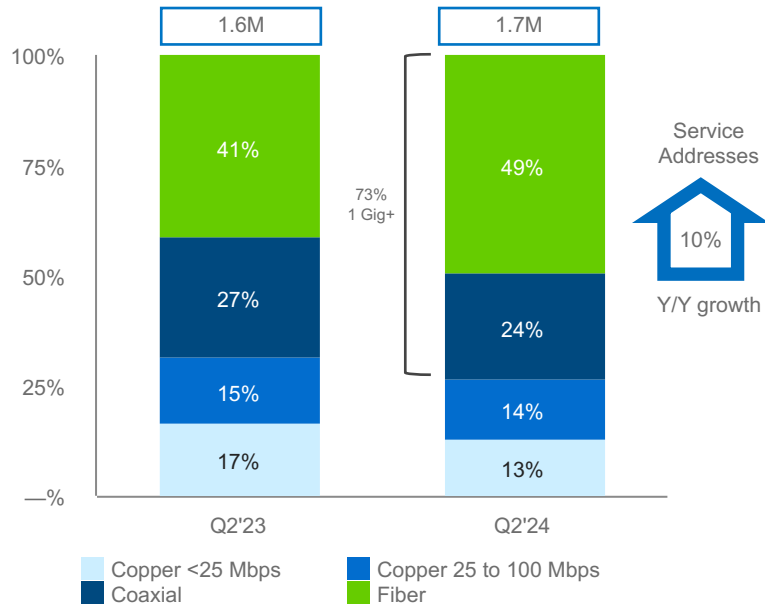
Deployed 27,000 marketable fiber service addresses in 2Q'24



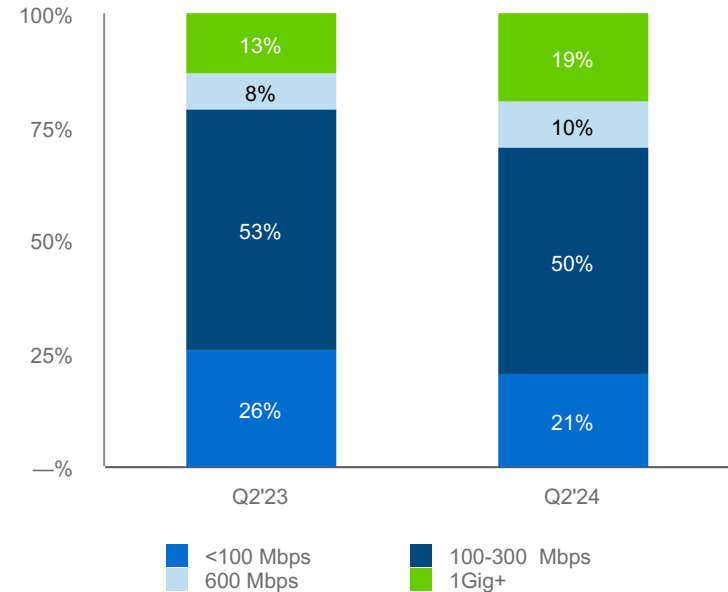
Growing fiber footprint driving faster speeds



Total Service Address Mix



Residential Broadband Connections by Speed

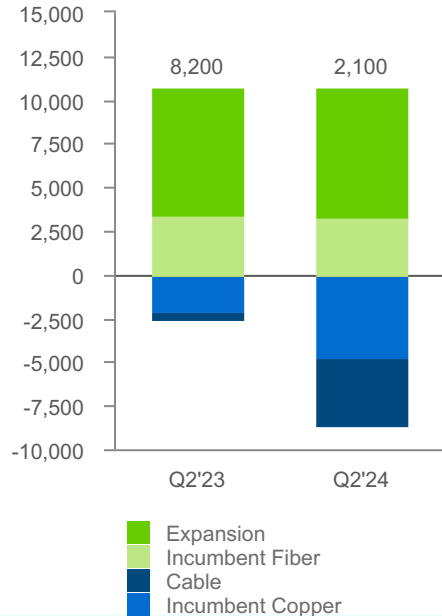


Strong residential revenue growth

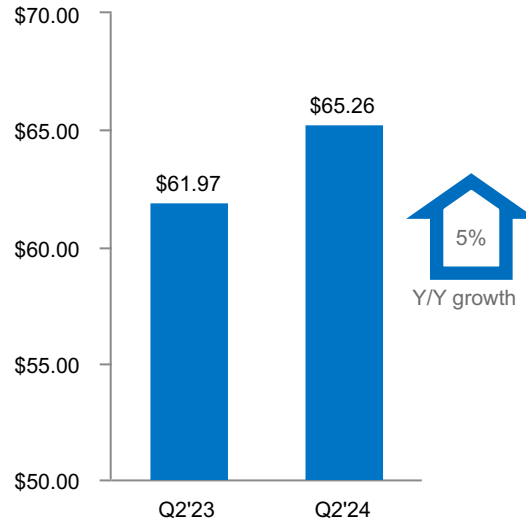
Total residential broadband connections grew 5% Y/Y



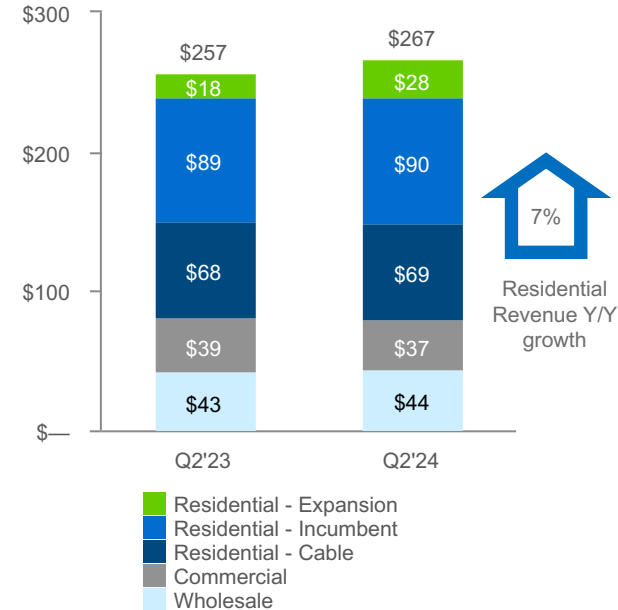
Residential Broadband Net Additions



Residential Revenue per Connection



Operating Revenues (\$M)



TDS Telecom operating performance



(\$M)	Q2'24	Q2'23	% Change
Total operating revenues	\$ 267	\$ 257	4 %
Cash expenses ⁽¹⁾	178	189	(6)%
Adjusted EBITDA ⁽¹⁾	\$ 91	\$ 70	32 %
Capital expenditures	\$ 78	\$ 132	(41)%

2024 TDS Telecom guidance*



<i>(\$M)</i> As of August 2, 2024	2023 Actual	2024 Previous Estimates	2024 Current Estimates
Total operating revenues	\$1,028	\$1,070-\$1,100	\$1,050-\$1,080
Adjusted OIBDA ⁽¹⁾	\$279	\$310-\$340	\$330-\$360
Adjusted EBITDA ⁽¹⁾	\$285	\$310-\$340	\$330-\$360
Capital expenditures	\$577	\$310-\$340	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.



Appendix

Adjusted OIBDA and Adjusted EBITDA Reconciliation

(\$M)	Three Months Ended June 30, 2024			Three Months Ended June 30, 2023		
	UScellular	TDS Telecom	TDS*	UScellular	TDS Telecom	TDS*
Net income (GAAP)	\$18	\$18	\$7	\$5	\$7	\$—
Add back:						
Income tax expense	14	3	6	19	3	15
Income before income taxes (GAAP)	\$32	\$21	\$13	\$24	\$10	\$15
Add back:						
Interest expense	45	—	73	51	(2)	62
Depreciation, amortization and accretion expense	165	67	233	161	60	225
EBITDA ⁽¹⁾ (non-GAAP)	\$242	\$88	\$319	\$236	\$68	\$302
Add back or deduct:						
Expenses related to strategic alternatives review	13	—	21	—	—	—
(Gain) loss on asset disposals, net	5	4	9	3	2	5
(Gain) loss on license sales and exchanges, net	8	—	8	—	—	—
Adjusted EBITDA ⁽¹⁾ (non-GAAP)	\$268	\$91	\$357	\$239	\$70	\$307
Add back or deduct:						
Equity in earnings of unconsolidated entities	38	—	39	38	—	38
Interest and dividend income	3	1	7	3	1	6
Other, net	—	1	1	—	—	—
Adjusted OIBDA ⁽¹⁾ (non-GAAP)	\$227	\$89	\$310	\$198	\$68	\$263

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.

Adjusted OIBDA and Adjusted EBITDA Reconciliation

(\$M)	Three Months Ended June 30, 2024		Three Months Ended June 30, 2023	
	UScellular Wireless	UScellular Towers	UScellular Wireless	UScellular Towers
EBITDA (Non-GAAP) ⁽¹⁾	\$ 171	\$ 30	\$ 165	\$ 30
Add back or deduct:				
Expenses related to strategic alternatives review	12	1	—	—
(Gain) loss on asset disposals, net	5	—	3	—
(Gain) loss on license sales and exchanges, net	8	—	—	—
Adjusted EBITDA and Adjusted OIBDA (Non-GAAP) ⁽¹⁾	\$ 196	\$ 31	\$ 168	\$ 30
Deduct:				
Depreciation, amortization and accretion expense	154	11	149	12
Expenses related to strategic alternatives review	12	1	—	—
(Gain) loss on asset disposals, net	5	—	3	—
(Gain) loss on license sales and exchanges, net	8	—	—	—
Operating income (GAAP)	\$ 17	\$ 19	\$ 47	\$ 18

Adjusted OIBDA and Adjusted EBITDA Reconciliation – 2024 Estimated and 2023 Full Year

In providing 2024 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.

(\$M)	2024 Estimated Results		Actual Results Year ended December 31, 2023	
	UScellular	TDS Telecom	UScellular	TDS Telecom
Net income (loss) (GAAP)	N/A	N/A	\$58	\$(483)
Add back:				
Income tax expense (benefit)	N/A	N/A	53	(26)
Income (loss) before income taxes (GAAP)	\$60-\$160	\$60-\$90	\$111	\$(509)
Add back:				
Interest expense	185	—	196	(8)
Depreciation, amortization and accretion expense	660	270	656	245
EBITDA ⁽¹⁾ (non-GAAP)	\$905-\$1,005	\$330-\$360	\$963	\$(272)
Add back or deduct:				
Loss on impairment of goodwill	—	—	—	547
Expenses related to strategic alternatives review	—	—	8	—
(Gain) loss on asset disposals, net	15	—	17	10
(Gain) loss on license sales and exchanges, net	—	—	(2)	—
Adjusted EBITDA ⁽¹⁾ (non-GAAP)	\$920-\$1,020	\$330-\$360	\$986	\$285
Deduct:				
Equity in earnings of unconsolidated entities	155	—	158	—
Interest and dividend income	15	—	10	4
Other, net	—	—	—	2
Adjusted OIBDA ⁽¹⁾ (non-GAAP)	\$750-\$850	\$330-\$360	\$818	\$279

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 through 23. 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 through 23 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 through 23 reconcile EBITDA, Adjusted EBITDA and Adjusted OIBDA flow to the corresponding GAAP measure, Net income or Income before income taxes. Income and expense items below Operating income are not provided at the individual segment level for UScellular Wireless and UScellular Towers; therefore, the reconciliations begin with EBITDA and the most directly comparable GAAP measure is Operating income rather than Net Income at the segment level. We have not provided a reconciliation regarding longer-term Adjusted OIBDA margins for the UScellular Tower segment because doing so would not be possible without unreasonable effort. Additional information and reconciliations related to Non-GAAP financial measures for June 30, 2024, can be found on TDS' and UScellular's websites at investors.tdsinc.com and investors.uscellular.com.